

# Scheme Advisory Board

This note summarises the meeting of the Scheme Advisory Board on the 3<sup>rd</sup> February 2020. Full details of the meeting and agenda papers can be found at [www.lgpsboard.org](http://www.lgpsboard.org).

The Chair opened the meeting with reference to an earlier meeting with the Chairs of the asset pool joint-committees to discuss progress, roles, responsibilities and governance structures in respect of both their pool company and participating fund authorities. Councillor Phillips explained that the feedback from the meeting will be taken forward when he meets the local government Minister, Luke Hall MP, on the 4th February.

Reference was also made to the Responsible Investment Workshop held in conjunction with DG Publishing on the 15th January. The event was over subscribed though the number of administering authorities attending was disappointing.

## **Actions and Agreements**

1. A question was raised as to why the tPR was not in attendance as agreed when the Board met on the 6th November. It explained that the tPR is not yet in a position to discuss the outcome of the 2018/19 scheme returns. This will be carried forward to the 4th May meeting.
2. The Board was updated on nominations for the replacement Practitioner representative following Nicola Mark's departure. Two candidates had put their names forward and administering authorities have been invited to vote their preference by the 14th February 2020. **(Footnote – since the meeting, Rachel Brothwood (WMPF) has been declared successful in her nomination for the practitioner representative on the Board).**

## **Good Governance**

3. The Board was reminded of the decision it took on the 6th November to publish the Phase II report setting out recommendations from the two working groups.
4. Agreeing the recommendation from both Cost Management and Investment committees, the Board agreed that an implementation group, comprising the two former working groups, should be established immediately to prepare a detailed implementation plan for consideration when it next meets on the 4th May 2020.

## **2020/21 SAB Budget, workplan**

5. The draft workplan and budget had been prepared and was presented to the Board. In particular, the Board discussed options for dealing with the expected, but as yet unknown, costs associated with work on McCloud and the LGPS remedy. It was agreed that the matter would be reviewed following the meeting with the Minister on the 4th February.

# Scheme Advisory Board

## **Cost Management committee report**

6. The Committee Chair, updated Board members on the committee meeting held on the 6th January 2020.

7. **McCloud** – the Board was updated on the current position, including the progress being made by the other public service pension schemes. The Board was further advised that although draft legislation was expected in the Spring, there might also be a need for changes in primary legislation that would need to compete for Parliamentary time.

8. The Board agreed to establish two working groups. Firstly, a small policy group to assist MHCLG in considering any areas of policy which will not be centrally determined. This group to consist of the Chair, Vice-Chair and the chairs of each of the two Board committees. Secondly, a larger implementation group including practitioners, member representatives, actuaries, software providers and employers which will consider the challenge of implementing and communicating the changes to the scheme.

9. The Board also agreed that a communication to fund authorities should be circulated setting out the risks to members in pursuing employment tribunals via ambulance chasers.

## **Investment committee report**

10. The Committee Chair updated Board members on the committee meeting held on the 13th January 2020.

11. **Responsible Investment** – on the recommendation of the committee, the deadline for responses to the consultation on Part 1 of the Responsible Investment guidance had been extended to the end of January. **(Footnote – On the 24th February 2020, the Chair of the Board announced that SAB would take stock of the consultation exercise in view of the a number of concerns surrounding the fiduciary duty test and how it applies in the LGPS. A copy of the statement can be found at [www.lgpsboard.org](http://www.lgpsboard.org).**

12. **Cost Transparency** – an update on the programme of meetings with stakeholders and the second test phase of the compliance system was provided. Engagement with stakeholders will continue.

## **Chair and Vice Chair terms of office**

13. Having both served their first term of office of five years, a proposal that both the Chair and Vice Chair serve a second term was put, seconded and agreed by Board members. Their names will now be put to MHCLG Ministers for approval subject to formal nomination from the LGA and Unison.

14. The Board was advised that the term of office of certain other members of the Board was also due to end in April 2020. Steps will be taken before the next meeting

## Scheme Advisory Board Secretariat

# Scheme Advisory Board

on the 4th May 2020 to determine whether any members wish to be nominated for a second term of office.

## **Any Other Business**

15. The Board was referred to an earlier exchange of letters from the three asset pools who have not extended their governance arrangements to include scheme member representation. The Board agreed that their continuing refusal to comply with SAB guidance is disappointing and agreed that consideration should be given to strengthening the policy objective as part of MHCLG's expected consultation on new pooling statutory guidance.

16. The Board was advised that all but 14 levy invoices for 2018/19 have been paid. London borough fund authorities were responsible for 9 non-payments. The Board agreed that those fund authorities should be chased and any who have not settled payment by the end of February will be named on the SAB web site.

## **Date of next meeting**

17. The date of the next meeting is scheduled for the 4th May 2020.

**Bob Holloway**  
**Pensions Secretary**  
20<sup>th</sup> February 2020