

Scheme Advisory Board

HYBRID MEETING – 27 SEPTEMBER 2021

ITEM 5 – PAPER C

REPLACING THE CIPFA PENSIONS PANEL – PROPOSAL FOR A NEW COMMITTEE OF THE BOARD

Issue

CIPFA has undertaken a review of its panels and boards and, following approval by the CIPFA Council and the Public Finance Management Board (PFMB), the current board and panel structure is to be replaced by a series of Forums or Fora. None of the new fora include public service pensions in general or LGPS in particular.

Without action, this would potentially leave vital guidance around LGPS fund annual reports, amongst other things, without a dedicated body to oversee, update and publish it.

Background

1. The Pensions Panel was constituted as one of CIPFA's Technical Panels and Boards and focused on public service pensions. It provided guidance and codes of practice on public sector pension scheme management and governance issues.
2. It also advised other CIPFA panels regarding these areas. It was a functional, cross-sectoral panel that reported to CIPFA's PFMB.
3. The dissolution of the Pensions Panel will remove a valuable forum for the development of accounting and reporting standards for the LGPS as well as a source of statutory guidance. For example, CIPFA currently produces guidance on the following matters:
 - Accounting for Local Government Pension Scheme Management Expenses
 - Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition) (statutory guidance commissioned by MHCLG under regulations 57 and 58 of the LGPS Regulations 2013)
 - LGPS Fund Accounts 2020/21: Example Accounts And Disclosure Checklist
 - Investment Pooling Governance Principles for LGPS Administering Authorities
 - Managing Risk in the Local Government Pension Scheme
 - Preparing and Maintaining a Funding Strategy Statement in the LGPS (2016 Edition) (statutory guidance commissioned by MHCLG under regulations 57 and 58 of the LGPS Regulations 2013)
 - Code Of Practice On Public Sector Pensions: Finance Knowledge And Skills

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4. It was also the intention of MHCLG to request that CIPFA provided statutory guidance for new TCFD reporting requirements from April 2022.
5. Membership of the CIPFA Pensions Panel was as follows:
 - Pete Moore (Chair) – Independent (Pete indicated his desire to bring his participation to an end – it is unlikely that he would become a member of the committee)
 - Robert Branagh (Vice Chair) – Local Pensions Fund Authority
 - Jeff Dong – Welsh Treasurers
 - Rachel Brothwood - West Midlands Pension Fund/SAB
 - Teresa Clay - MHCLG
 - Jenny Poole - SDCT (Cotswold DC)
 - Jeff Houston – LGA/SAB
 - Paul Mayers - National Audit Office
 - Richard McIndoe - Strathclyde Pension Fund
 - John Cornett - Audit Scotland
 - David Murphy - NILGOSC
 - Ian Williams - SLT (LB Hackney)
 - John Wright - ACA (Hymans Robertson)
 - Mark Wynn - SCT (Cheshire)
 - John Jones - LPB Representative
 - Fiona Miller - Asset Pool Representative
6. The final meeting of the Pensions Panel was held on Monday 16 August 2021, Jo Donnelly from the secretariat attended that meeting and – with the authority of the Board's Chair – shared the outline plan for a new committee. Panel members were largely supportive, but the proposals below have been developed taking into account the comments made.
7. The cross UK membership of the panel should be noted as it would be intention of the proposal set out below to continue such an arrangement.

Consideration

8. In order to continue the work of the panel, reinforce the link between the Board and CIPFA and in particular provide a continued source of guidance, the secretariat obtained the agreement of the Chair to develop a proposal for a new body within the SAB structure.
9. The proposal is for the Board to agree to create a new Compliance and Reporting Committee (CRC). This committee would report jointly to the Board and to the CIPFA PFMB. It would have a CIPFA-nominated chair (who we understand would be Richard Lloyd-Bithell) who would also sit as a non-voting member of the Board.

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10. Membership of the CRC should include all of those members listed above who wish to continue in their roles. The exception to this is the seat currently held by John Wright from Hymans Robertson (representing the ACA). Hymans is the only actuarial firm represented on the Panel and it is likely to be easier going forward for there to be no actuarial firms on the CRC, rather than expand to include representatives from all 4 firms.
11. It is also proposed that the necessary additional seats are made available for section 151 officers, to ensure that all Treasurer Societies¹ are represented. This will include a section 151 officer from the district council community, as although they don't hold the AA function, they do still have liabilities in funds.
12. Provision will also be made for the inclusion of scheme member representation on the committee.
13. The Board are asked to ensure sufficient resources are available to support the new committee so that it can continue to meet the needs of LGPS administering authorities in this area and can effectively develop new guidance such as that required for TCFD regulations.
14. Discussions with CIPFA would indicate that an additional resource of at least 0.5 FTE would be required to support the committee and draft guidance, which would mean an increase in the levy chargeable to LGPS administering authorities of £35,000 per annum.
15. It is proposed that the post would be funded from reserves in 2021-22 but that the additional amount be added to the budget provision for 2022-23.
16. This levy increase would however be at least partly offset by the guidance produced by the committee being freely available to LGPS authorities and employers. This would contrast with the current arrangement where guidance sits behind a paywall. For example, the guidance 'Preparing the Annual Report' is currently available from CIPFA at £215 plus VAT.

Recommendation

That the Board agrees in principle to the establishment of the new committee and additional resource as set out above.

Next steps

17. Should the Board agree to the establishment of the new committee in principle, the secretariat will draft the terms of reference for the committee, including the membership and joint reporting lines.
18. The secretariat will also consult with the membership and the Chairs of the existing committees to discuss whether any elements of an existing committee's remit could move to the new CRC, or that of the Pension Panel would better sit within an existing committee.

¹ ALATS (Association of Local Authority Treasurer Societies), SCT (Society of County Treasurers), SDCT (Society of District Council Treasurers), SLT (Society of London Treasurers), SMT (Society of Metropolitan Treasurers), SWT (Society of Welsh Treasurers)

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19. The terms of reference would then be subject to the approval of the Chair and Vice Chair of the Board in consultation with representatives from CIPFA.

Recommendation

That the Board agrees to the next steps as set out above.