

Pension Fund Committee

Meeting to be held on 15 April 2011

Electoral Division affected: None

Revised Governance Arrangements

(Appendix 'A' refers)

Contact for further information:

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Executive Summary

This report proposes a revised "constitution" for the Pension Fund Committee, which reflects the impact of the new Investment and Liability Strategy on the Fund's decision making and governance.

Recommendation

The Committee is asked to consider the revised "constitution" for the Pension Fund Committee as set out at Appendix 'A' and recommend the "constitution" to the Full Council for approval.

Background and Advice

The Committee at its meeting on 10 December 2010 approved a new investment strategy for the Fund. The new strategy has implications for the Fund's decision making and governance arrangements and the Committee at its meeting on 4 February 2011 requested the County Secretary and Solicitor to draft a new "constitution" to reflect new ways of working required by the Strategy.

In considering the report, the Committee was informed that the Fund's governance arrangements needed to reflect a number of key drivers set out in the investment strategy.

- Firstly, the Fund must be managed more dynamically so it is able to take advantage of opportunity and move to avoid risk. To this end decision making arrangements must, subject to appropriate checks and balances, be capable of operating swiftly.
- Secondly, the role of the Committee is to approve strategy and hold the Investment Panel to account for its delivery, particularly as the Investment Panel will be acting as an "internal investment manager" on behalf of the Committee.

A report on the future operation of the Investment Panel as the Fund's "internal investment manager" is set out elsewhere on the agenda. That report sets out the proposed investment decision making arrangements including the investment process and reporting and accountability to the Pension Fund Committee. The Pension Fund Committee's governance documents as set out at Appendix 'A' have been amended to reflect the changes to the operation of the Investment Panel.

The Committee will note that the governance documents have also been amended to provide greater transparency and accountability, particularly around the management of the Fund's property portfolio, reporting arrangements and the process of preparing and approving pension fund policies, statements, strategies and procedures. In February 2011 the Committee agreed to disestablish the Pension Fund Appointments Sub-Committee and to implement a new procurement process that would be more aligned to EU procurement rules. These changes have also been made to the Pension Fund Committee's governance documents.

The Full Council is required to approve the Council's Constitution and any subsequent amendments including changes to a committee's terms of reference. The Committee is therefore asked to consider the revised governance documents as set out at Appendix 'A' and recommend the amended "constitution" to the Full Council for approval.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The Pension Fund Committee's governance documents need to be updated to reflect the new ways of working required by the new Investment Strategy.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Directorate/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A