

Shadow Advisory Board

SHADOW ADVISORY BOARD MINUTES MEETING HELD ON 6 FEBRUARY 2015 AT LOCAL GOVERNMENT HOUSE, LONDON

PRESENT

Joanne Segars	Chair
Ian Bond	Scheme Employer Representative
Mary Barnett	WLGA Representative
Emelda Conroy	Non – Local Authority Employer Representative
Brian Strutton	Scheme Member Representative
Garry Warwick	Scheme Member Representative
Jon Richards	Scheme Member Representative
Chris Tansley	Scheme Member Representative
Fiona Farmer	Scheme Member Representative
Nicola Mark	Local Authority Fund Practitioner Representative
Gary Delderfield	APL
Peter Summers	ACA
Bob Summers	CIPFA
Robert Plumb	Observer – The Pensions Regulator
Helen Forrest	Observer - NAPF
Bob Holloway	Observer - DCLG
Chris Megainey	Observer - DCLG
Jeff Houston	LGA - Board Secretary
Con Hargrave	LGA
Elaine English	LGA

1. APOLOGIES FOR ABSENCE

Apologies were received from Roger Phillips, Kieran Quinn, Denise Le Gal, Dick Banks and Chris Bilsland.

The Chair stated that the start of 2015 had proved very successful in that Counsel opinion, the template Local Pension Board terms of reference and governance guidance had all been published and thanked everyone for their hard work in achieving this.

2. Actions and Agreements from 8 December 2014

Agreed – All actions from previous meeting agreed as undertaken.

Progress Report on actions from 8 December meeting

Item 1: The Chair informed the Board that a further letter had been sent to the Minister asking him to attend a future meeting of the Board to which a reply is still awaited. Mr Holloway informed the Board that a hard copy was sent to LGA on 2nd February. Mr Holloway had a copy

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which the Chair read out. The reply was again non-committal in terms of being able to attend the Board.

Item 5: Annual Report. The secretary informed the Board that a meeting of the scheme report working group was held on 5 February where it was agreed that the annual report should be ready to be published by 31st March as all 2013/14 reports had now been received and were being compiled by the secretariat.

Agreed - To aim to launch the 2013/14 scheme report at the SSAB event in April. 4 funds to be sought via the secretariat to pilot indicators.

Item 10: The secretary informed the Board that he had met with HMT and that sight of draft regulations were promised as soon as they were ready. It was confirmed that if advice given is inadequate, the onus would be on Independent Financial Advisers (IFAs) who must have suitable liability insurance. Standard statements of advice were being developed. Said statements will need to be signed by members and an IFA qualified in pensions transfers before any transfers can go ahead.

Agreed IFA will need expertise in pensions transfers, specifically in the LGPS. The SSAB will need to be included in planning of statement when draft regulations are produced and member communications will need to be a priority so that all members are aware of the detail of the new system and the process which will be adopted for handling transfers out.

Action – LGA/LGPC to include as much information as possible for administering authorities in the next Bulletin. Transfers to DC from April 2015 to be included as an agenda item for the next meeting.

Item 11: The secretary informed the Board that thus far, no response had yet been received to the LGPC's letter regarding the transfer CLUB.

Action – Board to write to the Chief Secretary seeking clarification on the status of LGPS membership of the transfer CLUB.

Paper C LGPS Annual Report – Google Analytics

Action – All to take steps to include links to scheme report on websites and email signatures, as appropriate.

3. Budget for the Scheme Advisory Board

The secretary informed the Board that he and the Chair had met to discuss the budget as outlined in the paper and the importance of having a full picture of the potential range of all costs involved going

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forward taking into account the support that the LGA provide. The secretary also informed the Board that from 1st April the level of support currently on the sub-committees from the LGA pensions team would reduce pending any agreement on funding.

The secretary stated that approval from the LGPC Chair of a loan of £100,000 from the reserve be offered to the Board to extend the current fixed contract and cover in the resource used in arranging meetings and agenda papers.

