

# Scheme Advisory Board

## MEETING HELD ON 13<sup>th</sup> DECEMBER 2021

### ITEM 4 – PAPER A

### ACTIONS AND AGREEMENTS

### HYBRID MEETING HELD ON 27<sup>th</sup> September 2021 – 1.00pm

#### PRESENT

Cllr Roger Phillips	Chair
Jon Richards	Vice Chair (UNISON)
Cllr Yvonne Johnson	Scheme Employer Representative (LGA)
Cllr John Beesley	Scheme Employer Representative (LGA)
Cllr John Fuller	Scheme Employer Representative (LGA)
Cllr Andrew Thornton	Scheme Employer Representative (LGA)
Emelda Nicholroy	Scheme Employer Representative (UCEA)
John Neal	Scheme Member Representative (UNITE)
Bridie McCreesh	Scheme Member Representative (UNITE)
Garry Warwick	Scheme Member Representative (GMB)
Rachel Brothwood	Practitioner Representative (WMPF)
Nick Kirby	TUC
Gary Delderfield	Legal advisor (Eversheds)
Colin Wilson	Actuarial Advisor (GAD)
Joe Dabrowski	PLSA
Teresa Clay	DLUHC
David Murphy	NILGOSC
Alan Wilkinson	SPPA
Jeff Houston	LGA - Board Secretary
Joanne Donnelly	LGA – Deputy Board Secretary
Lorraine Bennett	LGA – Senior Pensions Adviser

# Scheme Advisory Board

Bob Holloway                      LGA - Pensions Secretary

Gareth Brown                    LGA – Pensions Analyst

## **Item 1. Welcome, apologies and introduction**

1. Cllr Roger Phillips (RP), Chair, opened the meeting by welcoming Alan Wilkinson from SPPA and Gareth Brown who has joined the pensions team as an analyst, replacing Liam Robson.
2. The Chair informed members that following the recent Cabinet reshuffle the newly named Department for Levelling Up, Housing and Communities (DLUHC – formerly MHCLG) has yet to decide which Minister will be responsible for the scheme. The Chair confirmed that steps will be taken to meet the new Minister at the earliest opportunity.
3. Apologies for absence were received from Chris Tansley, Councillor Clive Lloyd, George Georgiou and Duncan Whitfield.

## **Item 2 No conflicts of interest were raised.**

## **Item 3. Actions and Agreements from the meetings of the 10<sup>th</sup> May and 1<sup>st</sup> July 2021 (Paper A)**

4. In response to a question from the Chair Jeff Houston (JH) confirmed that Ministers have yet to formally approve the Board's 2021/22 workplan and budget. Teresa Clay (TC) advised that this would be actioned once Ministerial portfolios at DLUHC have been agreed.

**Agreed – that the actions and agreements paper is approved.**

## **Item 4. Cost Transparency Report (Paper B)**

5. Jo Donnelly (JD) introduced Paper B and summarised the results of the consultation on changes to the Cost Transparency Code undertaken during the summer. Of the nine responses received six were from code signatories and three from fund authorities. Members were advised that when it met on the 20<sup>th</sup> September the Investment, Governance and Engagement Committee (the Investment Committee) recommended that the Board agrees in full to the changes in the Code proposed in the consultation.
6. Members were also invited to consider whether the Secretariat should explore ways in which cost transparency data could be used for cost benchmarking purposes. JH explained that this was not part of the original remit of the Cost Transparency Initiative and that such benchmarking would have to ensure the continued privacy of fund and

# Scheme Advisory Board

manager level data but that with the passage of time and with similar benchmarking exercises being undertaken in the private sector it is perhaps timely for the Board to consider what is possible in this area. JD mentioned that at a recent investment summit 78% of delegates supported the proposal.

7. Emelda Nicholroy (EN) advised that a due diligence test would need to be undertaken and that the data used for benchmarking may need to apply from a future date rather than historical data when benchmarking was not part of the initiative.
8. Members were also invited to agree the recommendation from the Investment Committee that Woodford should be removed as a code signatory as should Markham Rae, which is in voluntary liquidation. The Chair noted that, in the interests of time, a process could be established to enable the removal of Code signatories without needing to bring the issue to a full Board meeting.

