

CIPFA Scottish Pension Workshop

9th September 2014

Bob Summers

Chair : CIPFA Pensions Panel

Scheme Advisory Board

Time Line

- Public Service Pensions Act 2013 – April 2015 +
- Scheme Advisory Board – July 2013 +
- LGPS (Amendment) Draft Regulations – July 2014

Scheme Advisory Board

Membership

- **Chair :** Joanne Segars (NAPF)
- **Employers:** Cllr Kieran Quinn, Cllr Ian Bond, Cllr Denise Le Gal, Cllr Mary Barnett, Cllr Roger Phillips, Education Rep.
- **Members:** Jon Richards (UNISON), Chris Tansley (UNISON), Brian Strutton (GMB), Garry Warrick (GMB), Fiona Farmer (Unite), Dick Banks (Unite)
- **Advisers:** Actuary, Treasurer, Lawyer, Practitioner, CIPFA
- **Observers:** DCLG, Pension Regulator, NAPF

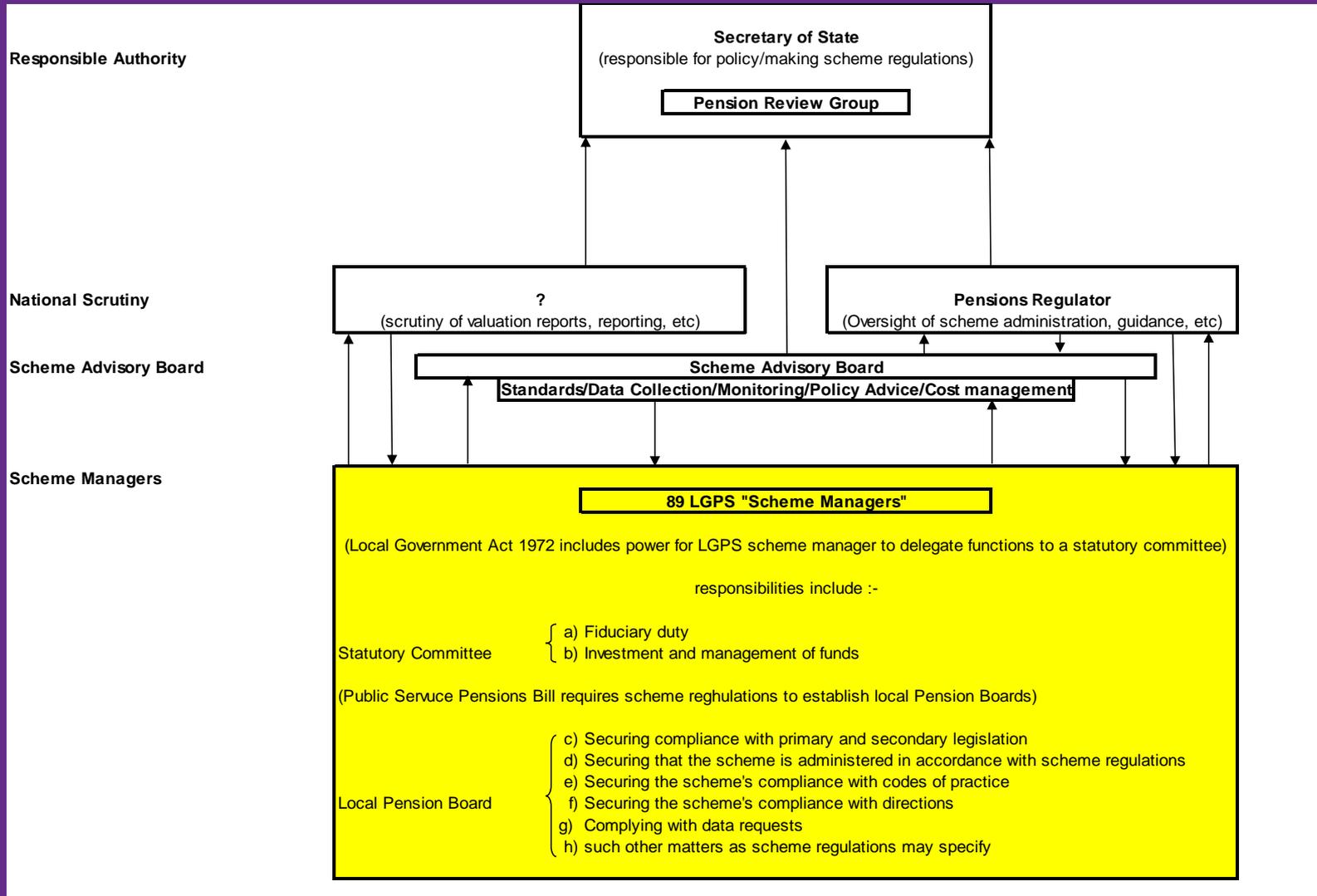
Scheme Advisory Board

Terms of Reference

To Advise:

- Secretary of State on desirability of scheme changes
- Scheme managers / local pension boards on effective and effective and efficient management

Governance - The Plan



Scheme Advisory Board

Sub Committees

- Administration and Communications – 15 members
- Cost Management and Contributions – 16 members
- Governance and Standards – 13 members
- Value for Money and Collaboration – 12 members
- Investment and Engagement – 14 members

Plus

Working Groups

Scheme Advisory Board

Recommendations

Call for Evidence January 2014

- Government should consult asap
- Government and Board should agree a realistic timetable
- Board should complete work on a data baseline
- Government should analyse costs / benefits of more passive management, CIVs, in house investment

Scheme Advisory Board

Recommendations

LGPS Opportunities – July 2014

- Comply or explain on passive management
- Examine funds / asset classes which consistently under perform
- Imposing index returns = reduced returns for out performers
- Pure passive difficult to define and enforce
- CIVs a positive step, but do not limit to two
- All forms of collaboration should be encouraged
- In house investment should be evaluated
- Recommendations could realise £1.1bn savings

Scheme Advisory Board

Recommendations

