

Scheme Advisory Board

HYBRID MEETING – 17th JULY 2023

ITEM 13 – PAPER G

COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE

CHAIR’S REPORT FROM MEETING OF 26th JUNE 2023

Cost Control Mechanism (CCM)

1. The draft HMT Directions were shared confidentially with the Committee and the Government Actuary’s Department gave a presentation on the key assumptions and how the new economic check is proposed to operate.
2. The Committee also discussed processes around the SAB’s own Scheme Cost Assessment (SCA) process which also measures scheme cost (and the relative share of that between employers and employees). The SCA is intended to run prior to the HMT CCM so that any changes in benefits or costs arising from it are considered in the CCM. Given that the next Committee meeting wasn’t scheduled until 30 October, it was agreed to deal with setting the SCA assumptions by correspondence.
3. The Board has a separate and more detailed paper on these issues at Item 6.

Scheme Level Annual Report and Valuation Report

4. The tenth [Scheme Annual Report](#) was published on 26th June 2023. A draft 2022 Scheme Valuation Report had been produced by Barnett Waddingham and a final version was expected to be published in July 2023.

Education and Skills Funding Agency Forum

5. The DfE had through the ESFA set up a working group for academies which included representation from one of the actuarial firms and an LGPS practitioner representative, as well as academy representatives involved in CMBDA and IGE. Given the overlaps in membership and risk of misunderstandings, it was agreed to press ESFA for a clear understanding of the boundaries between that group and this Committee.

Gender Pensions Gap

6. The Committee received a draft report from GAD on the Gender Pensions Gap in the LGPS, building on [initial analysis](#) published earlier in the year. Further consideration would be given to how this

Scheme Advisory Board

information should be published and what the next steps should be. It was recognised that the principle means by which the gap could be closed were in the gift of central government and scheme employers, rather than the rules of the scheme itself.

Opt-out Monitoring

7. Anecdotal evidence from funds has not suggested that there has been any increase in opt outs, as might have been expected due to the long-term squeeze on living standards. Discussions are being held with software providers to develop a standard report which funds could easily run and report back data from to establish a more reliable evidence base.

Survivor Benefits

8. The Minister is maintaining the stance of declining to implement the recommendation from the Board to remove the upper age limit of 75 on the award of death grants. The Committee again raised the concerns about potential age discrimination legal cases being brought by affected scheme. In relation to proposals to update survivor benefits in line with recent case-law, the Committee noted that it would be a considerable job to implement this retrospectively. There was also a need to address the situation of those who had purchased additional benefits in the past in consequence of the inherent discrimination in the scheme.

McCloud

9. DLUHC had responded to the first McCloud consultation and had issued a second consultation which closed on 30th June 2023. The LGPC team had responded. It was expected that the final regulations would be in place in early September 2023 and take effect from 1st October 2023.

TPR General Code

10. The TPR Code had not yet been published in Parliament so would not take effect before Autumn 2023 at the earliest, due to the 40-day laying period.

Recommendation – that SAB notes the progress made by the committee on the issues set out above