It was noted by Nicola Mark that there was a need for urgent communication to pension funds in respect of the range of options for the statutory Board's levy so that they could budget for the costs.

Agreed - The Board agreed option 3. The SSAB should seek the Minister's confirmation of the budget for 2015/16 as quickly as possible.

Action The secretary to produce a work plan based on option 3 for submission to DCLG outlining the plans for the statutory Board in its first year of operation. Secretariat to issue a letter to pension funds in order to alert funds to the range of levy levels possible depending on the budget eventually set.

4. DCLG update on regulations and consultations

- Miscellaneous Amending regulations anticipated beginning of March
- A Government response summarising responses received in respect of the efficiency consultation is currently in draft and with the Minister for approval.
- The Government intend to consult before the general election on investment regulations
- A discussion paper on Fair Deal is being drafted, to be circulated within next couple of weeks.

5. Deficit management and performance measurement

- a) The secretary informed the Board that a letter was sent on 29th January to all pension funds informing them of the SSAB's deficit management project and introducing the work plan taking the work forward. The secretary suggested to the Board that a small working group which should include a representative from DCLG be set up to look at the recommendations the Board wishes to make on regulation changes in respect of deficit management and how best to take this forward.

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Agreed - Meeting of small working group to be arranged in order to report back at the Board's 23rd March meeting. Volunteers for working group asked to email the secretariat to confirm.

b) Communications plan.

Agreed - Communications plan agreed as tabled.

c) 24th April Event.

Agreed - The event should be longer, from roughly 11 – 3, and should include lunch and individual slots from each subcommittee.

Action – SSAB to send comments/ideas for programme to the secretariat that will then resend to Board members.

d) Assumptions for use in cost management.

The secretary informed the Board that agreement was reached at the Cost Management and Contributions sub-committee in respect of the assumptions outlined in the table reviewed by the Board.

Agreed – The updated table of assumptions for use in the Board cost control process and the standardised funding calculations were agreed. Any question/comments should be sent via the chair of the committee, the board secretary or the ACA representative to take to the next meeting.

6. **Options for greater separation of scheme manager function from host authority**

The secretary informed the Board that 5 potential options were proposed in the paper and a summary of issues included for each option.

Action – The Board agreed that the options should be reduced to the following 3 options to be researched further:

- 1) options 1 (stronger role for section 151 officer) & 2 (distinct entity within host authority) to be considered together given their similarity,
- 2) option 3 (joint committee), with consideration as to what would be needed to make this consistent with option 4 (dedicated authority), and
- 3) option 5 (dedicated public body).

Action – The secretary to take back to the working group and scope the work required to take these options forward and report back at the 12th May Board meeting.

7. **Update from sub-committees**

Shadow Advisory Board Secretariat

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- a) Following on from the 15 September 2014 meeting and the Value for Money Sub Committee meeting in December the hosting of a free event on collaboration had been discussed. Decisions relating to location, timescales and whether sponsorship should be sought were highlighted. The Board debated this in detail.

Agreed – Not to have a separate collaborations event but, if scheduling permits, to add a slot to the main event scheduled for April 2015.

Agreed - Sponsorship should not be sought for Board events.

- b) The secretary informed the Board following on from the Cost Management and Contributions sub-committee a draft letter had been prepared addressed to Chris Megainey of DCLG suggesting that the employee contribution bands are increased by 1.2% (The September 2014 CPI figure as proscribed in regulation).

Agreed – The Board agreed that the letter be sent.

8. AOB

No other business was raised.

9. DATES OF MEETINGS FOR 2015

Agreed - Monday 23rd March, 1pm to 3pm; Tuesday 12th May, 11am to 1pm; Monday 13th July, 11am to 1pm; Monday 21st September, 11am to 1pm Room A & B Layden House, 76-86 Turnmill Street, Farringdon, London, EC1M 5LG

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