

Sub-Committee Chairs meeting

8 September 2014

Present:

Joanne Segars - NAPF (Shadow Advisory Board chair)

Ged Dale - Fund Practitioner (Administration & Communications chair)

Ian Greenwood - LAPFF (Investment & Engagement chair)

Brian Strutton - GMB (Cost Management & Contributions chair)

Mark Wynn - Fund Practitioner (Value for Money & Collaboration chair) *[via telecon]*

Jeff Houston - LGA (Shadow Advisory Board secretariat)

Con Hargrave - LGA (Shadow Advisory Board secretariat)

Apologies - Bob Summers - CIPFA (Governance & Standards 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 & Standards sub-committee

a. Administration & Communications

- i. At the last meeting, the sub-committee continued its discussions with respect of possible reforms to the ill health retirement process.

Possible reform options include:

1. Reducing the number of ill health retirement tiers,
2. Re-assessing the reviews process,
3. Considering the role of employers in the decision making process

Following the meeting, the secretariat will get a number of options costed by GAD prior to further discussions on this at sub-committee and Board level.

- ii. A presentation was also received from Heywood on data quality and setting up data correction plans. This formed part of a wider discussion within the sub-committee on the data requirements being brought about through the Pensions Regulator's code of practice no. 14. It was felt that later in the year, there was a possible role for the Board in setting out what funds what need to do to ensure they are meeting the Pensions Regulator's requirements.

b. Cost Management & Contributions

The sub-committee's work has fallen into three main areas

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- i. Trying to understand and aggregate the 2013 valuation results in a way which gives clear and consistent answers about the performance of the participating pension funds. This is important as the 2013 valuations will be the valuation process prior to the cost management process becoming effective in 2016.
- ii. Working with GAD on the dry run for the cost management process. This has already exposed a significant difference in commutation levels between the LG experience and the assumptions being used by HM Treasury for their pan-scheme process. Following discussions within the sub-committee, the dry run of the Board process will use figures based on LG experience. Initial figures from GAD in respect of this dry run are expected later in September.
- iii. Agreeing the practicalities for the cost management process with Government and publicising these across the community. Following discussions between the sub-committee chair, the secretariat, DCLG and HMT, a timetable for the process will be amended and a flowchart produced setting out how the process will operate in practice. Communications will be prepared: a) for pension funds, setting out details of the information which will be important for the 2015, and b) as general information for interested members and employers.

c. Governance & Standards

- i. The drafting of governance guidance has been the focus of the sub-committee's efforts in recent months. The LGA commissioned Eversheds to prepare an initial draft of the governance guidance. A governance working group of the sub-committee has also been meeting to assist in the drafting of the guidance. Further discussions will be held at sub-committee level on 15th September. A draft of the governance guidance will also go to the Board prior to its own meeting of 15th September.
- ii. The secretariat met with DCLG last week, at which the Department set out an initial willingness for the majority of the draft guidance to be issued as statutory guidance (subject to legal review and a consultation period). A consultation period would be of 4-6 weeks in length and hopefully commence towards the end of September.

d. Investment & Engagement

- i. The sub-committee will be meeting on 18th September and will be reviewing the Law Commission paper on fiduciary duty which was published earlier this Summer.
- ii. In addition, the sub-committee will be seeking to build on the discussions held at the last meeting with respect of engagement.

e. Value for Money & Collaboration

- i. Following the previous meeting's postponement, a further meeting of the sub-committee will be arranged for the near future. A list of collaborations currently ongoing within the LGPS has now been

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published on the Board website, and the sub-committee has been working with the scheme report working group to agree the indicators that would form part of the matrix for comparison of LG pension funds.

- ii. Initial discussions were also had at the last meeting in respect of the set up and hosting of a Board collaborations event. A draft agenda in respect of this will go to the next Board meeting.