

LGPS & Shadow Board Looking Ahead 4, 11, 23 February 2015

Bob Summers

Chair CIPFA Pensions Panel

LGPS & Shadow Board

CIPFA Support for Public Sector

- Education / training
- Developing & setting standards for public financial management
- Business Support

LGPS & Shadow Board CIPFA Pensions Panel / Network

- **Panel**
 - develops / promotes best practice
 - accounting / audit / financial governance

- **Network**
 - promotes practitioner best practice / support
 - workshops, conferences, newsletters, networking

LGPS & Shadow Scheme Advisory Board CIPFA Pension Panel

Bob Summers, Graeme Russell, Paul Dale, Geoff Dobson, Geik Drever, Jeff Houston, John Hattersley, Nicola Mark, Paul Mayers, Richard McIndoe, Susan Martin, Chris Megainey, Trevor Salmon, Mark Taylor, Chris West, John Wright

CIPFA Pensions Network Advisory Panel

Bob Summers, Graeme Russell, Freda Townsend, Geoff Reader, Liz Woodyard, Michael Scraggie, Gerard Moore, Roy Nolan, Peter Wallach, Peter Worth, Keith Bray.

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CIPFA Good Practise Publications 2014

- ‘Preparing the Annual Report’ : statutory guidance
 - SAB Working Group : fund comparability
- ‘LGPS Management Costs’ : accounting disclosures
 - consistent reporting data / inter-fund
- ‘Exemplar Accounts and Disclosure Checklist’
 - 2014 / 15 financial statements : updated guidance

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Role of CFO in the LGPS- CIPFA Code

November 2014

- Statement Professional Practice
- Administering Authority CFOs and all other local authority CFOs
- Structure
 - leadership team membership
 - involvement in all material decisions
 - promote / deliver good financial management
 - lead / direct finance function fit for purpose
 - professionally qualified / experienced

LGPS & Shadow Board CIPFA Pensions Network Survey 2014

- Membership – very satisfied 32 / 51 62.7%
- Moderately satisfied 12 / 51 23.5%
- Membership Benefits – Events 37 / 44 84.1%
- Briefings 19 / 44 43.2%
- Barriers to Membership – none 25 / 46 54.3%
- Time 15 / 46 32.6%

LGPS & Shadow Board CIPFA Pensions Network Survey 2014

- Role / Membership Advisory Panel - happy 37 / 44 84.1%
- Does Network Respond - Yes 36 / 44 81.8%
- Does Pension Panel Represent - Yes 32 / 44 72.7%
- Satisfaction with Communications - Yes 36 / 44 81.8%

LGPS & Shadow Board CIPFA Pensions Network Survey 2014

- Very good level of response
- Reviewed in detail by Advisory Panel
- All points considered / will be picked up in planning
- Commitment to continue to deliver value for money practitioner driven service

LGPS & Shadow Board Shadow Scheme Advisory Board

- **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

LGPS & Shadow 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

LGPS & Shadow Board

Shadow Board

Progress to date

- Analysis / response to call for evidence
- Valuation report
- Confirmed employee contributions
- Counsels opinion on fiduciary duty
- Governance guidance
- Benefit statements guidance for 2014
- Annual report

LGPS & Shadow Board Current Issues

Investment Regulations – Time Line

- November 2008 – CIPFA ‘Options for Change’ need for prudential regime
- February 2009 – DCLG consultation : separate bank A/C etc:
- May 2011 – DCLG consultation : strategic?
CIPFA :Occupational Pension Schemes
(Investment) Regulations & strong
governance

LGPS & Shadow Board Current Issues

Investment Regulations – Time Line

- November 2012 - DCLG consultation : partnerships
- December 2013 - Hymans Robertson ‘LGPS Structures’ reconsider efficiency investment regs
- Autumn 2014 - Squire Sanders : Kay Review issues : Counsel Opinion
- Winter 2014 - DCLG consultation (?)

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Current Issues – Counsel opinion on ultimate responsibility & IORP

- Employing authority contributions / statutory debt
- Administering authority / no obligation to pay otherwise than out of fund assets
- Administering authority / not entitled to treat funds as their money
- Central government / not in any direct way guarantor of benefits
- Nothing in legislation gives LGPS payment priority (lender of money has priority)
- IORP applies / Article 8 / Article 18 suggestions to ensure full compliance

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Current Issues – Deficit Management

- Actuarial assumptions
- Inter – fund comparisons
- Regulations
- Investment decisions / deficits
- Employer risk / exits

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Current Issues – Local Pension Boards

- Scheme Guidance
- TOR
- Pension Regulator Code of Practise
- CLG Regulations
- Monitoring

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Current Issues – Performance Indicators

- Key themes
 - Governance, Funding / Contributions / Deficit reduction, Asset management, Pension benefit management, External Review
- Secondary (health) indicators
- No league tables / supportive approach

LGPS & Shadow Board Current Issues – Separation

- Accounting / Audit / AGS
- Conflicts of interest / directed investment
- Employer / member base
- Communication / governance
- Resourcing / Budget

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Current Issues – Separation (cont'd)

- Stronger S151 role?
- Distinct entity?
- Joint committee?
- Dedicated authority?

+

Revisit existing framework

LGPS & Shadow Board CIPFA Pensions Panel Work Plan

- Local Pensions Board K&S framework
- Pension Fund Taxation
- Funding Strategy Statement update
- Local Pension Boards and CFO
- Accounts simplification
- Investment regulations
- SAB support

LGPS & Shadow Board Looking To The Future

- Future SAB / Funding
- DCLG Structure consultation response
- Lobbying
- May 2015 +
- CSR 2015 +
- Sustainability

CIPFA

The Chartered Institute of
Public Finance & Accountancy

cipfa.org.uk

Thank You

the people
in public finance