

**DRAFT MINUTES OF A MEETING
OF COUNCIL
HELD ON WEDNESDAY, JULY 25TH 2018
AT 1430 AON, THE AON CENTRE, LEADENHALL BUILDING,
122 LEADENHALL STREET, LONDON EC3V 4AN**

Present:	Sir James Hodge (Chairman)	
	Paul McGlone (President)	Aon
	James Auty	JLT Benefit Solutions
	Dave Sadler (for Andrew Bayfield)	Aviva
	Edward Brown	Hogan Lovells International
	Lindsay Davies	Hymans Robertson
	Matthew de Ferrars	Pinsent Masons
	Ian Gault	Herbert Smith Freehills
	Helen Turner (for Steve Hitchiner)	Barnett Waddingham
	Nicholas Laird	Linklaters
	Bev Morris	Prudential
	James Riley (by telephone)	KPMG
	Andrew Short	Capita Employee Benefits
	Clifford Sims	Squire Patton Boggs(UK)
	Deborah Wilson	PricewaterhouseCoopers
	Natalie WinterFrost	Aberdeen Standard Investments
In attendance:	John Mortimer	Secretary

2873. APOLOGIES

Apologies were received as follows:-

<u>Apologies</u>	<u>Substitute</u>
Andrew Bayfield	Dave Sadler
David Brown	-
Claire Carey	-
Sanjay Gupta	-
Steve Hitchiner	Helen Turner
Edward Levy	-
Roger Mattingly	-
Hugh Nolan	-
Mark Pemberthy	-
Nigel Waterson	-

Council welcomed Andrew Short, who had joined as representative of Capita.

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2874. MINUTES OF THE COUNCIL MEETING HELD ON MAY 23RD 2018 (CIRCULAR 1853)

Subject to the addition of the name of Edward Brown to the list of apologies for absence and to the correction of a typographical error on the final line of paragraph 2865, the minutes were agreed and signed by the Chairman.

2875. MATTERS ARISING, INCLUDING PROGRESS REPORT ON 2020 VISION PAPER DISCUSSED AT MAY COUNCIL MEETING

The Secretary reported on progress on the review of the Society's communication with its Members, to which Clair Carey, Ian Gault, James Riley and David Millar had volunteered to contribute.

Following the Council meeting Ian McClay, who represented Aviva on the Legislation Committee, had also volunteered to contribute.

Initial work was focussing on defining the Society's communication objectives in the context of its existing prime methods of regular communication, i.e. SPP News and SPP Member updates.

Communications within the Society effectively had three aspects:

- Communication between Council and its Committees, in both directions.
- Communication between the Society and its Member organisations
- Communication between those actively involved in Society work and colleagues not so involved.

The Secretary also reported that a number of Committees, having been briefed on the implications for their operation of the 2020 Vision Paper, had begun to make, or were already operating, arrangements to produce their own minutes. Initial consideration had also been given to mechanisms for producing consultation responses with a reduced level of involvement from the Secretary.

On the third immediate priority identified at the May meeting, the President indicated that, despite expressions of support and enthusiasm from a number of quarters, there had been limited concrete progress towards increasing the number of regional meetings organised in cooperation with other pension bodies.

He intended to liaise with the Secretary on how the situation could be addressed.

The President went on to report that, since its May meeting, Council had considered and voted on the continuation of the role of a paid Chairman of the Society. A vote had been taken on July 11th and the result had been as follows:

- | | | |
|-------------|---------------------------------------|----------|
| • Option 1: | Retain a paid Chairman | 0 votes |
| • Option 2: | Cease to have a paid Chairman in 2020 | 1 vote |
| • Option 3: | Cease to have a paid Chairman in 2019 | 15 votes |

There had been 9 "no votes", of which 4 had previously indicated informally to the President that their preference was option 3.

Council therefore agreed that the Society should cease to have a salaried Chairman around the middle of 2019 and agreed that a sub-group should be set up to manage this change, for example in terms of the changes to the Articles of Association, which might be necessary as a result of ceasing to have a salaried Chairman, and how this change should be dovetailed with the retirement of the Secretary in 2020.

The President indicated that the immediate past-President had already volunteered to serve on this sub-group and it was agreed that it should additionally comprise the President, Chairman, Edward Brown, Bev Morris and the Secretary.

