

Sub-Committee Chairs meeting

Agenda item 8 - Paper 8 - Report from sub-committee chairs meeting of 11th March 2015

11th March 2015, 11.30am

Present:

Cllr Roger Philips – SSAB vice-chair (deputising for SSAB chair)

Ged Dale - Fund Practitioner (Administration & Communications chair) *[via telecon]*

Ian Greenwood - LAPFF (Investment & Engagement chair)

Brian Strutton - GMB (Cost Management & Contributions chair)

Mark Wynn - Fund Practitioner (Value for Money & Collaboration chair)

Jeff Houston - LGA (Shadow Advisory Board secretary)

Liam Robson - LGA (Shadow Advisory Board secretariat)

Con Hargrave - LGA (Shadow Advisory Board secretariat)

Apologies - Joanne Segars - NAPF (Shadow Advisory Board chair),

Bob Summers - CIPFA (Governance & Standards chair)

- 1) An update was provided by Jeff Houston (JH) on matters taking place at Shadow Board level:
 - a. The Shadow Board will be meeting on Monday 23rd March.
 - b. The first event of the Shadow Board will be taking place on Friday 24th April with most present speaking at the event.
 - c. The 2013/14 annual report is soon to be published and may be launched at the April event. This shows there are 90,000 more active members in the Scheme and roughly 10,000 employers.
 - d. A work plan and budget for the statutory Scheme Advisory Board (SAB) will be reviewed at the Board's 23rd March meeting. This will then go to the Minister for his consideration.
 - e. DCLG hope to commence the SAB chair appointment process in the coming weeks by way of a public advertisement. However, it is likely that the chair will not be appointed until the next Parliament.

- 2) The respective chairs provided updates on the work being undertaken by their sub-committees. JH provided an update on the work of the Governance and Standards sub-committee.
 - a. **Administration & Communications**
 - i. GAD continues to cost the various options for reforming the ill-health process. Upon completion of this, the sub-committee will meet again

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in order to discuss further and make recommendations to the Shadow Board.

b. Cost Management & Contributions

- i. The sub-committee met in February and agreed most of the actuarial assumptions to be used in:
 1. the LGPS- specific cost control process, the Future Service Cost, and
 2. the standardised funding calculations
- ii. Following a report from GAD identifying that participation in the public sector transfer Club costed the LGPS 0.3% in payroll, the sub-committee recommended to the Board that a letter be written to the Chief Secretary to the Treasury confirming that the Scheme's participation in the Club could be considered as part of the cost control process. This letter was sent on 9th March.
- iii. The employee contribution bandings for 2015/16 will be increased in line with CPI at September 2014 as per the Scheme regulations, following the sub-committee's review of GAD estimations of the expected contributions yield. DCLG have stated their willingness to hold further discussions on possible changes to Scheme regulations to change the basis of the automatic increase to bandings for future years.

c. Governance & Standards

- i. The sub-committee has been busy in recent months, working on the publication of a suite of documents to assist administering authorities in the establishment of local pension boards. Local pension board guidance and a template terms of reference document were both issued in January following the finalisation of the governance regulations and a Q&A document on local pension boards was also published earlier in the week.
- ii. The possible need for a small group to be set up to meet on an ad hoc basis to discuss ongoing issues around local pension boards has also been noted and will be raised at the Shadow Board meeting on 23rd March.

d. Investment & Engagement

- i. The sub-committee met in January and had a positive discussion on engagement and will be meeting later in the day to continue discussions on this topic. Current thinking is that regulations could require funds to publish a statement or policy on engagement, meaning that funds not engaging would have to state that they do not do this.
- ii. The sub-committee also hope to discuss revisions to the investment regulations and will look to set up a small working group to work with DCLG on the detail of these regulations.

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e. Value for Money & Collaboration

- i. The sub-committee met in December and discussed the hosting of a collaborations event which has now since been merged into the Board event of 24th April.
- ii. Otherwise, the sub-committee had a positive meeting and are looking to move on to the next phase of its work on collaboration, by:
 1. Updating the list of ongoing collaborations,
 2. Identifying new opportunities for collaborative activities in the Scheme, and
 3. Issuing guidance to assist funds in the use of frameworks so that the maximum value is achieved.
- iii. It was noted that the value for money aspect of the sub-committee's remit had been difficult to progress given the lack of available data and lack of certainty on the Government's intentions for cost effectiveness reforms. However, this would hopefully become more active in the coming period with more data emerging from routes such as the Scheme annual report.

- 3) A discussion was held on the establishment of the SAB proper and the following points were noted:
 - a. Given timescales, funding for the SAB was unlikely to be available prior to later Summer/ early Autumn 2015. Whilst the LPGC has agreed to loan £100k to the Shadow Board in order to take forward essential matters, this means that the Shadow Board and its sub-committees will operate with more limited support in the coming months.
 - b. Once established, the SAB will also probably be considering the sub-committee structure to be adopted and that may involve reducing the number of standing committees and instead make more use of project groups, to be established and closed down as needed. Given the SAB's statutory functions with respect of cost control, the only standing body essential under the SAB proper will be some form of cost control committee.
 - c. The need for better engagement by the SAB was recognised as a priority. The need for this was particularly noted in two main areas:
 - i. Given the growing number of Scheme employers and the relevance of much of the SAB's work programme to employer interests, the need to make non-local authority Scheme employers aware of the work being undertaken in the SSAB and better engaged with the process
 - ii. With councillors/ finance officials in local authorities to increase their understanding of key issues, in particular funding deficits and how these may impact upon organisational decision making.

The meeting closed at 12.40pm