## **Agreed - That the Board:**

- **approves the proposed updates to the Code of Transparency for implementation and publication;**
- **agrees that the secretariat can investigate proposals around using the CoT system for the purposes of cost benchmarking,**
- **agrees to the removal of Woodford and Markham Rae from the list of code signatories, and**
- **tasks the secretariat with investigating ways to implement a process to approve removal of Code signatories without necessarily needing to bring that to a Board meeting first.**

## **Item 5 New Compliance and Reporting Committee (Paper C)**

9. JH introduced Paper C and explained that following a review of its panels and boards CIPFA has decided to replace the current board and panel structure with a series of Forums or Fora. None of the new fora cover public service pensions in general, or the LGPS in particular. The former CIPFA Pensions Panel played an important role in the development of accounting and reporting standards for the LGPS as well as a source of statutory guidance. Its dissolution leaves a gap that should be filled.
10. JH explained that the Board is asked to agree in principle the establishment of a new Compliance and Reporting Committee and for the Secretariat to open discussions with CIPFA and existing

# Scheme Advisory Board

committees given that their respective roles may overlap with those of the new committee. It is further proposed that the new committee would have a dual role reporting to both the Board and CIPFA, with the Chair nominated by CIPFA. The proposals include a non-voting seat on the Board for the committee Chair. A report, including the new committee's proposed terms of reference, would be presented at the next Board meeting scheduled for the 13<sup>th</sup> December 2021.

11. JH further explained that unlike CIPFA who charge for statutory guidance commissioned by the former MHCLG, it is proposed that any such guidance published under the auspices of the new committee would be free of charge. Steps would also be undertaken to recruit an additional half post in the Secretariat to support the work of the new committee, the cost of which in 2021/22 would be met from reserves but in future funded by an increase to the Board levy – to be proportioned appropriately across funds in England, Wales, Scotland and Northern Ireland.
12. In response to a question from Councillor Johnson (YJ) JH confirmed that the new committee would be cross-border in the same way as the CIPFA Pensions Panel had been. SPPA in Scotland and NILGOSC in Northern Ireland would be expected to contribute towards the new committee's running costs. There is precedent for this from the Cost Transparency project.

**Agreed - That the Board agrees in principle to the establishment of the new committee and additional resource as set out in Paper C and for the Secretariat to open discussions with CIPFA and existing committees in preparation for a report to the Board when it meets on the 13th December 2021.**

## **Item 6 SAB Membership (Paper D)**

13. Bob Holloway (BH) introduced Paper D which included a table setting out the appointment date, and where appropriate, the re-appointment date, of each Board member.
14. The Board was advised that after his first five year term of office ended on the 1<sup>st</sup> June 2021 Councillor Fuller had indicated that he wished to serve for a second term of office provided for under the Board's terms of reference, subject to the Board's agreement and the Secretary of State's approval. Following the recommendation being proposed by Councillor Yvonne Johnson, seconded by Councillor John Beesley, the Board agreed that a letter should be sent to DLUHC seeking the

# Scheme Advisory Board

Minister's formal approval of Councillor Fuller's re-appointment for a second term.

**Agreed – That the Board approves the re-appointment of Councillor John Fuller for a second five year term and that a letter should be sent to DLUHC seeking formal approval.**

**Action – that the Secretariat prepares a letter for the Head of Pensions to send to Teresa Clay at DLUHC.**

## **Item 7 Cost Management Committee Report (Paper E).**

15. John Neal (JN) introduced Paper E summarising the agenda items and recommendations made when the committee last met on the 13<sup>th</sup> September 2021

**Agreed – That the Board noted the report of the Cost Management Committee**

## **Item 8 Investment Committee Report – Paper F**

16. YJ introduced Paper F summarising the agenda items and recommendations made when the committee last met on the 20<sup>th</sup> September.
17. Reference was also made to the work being undertaken by the Secretariat regarding those elements of the Board's good governance action plan being pursued independently of DLUHC. Gareth Brown (GB) advised members that checks were being made in relation to seven recommendations in the action plan against current levels of action in the relevant areas.
18. Members were advised that obtaining the information was not always easy given the variety of locations and publication format of policies as required either by regulation or statutory guidance. Furthermore, it is often the case that the degree to which the recommendations have been fully implemented is open to interpretation. As such, it is difficult to compare administering authorities with each other or to assess the level of action at scheme level.

**Agreed – That the Board noted the position as set out above**

## **Item 9 AOB**

19. In response to a question from JH, TC advised members that the planned launch date of the TCFD consultation at the end of October was now likely to be missed given recent changes and the delay in

# Scheme Advisory Board

agreeing Ministerial portfolios at DLUHC. Despite the possible delay TC was confident that the necessary regulations and guidance would be in place by April 2022.

20. JH asked members if they were still content to meet on Mondays. Members unanimously agreed to continue to meet on Mondays.

## **Item 10 Date of next meeting**

21. The next scheduled meeting date of the Board is the 13<sup>th</sup> December 2021. BH advised members that a schedule of dates for meetings in 2022 will be circulated shortly by the Secretariat for comment.