

Pension Fund Committee

Meeting to be held on 5 June 2015

Electoral Division affected: None

Lancashire County Pension Fund – Annual Governance Statement 2014/15

(Appendix 'A' refers)

Contact for further information:

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Executive Summary

This report presents for the Committee's approval the Annual Governance Statement for the Lancashire County Pension Fund. This statement has been produced to ensure that members of the Committee in their role as "those charged with governance" in relation to the Fund are able to review and consider the adequacy of the Fund's overall governance arrangements in order to provide assurance as part of the process of preparing the Fund's report and accounts.

This separate statement is prepared as the overall statement prepared by the County Council cannot cover the activities of the Fund in sufficient detail to provide the necessary assurance.

Recommendation

The Committee is recommended to approve the Annual Governance Statement for the Lancashire County Pension Fund set out at Appendix 'A' for signature by the Chair and the Director of the Fund.

Background and Advice

Last year the Pension Fund Committee for the first time approved a separate Annual Governance Statement for the Fund. This was in response to a report from the External Auditors, Grant Thornton, on benchmarking work they had undertaken on the Fund's governance arrangements following the publication of their national review of the governance of LGPS funds in November 2013

This report highlighted the importance of the annual review of the Fund's governance arrangements and control framework. In this area the LCPF was one of over 70% of funds where no reference to the operations of the Fund was made in the Annual Governance Statement of the Administering Authority (the County Council). It was also one of 97% of funds where the Fund did not produce a separate Annual Governance Statement. In response to this a separate statement was prepared for 2013/14.

Importantly LGPS funds are not separate legal entities from their administering authority; hence the investments of the LCPF are made in the name of Lancashire County Council as administering authority for the Lancashire County Pension Fund. However, the Pension Fund is a substantial entity in its own right regardless of its legal status and it would be appropriate for any entity of this scale to carry out an annual review of its governance arrangements and control framework in order that "those charged with governance", in this case elected members, can be satisfied with the adequacy of the control environment in place. The statement attached at Appendix 'A' fulfils this function.

The process for compiling the statement has been undertaken by the Director of the Fund who has responsibility for ensuring the delivery of the County Council's functions as administering authority for the Fund. In order to compile the statement he has relied on assurance statements provided by each senior manager who has responsibility for an element of the operation of the Fund which assess and examine performance against the various elements of the control framework as applied specifically to the running of the Fund. In addition the statement reflects the conclusions drawn by the Chief Internal Auditor from her work in relation to the Fund during the year, which are reported elsewhere on the agenda for this meeting of the Committee.

Consultations

Not applicable

Implications:

This item has the following implications, as indicated:

Risk management

A sound Annual Governance Statement which reflects the reality of the operation of the Fund represents a key assurance for members that the control framework is operating appropriately to manage risk.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Service/Tel
"Coming of Age: Development of the Local Government Pension Scheme" Grant Thornton	November 2013	George Graham Lancashire County Pension Fund Service (01772) 538102

Reason for inclusion in Part II, if appropriate

N/A