

**LGPC MINUTES
MEETING HELD ON 10 OCTOBER 2018
AT 18 SMITH SQUARE, WESTMINSTER,
LONDON, SW1P 3HZ**

PRESENT

Cllr D Le Gal	Chair & Scheme Advisory Board
Cllr G Edwards	LGA
Cllr A Waters	LGA
Cllr J Fuller	LGA
Cllr D Jones	LGA
Cllr A Paynter	LGA
Mr K Gerard	Technical Group rep – Dial in
Ms N Mark	Scheme Advisory Board adviser
Mr D Murphy	Northern Ireland
Ms K Linge	Scotland
Secretariat	
Mr J Houston	LGPC
Ms L Bennett	LGPC
Ms E English	LGPC

1. APOLOGIES

Apologies for absence were received from Cllr D Renard LGA, Cllr S Taylor and Cllr S Blackburn. Two new members, Cllr Jones and Cllr Paynter, were welcomed to the meeting and introductions were made. No declaration of interest was declared

2. MINUTES

The minutes of the previous meeting held on 27 June 2018 were noted.

3. MATTERS ARISING

Jeff Houston [JH] informed the Committee that Lorraine Bennett [LB] has been promoted to the role of senior pensions adviser and will now take over as Secretary to the Committee. The Committee congratulated Lorraine on her appointment.

Item 4 – Cllr Adam Paynter [AP] informed the Committee that Cornwall pension fund paid an exit credit on 9 October to a cleaning company. The amount of credit paid was small.

4. LGPC BUDGET

[LB] for the benefit of new members gave an explanation of what the LGPC levy entails and presented the key points from Item B, in particular highlighting:

- a provisional budget for 2018/19 was set on the basis that a new training adviser and programme may take some time to bed in, therefore, a prudent target for training income was included.
- following the end of period 6, the Secretariat is now able to project a small surplus at the end of the year. This is mainly due to higher than anticipated projected training income coupled with a vacancy which has been partly covered by consultancy support.
- in light of the above, and in recognition of the continued financial restraint in the sector, it was proposed that subscription should not change from that payable for 2017/18.
- as in previous years the subscription will be collected in proportion to the size of each administering authority.

The Committee formally agreed that the subscription level for 2018/19 is to remain unchanged from 2017/18.

Action: Send the new members the details of the size of funds.

5. REGULATION UPDATE [E&W]

[LB] presented the key points from Item C, in particular highlighting:

- High Court judgment in the case of *Elmes v Essex* - the judge published his final conclusions on 31 July. In his final conclusions the judge made reference to the impact on children's pensions, should a survivor's pension be retrospectively paid. However, he merely stated that if any other claims are underway, or which maybe begun, it is important that any affected children receive independent advice. Where a child's pension is reduced due to the retrospective payment of a survivor payment there is the potential for a legal challenge; however, the likelihood of this happening is low.
- On 3 October, MHCLG opened a consultation on equalising the survivor benefits paid to survivors of same sex marriages and civil partnerships with those paid to widows. The Committee discussed that it would be helpful if statutory guidance is issued when the regulations are made to inform administering authorities how to revisit pensions in payment, CETVs, trivial commutations etc. Widowers' pensions are not being equalised.
- Exit Credits - MHCLG sought clarification from HMRC who have confirmed that there will be no tax charge on the payment.
- Fair Deal – a consultation is expected by the end of the year. The consultation will introduce the concept of fair deal employers to the LGPS - where a staff who are compulsorily transferred will retain access to the LGPS and the scheme employer will continue to be the employer the member was in employment with immediately prior to the transfer. The admitted body route will still be available.
- Employer debt - MHCLG intend to consult on introducing the basic principles set out in Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2018 into the LGPS. This would enable employers to defer payment of an exit debt, subject to certain conditions.
- The Pensions Regulator (TPR) proactive engagement with the LGPS - TPR have chosen the LGPS as a cohort for proactive engagement throughout

2018 and 2019 and will be taking deeper regulatory engagement with 10% of LGPS administering authorities. The Committee discussed the burdens being imposed by the Regulator on individual administering authorities along with the threat of enforcement action. It was agreed that the subject should be raised at the Scheme Advisory Board meeting in the afternoon with a view to the asking the Chair of SAB to write to Lesley Titcomb, Chief Executive of TPR setting out the concerns expressed by the Committee.