LGPS Draft Regulations / Scheme Governance – August 2014

- **Scheme Advisory Board**
 - Government should appoint the 12 Board Members and determine constituent groups
 - Co-op another 3 members including a practitioner
 - Clarify legal status**(Continues)**

Scheme Advisory Board

Recommendations

LGPS Draft Regulations / Scheme Governance – August 2014 (Continued)

- **Local Pension Boards**
 - High level regulations reinforce need for best practise guidance
 - Concern if Board appointed via delegation and would support local discretion to establish the Board
 - Define effective and efficient governance and administration
 - Concern over councillor exclusion, experience and capacity, regulating AGMs
 - Need for sufficient resources and common K&U
 - Joint pension boards should be available but approved by the Scheme Advisory Board

Scheme Advisory Board

Sub Committee Work Includes:

- Annual benefit statement guidance / ill health process review
- Publication of March 2013 valuations
- Publication Cost Management process including difference from HM Treasury
- Review of GAD assumptions on initial running of cost management process
- Making available CIPFA guidance
- Preparing best practise guidance on local pension boards and fund separation
- Obtaining Counsel advice on fiduciary duty and ultimate guarantor
- Defining high level financial indicators
- Publishing LGPS Annual Report and examining improvements to inter fund data
- Examining options for management of deficits

And CIPFAs Pension Panel

- Responses
 - Call for Evidence (January 2014)
 - LGPS Opportunities (July 2014)
 - LGPS (Amendment) Draft Governance Regulations (August 2014)
- Accounting for LGPS management costs (June 2014)
- Annual Report Guidance (August 2014)
- Role of CFO in LGPS (Autumn 2014)

Plus

- Advisor to the Shadow Board and Member of the Sub Committees
- Pressing for Investment Regulations Reform
- Exemplar Accounts 2014 2015 – publication later this year
- Updating all best practice advise

CIPFA

The Chartered Institute of
Public Finance & Accountancy

cipfa.org.uk

Thank You

the people
in public finance