

By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee – 7 February 2014

Subject: **GRANT THORNTON – COMING OF AGE:
DEVELOPMENT OF THE LGPS**

Classification: Unrestricted.

Summary: To present the Grant Thornton report on the LGPS .

FOR INFORMATION

INTRODUCTION

1. In November 2013 Grant Thornton published their report on key issues facing the LGPS. Their report is attached in the Appendix.
2. The main issues identified are:

Areas of Priority Focus	Officer Comments
<ul style="list-style-type: none"> • Pension Committees – issue of use of sub-groups and content of core periodic reports. 	<ul style="list-style-type: none"> • When previously considered the Committee did not wish to move to an investment sub-committee. • Regular reports are presented on liabilities and pensions administration.
<ul style="list-style-type: none"> • Investment Strategies – regular review of investment strategy and consideration of liability driven investment strategies. 	<ul style="list-style-type: none"> • Investment strategy is regularly considered on an evolutionary basis. • The profile of liabilities is taken into account in setting investment strategy.
<ul style="list-style-type: none"> • Identifying and managing risk – embedding risk management. 	<ul style="list-style-type: none"> • The Committee receives periodic reports on risk (next in March 2014). • Inherently management of risk is central to most matters the Committee considers. •

<ul style="list-style-type: none"> Capacity, skills and knowledge – advocates formal action plans and consideration of independent professional trustees. 	<ul style="list-style-type: none"> The Committee adopted the CIPFA Code in Independent professional trustees have been considered in the past but rejected. Preference was for Members and Officers skills and knowledge to be supplemented by the investment consultant.
<ul style="list-style-type: none"> Controls – Pension Funds should consider preparing a separate Annual Governance Statement and ensure a broad remit for Internal Audit. 	<ul style="list-style-type: none"> Compared with a local authority the remit of the Superannuation Fund Committee is tightly drawn – would an AGS add value to governance? Internal Audit do have a broad remit in relation to the Fund.
<ul style="list-style-type: none"> Administrative Cost review and reduction – report on pension admin costs. 	<ul style="list-style-type: none"> Regular benchmarking reports presented to Committee.

RECOMMENDATION

- Members are asked to note this report.

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