6. SCHEME VALUATIONS

Jeff Houston [JH] presented the key points for the Committee to note from item D, in particular highlighting:

- Chief Secretary to the Treasury has announced provisional results of the scheme valuations for the public service pension scheme
- Employer contribution rises expected for unfunded schemes from 2019.
- Cost cap breaches are also expected for unfunded schemes resulting in benefit improvements.
- LGPS employer contributions will be set by 2019 fund valuations but cost cap applies and would require benefit improvements.
- SAB process cost cap will be completed first and may impact on HMT cost cap outcome.
- The SAB will discuss the results of the SAB process in the afternoon meeting and will report back at the next meeting.

7. SAB REPORT E&W

JH presented the key points for the Committee to note from Item E, in particular highlighting:

- Section 13 report published - overall a positive report
- Tier 3 employer report published. The report summarises the findings of Aon's engagement with stakeholders and sets out a wide range of possible options to address the issues raised. It doesn't include any recommendations. The SAB will now set up a working group to evaluate the options for change and report back.
- Cost transparency – there are currently 91 signatories to the Code, representing an estimated £180bn of assets. On 3 September, the SAB launched a "Code of Transparency compliance system" tender exercise. The tender is to design, build, host pools.
- Separation Project –SAB has invited proposals from interested parties to assist in developing options for change with regard to the separation of LGPS pension funds and their host authorities. The successful organisation will be required to produce a comprehensive report setting out their findings and provide analysis of the two options outlined in the invitation to bid document i.e. separation within existing structures and separation via new structures. An update will be provided at the next meeting.
- Guidance - MHCLG have commissioned SAB to look at whether it would be appropriate for some of the scheme regulations to be sited within statutory guidance in order that they can be more readily amended to keep up to date with developments. They also asked whether the SAB could take on a stronger role to

issue its own guidance which funds would have to have in regard to. The SAB, at its last meeting, agreed to fund additional staffing to cover this work; recommendations are invited by spring 2019.

- Data improvement - the SAB will assist administering authorities in meeting the Pension Regulator's requirements for monitoring and improving data.
- Infrastructure event - MHCLG and SAB are co-hosting an infrastructure event on 15 November 2018.

7. REGULATIONS UPDATE SCOTLAND

The Committee noted the key points from Item F which was presented by Kimberly Linge (KL).

- LGPS (Scotland) 2014 Regulations and subsequent amendments were consolidated into the LGPS (Scotland) 2018 Regulations on advice from the Scottish Government Legal Directorate.
- Transitional regulations will follow – a letter of comfort has been provided to LGPS administering authorities in the meantime.
- Draft amending regulations to correct cross referencing and other minor errors are also underway.
- SPPA have received representation from administrators and fund authorities to address the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 which were last amended on 14 November 2011. The review of these regulations will be a priority.
- Cost cap process – Scotland is a year behind the LGPS in England and Wales and Northern Ireland so any changes arising from the 2017 cost cap valuation will apply from 1 April 2020. SPPA expects that LGPS Scotland may also have breached the cost cap, partly due to the levelling off of increased life expectancy.
- GAD are reviewing actuarial factors and guidance for LGPS Scotland.

8. REGULATIONS UPDATE NORTHERN IRELAND

The Committee noted the key points from Item G which was presented by David Murphy (DM) highlighting the key points:

- Due to the lack of a Minister in Northern Ireland no legislation can presently be made however, the Department for Communities is currently considering if it can make amendments by negative resolution in the absence of the Assembly. A set of amendment regulations has been drafted.
- The LGPS (NI) has breached the floor of the cost-cap by 3.2%. The NI SAB is considering either changing the accrual rate or the revaluation rate. The trade unions side recommends a change to the accrual rate. The Board will meet again before the end of the year to make its recommendation to the Department for Communities.

9. TRAINING AND CONFERENCE UPDATE

The Committee noted the key points from item G which was presented by Elaine English (EE) highlighting the key points:

- Governance conference - is taking place on 17 /18 January 2019 in Bristol. A further circular will be sent out with the programme soon. EE reminded the Committee that if any LGPC members would like to attend they should contact her.
- Fundamentals training is now underway with positive feedback.
- Further training events on Employer Role will be run from March 2019, as well as a new course from April on covering aggregation of LGPS benefits. This will be advertised in the New Year.

10. ANY OTHER BUSINESS

None

11. DATE OF NEXT MEETING

The Committee agree they would like to continue co-ordinate meetings with the SAB meetings. The next meeting date will be confirmed.

* * *