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The Honorary Treasurer would be consulted on his participation.

The Secretary would take the first steps in bringing the sub-group into operation.

2876. SECRETARY'S REPORT

The Secretary indicated that on this occasion he had nothing to report under this heading.

2877. MEMBERSHIP

The Chairman reported the following resignations:

Ashurst

Simmons & Simmons

Addleshaw Goddard

No explanation had been given in any case and it was agreed that further enquiries should be made as appropriate.

2878. WHITE PAPER "PROTECTING DEFINED BENEFIT PENSION SCHEMES"

1) Update on meeting with DWP, July 3rd 2018

Council noted the note of the above meeting (Circular 1900).

2) Topics to be raised at expected meeting with the Pensions and Financial Inclusion Minister

The President reported that the Society was likely to have a meeting with the Pensions and Financial Inclusion Minister after the summer Parliamentary recess. [Later: the meeting has now been fixed for October 15th 2018]. He and the Secretary had produced a preliminary draft of a note summarising discussion areas for the meeting. This currently covered the White Paper, ensuring the continuing success of auto-enrolment and provision of advice to scheme members.

He invited Council to suggest other topics for potential inclusion and the following were raised:

- The Pensions Dashboard: There had been apparently more than speculative reports that the government would withdraw support for the Pensions Dashboard, with DWP focussing resources on making progress with Universal Credit.

It was agreed that, if it appeared that the Pensions Dashboard was still stalled by the time of the meeting, it should be suggested to the Minister as a discussion subject.

- Simplification of Complex Benefit Structures: In essence, it would be attractive to be able to simplify all benefits in a manner akin to that possible for GMP conversion.

It was commented, however, that it appeared that, even before the constraints on the legislative programme imposed by Brexit preparations, Ministers had given some quite strong indications that this was not a priority for the government.

- Consolidation of Defined Benefit Schemes: Due to the impact of Solvency II requirements on insurance companies, there was in principle an uneven playing field between insurance companies acting as consolidators and the new breed of so called commercial consolidators, which, on the face of it, would complicate the market.

Matthew de Ferrars volunteered to provide the Secretary with more details following the Council meeting.

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It was agreed that the President and Secretary should revisit the Society's preliminary draft note in the light of the above discussion, with a view to sending a paper to DWP in early September.

The Society's representation at the meeting itself would depend on the Minister's choice of main discussion subjects.

3) DWP Proposals for a Stronger Pensions Regulator

The above consultation document (Circular 1876) was under consideration by the Actuarial and Legislation Committees, with a view to meeting a consultation deadline of August 21st 2018.

The Secretary briefed Council on the generally supportive initial views of the Legislation Committee.

2879. COUNCIL'S COMMUNICATIONS WITH ITS COMMITTEES

Council discussed the paper by the Secretary on the above subject (Circular 1877).

It agreed that all of the purposes underlying the production of link reports remained relevant, but that they could be better achieved than at present.

It was agreed to make the following changes:

- Council links would be maintained, but the production of link reports along the current lines would cease.
- When the environment changed to one in which the Secretary was still attending Committee meetings, but not generally drafting minutes or consultation responses, a key task would be for the Secretary, soon after the meeting, to produce a report for Council (and possibly more widely) setting out major points from that Committee meeting.
- Primarily on the initiative of the Secretary, Committee Chairs or another Committee member could be invited to attend Council for discussion of specific matters raised by a Committee.
- Council would invite all Committee Chairs to an annual strategy session to take place at its meeting which coincided with the annual Council Dinner. Among the aims of this session would be to underline that it was open to Committees to actively suggest initiatives to be taken by the Society, as well as to respond to consultations and other documents.

Bev Morris, the Council link for the Financial Services Regulation Sub-Committee, was then invited to raise some specific concerns relating to that Sub-Committee.

She explained that attendance at the Sub-Committee (typically perhaps two people in person and the same number on the telephone) was too small to support the model of more self-sufficient Committees, in terms of producing minutes and consultation responses, set out in the Vision 2020 Paper.

Additionally, attendance was not large enough to provide the cross-fertilisation from various industry backgrounds, which was characteristic of other Society Committees.

