

# Scheme Advisory Board

## **SCHEME ADVISORY BOARD MINUTES MEETING HELD ON 1<sup>ST</sup> JUNE 2015 AT LAYDEN HOUSE, LONDON**

### **PRESENT**

Joanne Segars	CHAIR
Roger Phillips	Local Authority Employer - Non Fund Representative
Cllr Kieran Quinn	Scheme Employer Representative (LGA)
Cllr Denise le Gal	Scheme Employer Representative (LGA)
Cllr Mary Barnett	Scheme Employer Representative (WLGA)
Emelda Conroy	Scheme Employer Representative (non-LA)
Brian Strutton	Scheme Member Representative (GMB)
Garry Warwick	Scheme Member Representative (GMB)
Jon Richards	Scheme Member Representative (UNISON)
Fiona Farmer	Scheme Member Representative (Unite)
Dick Banks	Scheme Member Representative (Unite)
Nicola Mark	Adviser - Fund Practitioner Representative
Gary Delderfield	Adviser - APL
Alison Hamilton	Adviser - ACA ( <i>substituting for Peter Summers</i> )
Bob Summers	Adviser - CIPFA
Robert Plumb	Observer – The Pensions Regulator
Bob Holloway	Observer – DCLG
Helen Forrest	Observer – NAPF
Jeff Houston	LGA - Board Secretary
Elaine English	LGA - Board Secretariat
Liam Robson	LGA - Board Secretariat

### **From HM Treasury**

David Kinder Observer

#### **1. Apologies and introduction**

Apologies were received from Cllr Ian Bond, Chris Bilsland, Chris Tansley, Peter Summers (Alison Hamilton attending the meeting in his place), and Robert Plumb.

Joanne Segars (JS) introduced the meeting and welcomed David Kinder as an observer to this meeting.

#### **2. Actions and Agreements from meeting of 23rd March 2015**

**Agreed** - All actions were confirmed as being undertaken or on the agenda for the meeting.

Bob Summers (BS) stated for the record as he was unable to attend the previous meeting and that the views of the Coventry City Council executive director of resources published in an article in Public Finance; (and the Daily Express and Mail on Sunday) did not represent the views of CIPFA.

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Jeff Houston (JH) provided an update on the progress on actions paper confirming that:

- The 2013/14 annual report was launched at the SSAB's 24th April event, and there was a very good response to the KPI pilot exercise.
- A response had been received from CST on club transfers which had been emailed to all Board members.

JS gave thanks to all Board members for their participation in the SAB event and to the LGA Secretariat for running it. The event was well participated with positive feedback received.

### **3. Update report on membership and funding (including update from DCLG on new Minister and Board appointments)**

Bob Holloway (BH) provided an update stating the current position since the new Government had been in place. To date a Minister has not been allocated responsibility for the LGPS but confirmed that the (prior to 1st April 2015, Shadow) Scheme Advisory Board now has legal status and would be called the Interim Scheme Advisory Board until such time the Minister responsible is decided but reiterated that work can still carry on with the proposed work programme. Once the Minister is decided the new Chair will also be appointed. This has already been advertised and applications received.

JS informed the meeting that a letter had been drafted for the Secretary of State, Rt Hon Greg Clarke, copied to other Ministers potentially in line to receive LGPS responsibility: welcoming him to his role; highlighting the work already undertaken by the SSAB; priorities that need to be addressed; and also to ask for an early indication to go ahead with the Board levy as this is key to the progress of work outlined.

JH confirmed that the LGPC had agreed to loan the SAB funds before the levy is received, but it was important that confirmation is received by the Secretary of State that the SAB will continue.

**Agreed:** The letter is sent after the meeting.

### **4. Key Performance Indicators (KPI)**

JH gave an overview of the background and progress made by the working party that had been set up. The working party had agreed and identified four core indicators and 14 secondary indicators for assessment, these are outlined in paper C.

Liam Robson [LR], the key lead on this project stated that 22 funds had shown an expression of interest to be involved in the pilot which was

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very encouraging. There were 13 administering authorities that had fully completed and returned KPI proforma. LR also gave an overview to Annex 1. The Board had a long discussion on this stating that it was an important piece of work and thanked LR for his hard work.

**Action:** The Board agreed the proposed workplan and timescales, noting that compulsory completion of the proforma would require a regulation change in 2016.

The Board also provided general feedback on the KPIs, suggesting more clarity around collaboration definitions; more definition around the investment performance indicator in relation to 1st quartile or 4th quartile; and validating authority's self-assessment, (i.e. try to reconcile returns against other data sources).

## 5. Options for separation

JH gave an overview of paper D outlining the scope of this piece of work and its value notwithstanding potential Cabinet office plans following the structural reform consultation.]

**Agreed** – To look at the options for separation listed in the paper in more closely, considering a budget parameter versus a scope parameter in light of initial estimates of detail and cost. A selection panel should be formed of the Chair, Secretary and at least one member and employer representative.

**Action** -JH would draft an invitation to bid to be uploaded to the Board website.

## 6. Local Pension Boards Terms of Reference

JH gave an overview on paper E stating that all pension boards needed to be established by 1st April 2015 and in order to assist administering authorities, the SAB had developed a guidance document. The secretariat had requested that administering authorities confirm that Local Pension Boards had been established and members appointed and, if not the expected date when they will be. The secretariat also requested copies of Local Pension Board Terms of Reference [ToR]. To date 50 ToRs have been received and 6 funds have set a date for their first meeting, but the majority are optimistic that members will be appointed by the end of May/early June.

Nicola Mark [NM] stated that the costs of boards are becoming apparent. Where possible, the secretariat should seek information on how pension boards are run and the cost involved.

**Agreed** - to monitor costs and put examples of good practice and bad on website. BH would send JH DCLG's value survey.

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## 7. Deficit management - recommendations for regulation changes

JS informed the Board that paper F had been emailed to all Board members for approval, and accordingly, all agreed five recommendations had received acceptance to be sent formally to the Secretary of State.

Gary Delderfield [GD] informed the Board that there had been a recent Ombudsman case on allocation of deficits for an academy employer.

**Agreed** GD agreed to send the case reference to the Board for information. It was also agreed that the PwC report could now be in the public domain with a caveat/commentary around it stating that it is PwC's report that the Board has used to form its own recommendations.

**Action** The next meeting should include "blue sky" thinking on the work programme as an agenda item.

## 8. Update from sub-committees

JH informed the meeting that there was not much to report as no meetings had taken place during the Election period. However, there is a Cost Management and Contribution sub-committee meeting would discuss 2016 and likely breach of the 19.5% Contribution Cost Cap target shortly.

**Action** To discuss at next meeting.

## 9. Any other business

Brian Strutton informed the meeting that he had been approached by a Local Government publication regarding an article on deficits which would be published during the week.

NM informed the meeting that the National Framework for procurement had been in existence for four years and would be helpful to know from Government where they see the LGPS on structural reform.

JH informed the meeting that the LGA had run two of the four training events on Local Pension Boards to which positive feedback had been received.

## 10. Date of next meeting

Monday 13th July, 11am to 1pm  
Layden House, rooms A&B

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