

# Scheme Advisory Board

## HYBRID MEETING – 22<sup>nd</sup> MAY 2023

### ITEM 11 – PAPER F

#### **COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE**

#### **CHAIR'S REPORT FROM MEETING OF 24<sup>TH</sup> APRIL**

##### **Cost Control Mechanism**

1. The Committee noted HM Treasury's response to the consultation on the discount rate methodology for public sector pension schemes (the "SCAPE rate") but also that we are yet to set out the main assumptions for the 2020 cost control mechanism in HM Treasury directions. We have just had early sight of the draft directions and will give a verbal update on these at the meeting.
2. However, we are expecting DLUHC to issue before then the final regulations and its response to the [consultation](#) on reforming the SAB's own parallel process for reviewing scheme cost, the Scheme Cost Assessment (SCA) set out in Regulation 116 of the 2013 Regulations. The changes take into account [SAB's response](#) to the consultation and better align the SCA with HMT's reformed cost control process. It will explain the link with the new "economic check" and give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach.

##### **Gender Pensions Gap**

3. The Board has now [published](#) an initial analysis from GAD on the Gender Pensions Gap in LGPS. A further report, which starts to investigate what accounts for the differential outcomes will be published soon.

##### **Opt-out Monitoring**

4. The data collected in our earlier survey was not comparable, so the Secretariat have been speaking to software providers to automate a process for effectively monitoring opt-outs, including stripping out the impact of auto-reenrolment. We also intend to liaise with other SAB's to understand how other schemes have gathered reliable data in this space.

##### **Survivor Benefits**

5. DLUHC have said that they will shortly be consulting on changes to the LGPS Regulations to give effect to the Brewster and Goodwin judgments. However, the Minister is declining to implement the recommendation from the Board to remove the upper age limit of 75 on

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award of death grants. The Board had recommended removing this limit as it believes it could constitute direct age discrimination.

## Academy Conversions

6. The 2019 review of fund valuations by the Government Actuary recommended that the SAB should establish a consistent approach to schools converting to academies. In response, SAB established a small working group to improve understanding and transparency in the conversion process. In particular to develop guidance for academies setting out a common nomenclature for conversion methodologies, factors that influence conversions and possible consequences of the approach adopted over time. This guidance has now been drafted and will be published as a standalone document on the SAB website, pending a refresh of the tripartite (DfE, DLUHC and SAB) [advice document on academies](#).