

Cost Management, Benefit Design and Administration Committee

Item 2 Paper A

ACTIONS AND AGREEMENTS

MEETING HELD ON 24th May 2018 – 10.00am

**AT LOCAL GOVERNMENT ASSOCIATION, 18 SMITH SQUARE,
WESTMINSTER, LONDON, SW1P 3HZ**

PRESENT

George Georgiou	Members (GMB)	Chair
Rachel Brothwood	CIPFA	
Geoff Reader	Practitioners	
Emma Mayall	Practitioners	
Sean Collins	Practitioners	
Glyn Jenkins	Members (UNISON)	
John Neal	Members (Unite)	
Melanie Durrant	Actuaries: Barnett-Waddingham	
John Livesey	Actuaries: Mercer	
Scott Campbell	Actuaries: Aon Hewitt	
Barry McKay	Actuaries: Hymans Robertson	
Robert Holloway	LGA - Board Secretariat	
Jeff Houston	LGA - Board Secretariat	
Liam Robson	LGA - Board Secretariat	
Mike Scanlon	GAD	
Jeremy Hughes	MHCLG	

APOLOGIES

There were apologies from Kevin Gerrard

1. Welcome, introductions and apologies

The Chair welcomed all in attendance to the meeting.

2. Matters arising

The Committee agreed the minutes for the previous meeting.

3. Scheme Advisory Board Cost Management Process – Update

Mike Scanlon (MS) presented a paper, highlighting that the provisional assessment of the overall cost of the scheme is 19.8% of pay, compared with the target overall cost of 19.5%.

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The factors attributing to the difference were explained and the Committee noted the figures in the appendices of the letter.

It was agreed the committee members would take time to consider the content of the paper and provide comments and or questions to the secretariat.

Action – the secretariat to draft a paper of questions ready for the Board meeting in June.

4. 50/50 awareness project

Bob Holloway (BH) presented a paper proposing a further survey aiming to gain more detail on the awareness and communication of the 50/50 option.

Wider knowledge and engagement issues were discussed, whether information could be included on benefit statements and how to communicate the value of the Scheme. There were questions around the cost savings of different groups opting in/out/for 50/50, balancing this against optimising participation, and whether a worked example comparing LGPS benefits with those gained from auto-enrolment minimums outside the sector.

An additional question for the survey suggested was “When an opt-out request is received, does the employer issue information on the 50/50 option?”

Agreed – the committee members agreed with the proposal to conduct another survey and to provide any comments on the questions and content to the secretariat.

5. Late retirement factors – Update

An overall review of factors by GAD was planned. Data on pay growth for members close to retirement would be considered. Any update of factors would be via actuarial guidance rather than regulation.

Agreed – it was agreed that committee members may attend a working group meeting with actuaries to be organised in future.

6. Exit Payments

The outcome of cross public sector cap would need to be confirmed, but the LGPS should be prepared in line with this and HM Treasury.

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The committee noted that recess in July may have bearing on timescale.

Agreed – that any examples of exit payments/fund strain costs could be shared with the committee.

7. Academies/Tier 3

A brief update on progress of the administration and funding groups was given. The administration group had drafted a single data extract, that aimed to improve consistency across the scheme, the resulting template resembled the iConnect portal. The funding group were at early stages of developing a proposal for a common contribution rate and were due to meet later on 24th May.

8. Equality cases

The Board were awaiting details following the ruling on the Brewster and Walker cases, after which general review of survivor benefits could be made. The Teacher's Pension Scheme had made an announcement regarding survivors' pensions, however there were still unanswered questions around the treatment of widowers.

9. Amending regulations

Two consultations on amending regulations were expected before the end of the year; i) Fair Deal, survivors exit debts on employers; and ii) Exit recovery or exit caps. In addition, a further question on amending regulations was related to pre 1996 members, and their retiring from 55 (but within three months') wording.

10. AOB

Employer exit payments – the issue of admitted employers' remaining in the LGPS, but would otherwise have left due to large exit payments was discussed. Many of these issues and options would be explored as part of the Tier 3 project. QC Opinion had been sought on Fair Deal, the outcome of which was that employers could not create arm's length companies to get around LGPS pension provision.

AVCs – Prudential had recently withdrawn training for the LGPS. Reasons for reduced support were understood as allowing for freedom of choice within the scheme would be overly complex considering the same arrangements could be achieved outside the scheme.

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Action the secretariat would monitor the level of interest in procuring or otherwise investigating AVC providers across the scheme.

11. Date of next meeting

The next meeting dates were to be confirmed.

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