

**LGPC MINUTES
MEETING HELD ON 26 JUNE 2017
AT LAYDEN HOUSE, FARRINGDON
LONDON, EC1M 5LG**

PRESENT

Cllr D Le Gal	Chair & Scheme Advisory Board
Cllr K Quinn	Scheme Advisory Board
Cllr H Siggs	LGA
Cllr I Bond	LGA
Mr D Murphy	NILGOSC
Ms K Linge	Scottish Public Pensions Agency (SPPA)
Ms J Caiazzo	Technical Group representative

Secretariat

Mr J Houston	LGPC
Mr C Hargrave	LGPC
Ms L Bennett	LGPC
Ms E English	LGPC

1. APOLOGIES

Apologies for absence were received from Cllr A Waters, Cllr A McLachlan, Cllr L Van Den Hende, Cllr J Jamieson, Cllr J Fuller, Cllr M Adam and Mr K Gerard.

2. MINUTES

The minutes of the previous meeting held on 6 March 2017 were noted.

In respect of item 6, Jeff Houston (JH) informed the Committee that the Scheme Advisory Board's cost-management, benefit design and administration committee would be looking at the issues of affordability and sustainability in the LGPS following the paper's discussion at the committee's March meeting.

3. MATTERS ARISING

Brewster case: JH informed the Committee that DCLG are still awaiting the outcome of the Essex-Elmes test case. The outcome of this case will determine what must be done to ensure the LGPS in England and Wales reflects the judgment of the Supreme Court in the Brewster case. HM Treasury lawyers have advised that where the payment of a survivor's pension means that a child's pension should be paid at a reduced rate, administering authorities should consider the likelihood that they will be challenged if they attempt to recover historic overpayments.

It was **agreed** that the Secretariat would provide an update on the case at the next meeting.

4 POST ELECTION IMPACT

JH provided a verbal update on developments:

- JH had attended a meeting with representatives from Cabinet Office, DCLG, HM Treasury and DfE at which it was noted that there would be a high hurdle to pass for legislative changes and that Brexit and topics covered in the Queen's Speech would get priority.

It was noted that the Minister for Local Government responsible for the LGPS, Marcus Jones MP, remained in position and that a new Minister for Pensions and Financial Inclusion, Guy Opperman MP, had been appointed.

5. COUNCILLORS' FORUM FOR POOLING

JH presented the key points for the Committee to note from Item B.

The committee **agreed** in principle to the creation of an elected member led Cross Pool Forum (CPF) subject to similar agreement by the SAB and the outcome of a consultation with LGPS administering authorities.

6. REGULATIONS UPDATE E & W

Lorraine Bennett (LB) presented the key points for the Committee to note from Item C, in particular highlighting:

- Exit payment reform - The Government have confirmed their intention to proceed with the cap, recovery and further reform. However, these have been further delayed due to the general election. It was also confirmed that these reforms would not be introduced retrospectively.
- Overseas Transfer Charge – a factsheet has been produced by the Secretariat to assist scheme administrators with the Charge.
- Scheme annual report – the scheme advisory board (SAB) have published their LGPS annual report for the 2015/16 year
- The Pensions Regulator (TPR) – there was a 95% response rate to the 2016 governance and administration survey of pension service pension schemes. TPR have also stated they will be more willing to make use of enforcement powers this year.
- Contracted-out reconciliation – the official HM Treasury position on recovery of overpayments is still awaited so the Secretariat have published an information note for scheme administrators.
- Academies information note – DfE, DCLG and the SAB Secretariat have produced a short guide for academies. Various comments have been received on the note which will hopefully be re-issued to reflect the suggestions made.
- GAD actuarial guidance – following a meeting held with GAD and DCLG in May, an log of queries is being maintained on www.lgpsregs.org. Some progress has been made on a number of the queries.

- Re-launched lgpsregs.org – A new version of the scheme employer and administrator website www.lgpsregs.org was launched on 15th May.

7. SAB REPORT E&W

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

- ‘Tier 3’ employers – the SAB have invited bids from interested parties to gather data regarding ‘tier 3’ employers, being those who do not have local or central government taxpayer backing. Submissions are required by 18 July. An interim report will be provided to the SAB in late 2017/early 2018.
- MiFID II – the FCA’s final policy statement on the implementation of MiFID II is still awaited.
- Cost Transparency Code – launched by the SAB at the end of May. At the time of the meeting, 7 investment managers had signed up covering 23% of assets.
- Academies project – the SAB are to agree objectives for tackling the academies project. The next stage will be for options to meet these objectives to be considered.
- Cost management – the cost management, benefit design and administration committee of the SAB will be looking at details of the assumptions that will be used by GAD for the cost management process.
- Investment guidance judicial review – Following loss of case, DCLG will be appealing the judgement and issuing revised guidance.

It was **agreed** that an update on MiFID II would be provided at the next meeting.

8. REGULATIONS UPDATE SCOTLAND

Kimberly Linge (KL) presented the paper at Item E in particular highlighting:

- The SSAB Structure Review of pension funds in Scotland is still ongoing and a report had been produced by the SSAB outlining the findings of the data collection exercise
- 2017 amendment regulations – SPPA are preparing a consultation on amendment regulations which will look to incorporate various changes, including amendments arising from the Brewster case
- Exit payments – a consultation began in March 2017 to seek views on the severance arrangements for devolved public sector staff. Responses will inform whether reform is needed and what form this should take.

9. REGULATIONS UPDATE NORTHERN IRELAND

David Murphy (DM) presented the paper at item F in particular highlighting:

- No government has been in place since January. The political parties have been given a 29 June deadline to form a Government.
- NILGOSC organised a Public Service Pensions conference for all the Northern Irish public service pension schemes in April. Speakers included the Pensions Regulator, the Pensions Ombudsman and Heywood (in respect of the Pensions Dashboard).
- NILGOSC is recognised as 'regional government' for the purposes of MIFID II and so there is no need for them to opt up.

10. TRAINING AND CONFERENCE UPDATE

Elaine English (EE) provided an update on training noting that the June 2017 Trustees' Conference being held in Bournemouth had a good delegate take up. 'Fundamentals' training for elected members from October through to December was now advertised and bookings were live on the website.

11. ANY OTHER BUSINESS

It was noted that Client Earth and Share Action had referred the LGPS to the Pensions Regulator in lieu of concerns it had about the way many LGPS funds had approached the financial risks associated with climate change.

12. DATES OF NEXT MEETINGS

The date for the next meeting, to be held in Autumn 2017, will be circulated to Committee members.