

Scheme Advisory Board

HYBRID MEETING – 10TH OCTOBER 2022

ITEM 12 – PAPER E

COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE

CHAIR’S REPORT FROM MEETING OF 12TH SEPTEMBER 2022

Survivor Benefits

1. In response to the letter from the SAB Chair, DLUHC have confirmed their intention to amend LGPS Regulations to implement the Elmes and Goodwin judgements (i.e. drop nomination requirement for cohabitees and equalise survivor pension calculation for male and female survivors of members in line with that of widows) and also propose to remove the upper age limit on entitlement to death grants (which is currently 75).

New Fair Deal

2. Having been raised at a number of previous committee meeting members agreed that the SAB Secretariat should write to the Local Government Minister, Paul Scully MP, for an update on the New Fair Deal consultation.

McCloud and Exit Pay Update

3. Members were advised that the government’s response to the consultation on McCloud remedy would be published in the Autumn. A further consultation will then follow in early 2023 with the necessary regulations in place by the Spring.

2020 Cost Management Mechanism

- 2021 Members were reminded of the consultation by HM Treasury in 2021 that proposed three main changes to the cost management mechanism, that is, to only include the costs of service in the reformed schemes, to widen the “corridor” from the existing 2% margin to 3% and to introduce an additional “economic check” which would operate when there is a breach of the 3% corridor to ensure that wider economic conditions are considered before any breach is

Scheme Advisory Board

implemented through changes to the scheme. The Secretariat have discussed reform of the SAB's own cost management process with DLUHC officials, so that it better aligns with the revised HMT process and we expect to see a consultation on this before the end of the year. The assessment of employee contribution yields by GAD is also expected this calendar year.

2019 Section 13 Report

4. In consideration of the three recommendations in the 2019 s.13 report for SAB to take forward the committee agreed that a working group should be set up to take forward the recommendation to achieve greater consistency in establishing the starting position of academies on conversion.

Gender Pensions Gap

5. The committee agreed the list of recommendations shown below to better understand the potential underlying causes of the gender pensions gap in the LGPS. SAB is now invited to consider the recommendations made by the committee and to give the Secretariat delegated authority to engage with GAD as set out below :-
 - Commission GAD to provide a cost estimate to produce the relevant data set based on the most recent valuation for further analysis
 - Commission GAD to provide a cost estimate to undertake regression analysis on the LGPS data which would indicate the degree to which pension income and total pension pot size is impacted by gender
 - Decide whether there are other factors that ought to be included in the scope of the GAD data and analysis commission
 - Begin to scope, as a secondary project not to start until 2023-24 collection and analysis of other protected characteristics by scheme employers
 - If, once this work has been done, the Committee feels that it has proved valuable, explore whether it is feasible for funds to do their own equality gap analysis as a part of their annual or valuation reports

Scheme Advisory Board

- That the Secretariat bring a paper to the next Committee meeting on how to better monitor and analyse opt outs in the Scheme in a timely manner.

Bob Holloway

Pensions Secretary

27th September 2022