

Scheme Advisory Board meeting on 16 January 2019

Main points circulated by Pensions Secretary

Dear LGPS Colleague – The Scheme Advisory Board is keen to improve communication of the work it is undertaking on your behalf. Although the Board's website at www.lgpsboard.org can be helpful in this respect, the Board has now agreed that a bullet point summary of each Board meeting should be sent to scheme stakeholders as soon as possible after each meeting. A more detailed summary will be available on the Board's website in the "Board Publications" section.

This email covers the main points of the Board meeting held on the 16th January 2019. The meeting commenced with a minutes silence in memory of the late Councillor Ian Greenwood.

SAB Cost Cap

- Statement detailing the SAB package circulated on the 21st December 2018
- Ongoing discussions with HMCLG and other interested parties
- Q&A paper for administering authorities being prepared
- 1st April deadline for scheme changes is becoming increasingly challenging
- MHCLG confirmed that a consultation paper is almost ready to go
- A shortened consultation could take place once government has given the green light
- On introduction of the SAB package, the HM Treasury cost cap scheme valuation will then be undertaken

Cost Transparency – Compliance System

- Deadline for bids for the compliance contract was the 22nd January
- Four bids were received
- SAB will consider recommendation from the bidding panel.
- Northern Ireland LGPS is to be added to the Code of Transparency

Academies and Third Tier Employers' Projects

- SAB was advised that work on both projects had been deferred because of other competing priorities but that work would recommence as a matter of urgency in January.

Good Governance in the LGPS Project (see later statement below)

- Contract has been awarded to Hymans Robertson
- SAB agreed to rename the project to allay fears of separation from local government

Responsible Investment

- The Board agreed that the guidance on Responsible Investment should be extended to include a checklist on climate change risk.
- Work also to be undertaken on assisting administering authorities in developing policy statements on climate change risk.

MHCLG Draft Statutory Guidance on Pooling

- MHCLG confirmed that this was not a public consultation
- Informal comments from SAB, administering authorities, local pension boards and pool companies requested
- SAB will submit a composite response but member's organisations may respond directly
- Closing date for comments is 28th March

IORP II Directive

- SAB agreed to open discussions with MHCLG on the scope for introducing some of the key elements of the Directive into scheme regulations or guidance

Local Pension Boards

- SAB agreed that the Secretariat should prepare a follow up survey to test the ongoing effectiveness of local pension boards for consideration at the next meeting in April

2019/20 Budget and Workplan

- 2019/20 to be a year of consolidation
- Some work on annual and lifetime tax allowances may need to be undertaken
- Secretariat to firm up 2019/20 budget and workplan for final consideration by SAB

Pensions Regulator

- SAB was advised that no reply had been received to the Chair's letter of November 2018.
- SAB tasked the Secretariat to chase a reply.

Stop Press – Following an exchange of emails it transpires that Lesley Titcomb had replied in December but that this had not been received by the Chair or the Secretariat. A copy of the missing letter has been requested. Lesley Titcomb also confirmed that a senior member of her team will be asked to attend the next SAB meeting in April.

BOB HOLLOWAY

Pensions Secretary
Scheme Advisory Board
4 February 2019

"Hymans Robertson Appointed to conduct "Good Governance" Survey

The LGPS Scheme Advisory Board (SAB) is established under the Public Service Pensions Act 2013 to advise the Secretary of State for the Ministry of Housing, Communities and Local Government on the development of the Local Government Pension Scheme.

The SAB has commissioned Hymans Robertson to facilitate a consultation on good governance structures for the LGPS. The purpose of the consultation is to consider how best to accommodate LGPS functions within the democratically accountable local authority framework in a way that ensures that conflicts of interest are addressed and managed appropriately and that the LGPS remains appropriately resourced and able to deliver its statutory functions. We have asked Hymans Robertson to help the SAB identify the real issues and potential options for change to the current arrangements which are proportionate, pragmatic and would improve LGPS governance in these areas.

Through the consultation process, SAB will be seeking the views of as many stakeholders, representing all elements of the LGPS, as possible. Scheme stakeholders will be invited to complete a short online questionnaire which asks for examples of actual conflicts that can arise, your views on the effectiveness of current LGPS governance arrangements and your suggestions for improvement. Further stages of the consultation will include interviews and workshops with key stakeholders. This will allow the SAB to consult on a series of options that reflect the reality of LGPS governance as experienced by those who experience it first-hand.

This work will begin immediately, with reports coming to the SAB in April and July. Colleagues from Hymans Robertson will be in touch shortly with further details of the project including information on how to complete the questionnaire and further engagement plans.

Commenting on the appointment of Hymans Robertson, Chair of SAB, Councillor Roger Phillips said "I look forward to working closely with Hymans Robertson and would encourage all those who wish to see the continued success of the LGPS to participate in this important piece of work."