

Sub-Committee Chairs meeting

11 March 2014

Present:

Cllr Roger Phillips - Employer representative (Shadow Advisory Board vice-chair)

Bob Summers - CIPFA (Governance and Standards chair)

Ged Dale - Fund Practitioner (Administration and Communications chair)

Brian Strutton - Member representative (Cost Management and Contributions chair)

Ian Greenwood - LAPFF (Investment and Engagement chair)

Jeff Houston - LGA (Shadow Advisory Board secretariat)

Con Hargrave - LGA (Shadow Advisory Board secretariat)

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

- 1) The respective chairs provided updates on the work being undertaken by their sub-committees. Jeff Houston (JH) updated the group with respect of the Governance and Standards and Value for Money and Collaborations sub-committees.
 - a. **Administration and Communications**
 - i. Draft ABS guidance is going to Shadow Board for their review and sign off at the next Board meeting on 17th March.
 - ii. Board Secretariat is undertaking a piece of work to shortlist three or four options for ill health retirements to be costed by GAD. Those that fall within ill health retirement cost envelope to be consulted on with employers (with prior Board approval), before sub-committee make recommendations to Board.
 - b. **Cost Management and Contributions**
 - i. The next phase of work for the sub-committee will involve work on deficits in the LGPS and potential options for management of these deficits.
 - ii. In addition, the sub-committee is preparing a high level summary of the 2013 fund valuations for communication with the wider community.
 - iii. In the coming weeks and month, communications on the cost-management process will also commence.
 - c. **Governance and Standards**
 - i. The sub-committee has a number of items of work on its work plan.
 - ii. The sub-committee is firstly drafting guidance which would interpret the Pensions Regulator code of practice for application in the LGPS.
 - iii. The sub-committee will also look to develop a matrix, in each area of scheme manager and pension board responsibility, stating a) the

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guidance that already exists, b) who issues that guidance, c) where there are gaps in guidance.

- iv. Where gaps are identified in the above piece of work, in the latter half of this year and dependant on resourcing, the sub-committee will look for the additional guidance needed to be drafted and passed to Board for sign off.
- v. Following the governance meeting of 5th March, the sub-committee will look at the separations in place between the scheme manager function and the lead authority and establish if there is a need for further 'ringfencing'. This will commence in the second half of 2014.

d. Investment and Engagement

- i. Initial advice was received from Queen's Counsel on the questions asked, and this was discussed at the meeting of 25th February.
- ii. Final advice on a) fiduciary duty in the LGPS and b) whether funds should give regard to other statutory functions of the authority in making investment decisions is expected in the coming week or two. Once received this will need to be communicated by the Board.
- iii. Additional advice is being sought on the first question asked, regarding the ultimate guarantor for LGPS benefits.

e. Value for Money and Collaboration

- i. At the most recent meeting of the sub-committee, it was agreed that the sub-committee would assist in drawing up the financial aspects of the 'what is a good fund?' matrix which will be a component of the scheme annual report. Sub-committee to draw up list of indicators of financial health for inclusion in this.
- ii. Based on the financial indicators chosen under the above item, the sub-committee will undertake assessments of the collaborations which already exist in the LGPS and their success, or otherwise, in achieving 'value for money'.

2) Other points noted in the course of the meeting:

- a. Resourcing continues to be an issue in the sub-committees in carrying out the work items specified in the respective work programmes. It was acknowledged that the issue of draft governance regulations may give more certainty to future funding which would allow the Secretariat to better resource the Board and its sub-committees.