She invited views on how this situation might be addressed, Council having agreed that, ideally, the Society ought to continue to have a Committee with a specific focus on the work of FCA.

One suggestion was that it might have an agenda which incorporated specific issues, for example robo advice or guidance, which fell outside the definition of advice, rather than specific consultation papers.

This approach might attract new participants, who might cease to participate once a specific issue was deemed to be no longer relevant.

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Bev Morris indicated that she would be participating in the Financial Services Regulation Sub-Committee meeting taking place on the following day and would encourage the Sub-Committee to take the lead in drafting a paper, inviting wider involvement in its work and including the suggestion raised in Council.

2880. LINK REPORTS

1) Actuarial

Council noted the link report for the Actuarial Committee (Circular 1916), prepared by James Riley.

2) Administration

In the absence of Edward Levy, there was no report.

3) Defined Contribution

In the absence of Andrew Bayfield, there was no report.

4) European

Matthew de Ferrars reported that the European Sub-Committee had not met since Council's May meeting and that there was currently nothing to report.

It was agreed that in the longer term it might be relevant for the European Sub-Committee to widen its terms of reference, so as to be an International Sub-Committee.

5) Financial Services

Bev Morris reported that there were no matters to bring to the attention of Council under this item.

6) Investment

Clifford Sims reported that the Investment Committee had met on July 11th with a guest from the UK Debt Management Office, who had updated the Committee on gilt issuance policy.

The main outcomes were that the possibility of issuing CPI linked gilts seemed to continue to be virtually non-existent and there was possibly a somewhat declining appetite for issuing inflation linked gilts generally.

The Committee had considered DWP's consultation paper on the investment duties of trustees. Clifford Sims suggested that it would be appropriate for the sub-group of the Investment Committee, which was planning an SPP White Paper on social impact investing, to consider whether the DWP consultation might effectively have overtaken that plan, because the ground which it covered was too similar.

7) Legislation

In the absence of Claire Carey, there was no report.

8) North West

There was currently no link for the North West Committee, but the Secretary reported that the North West Committee, in cooperation with APL, had arranged a seminar for July 11th 2018.

The subject was the Impact of Takeovers (under the Takeover Code) on Pension Schemes with the seminar being led by Daniel Shelley, a partner in Pinsent Masons. [Later: This seminar has been postponed to September].

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9) PR

The President volunteered to fill the vacant role of Council link for the PR Committee.

He commented that the Committee was considering whether its terms of reference needed to be adjusted, so that its focus was on organising events rather than on a wider brief to oversee the Society's public relations.

10) Scotland

In the absence of Hugh Nolan, the Secretary reported that in cooperation with PMI, the SPP Scottish Committee had organised a half-day seminar on June 26th 2018. [Later: The Chair of the SPP Scottish Committee reports that the seminar went very well and attracted more than 20 participants].

2881. STATEMENT OF SOCIETY INCOME AND EXPENDITURE FOR THE SIX MONTHS TO JUNE 30TH 2018

Council noted the above statement (Circular 1895).

2882. EMERGING ISSUES

On this occasion, Council identified no emerging issues.

2883. ITEMS FOR THE MEDIA

On this occasion, no items for the media were identified, although the President encouraged Council to suggest themes on which the Society could take the initiative in approaching the media, to add to the reactive contributions, which the Society currently made.

2884. ANY OTHER BUSINESS

Industry Share "Compensation" Scheme

The President briefed Council on an approach to him from Andy Agathangelou, about an ostensibly industry-wide initiative to facilitate compensation claims in some situations of investment loss. On the face of it, however, this was actually a commercial venture, with which SPP itself should not get involved, although he could see no reason for individual Member-organisations not to explore it if they saw fit.

Council agreed the approach taken by the President.

2885. CONFIRMATION OF DATE AND VENUE OF NEXT MEETING

Council noted that its next meeting was due on September 26th 2018 at 1430 at AON, The AON Centre, Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN.

Council also agreed that the 2019 Society AGM should start at 1400, with Council following immediately at 1430. There would be no refreshments between the end of the AGM and the start of the Council meeting.

It was agreed that the Secretary should liaise with the President's office on the possibility of hosting Council meetings for 2019 in the AON office at 122 Leadenhall Street.

JM/JB/4.4
August 3rd 2018

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