

REPORT FOR: Pension Fund Committee

Date of Meeting:	25 November 2015
Subject:	Information report - Benchmarking and Key Performance Indicators
Responsible Officer:	Dawn Calvert, Director of Finance
Exempt:	No
Wards Affected:	All
Enclosures:	Guidance for LGPS funds on the 2015 benchmarking exercise (LGPS Scheme Advisory Board) Key Performance Indicators Pro-Forma

Section 1 – Summary

The report advises the Committee of a request from the LGPS Scheme Advisory Board that each administering authority completes a pro-forma providing information on key performance indicators. It advises the Committee of the return sent to the Scheme Advisory Board.

FOR INFORMATION

Section 2 – Report

Background

1. On 4 September 2015, the Council, along with all other administering authorities in the Local Government Pension Scheme, were advised that:

The LGPS Scheme Advisory Board (SAB) is undertaking, with support from DCLG, a national exercise to benchmark the performance of all LGPS funds in England and Wales during late 2015 prior to a mandatory exercise linked to 2016 triennial valuations.

During 2014, a suite of 18 LGPS self-assessment key indicators (4 core and 14 supplementary, of which 10 are governance and 8 are performance related) were developed by a SAB Scheme Reporting Working Group (comprising LGPS funds, NAPF, CIPFA, and the ACA). These indicators are the result of considerable input from a working party of administering authorities and other LGPS experts. While not necessarily perfect, they are viewed as a step in the right direction, and will evolve over time in light of feedback and their usage.

Collectively they are designed to help the SAB to nationally assess the relative health of the funds and scheme as a whole. More importantly, the indicators are intended to be a valuable benchmarking tool for administering authorities, and the newly formed Local Boards, to help with the governance process and continuous improvement.

By taking part in this exercise it is an opportunity for your fund to:

- 1) *Assess your fund against the examples of best practice for high performing funds and the examples of concern for each KPI*
- 2) *Inform us how much effort/time/cost undertaking the exercise consumed compared with the < 1 day reported by the pilot funds*
- 3) *Provide general feedback on the KPIs and the examples of best practice and the examples of concern, and to offer suggestions for their further clarification, refinement, and improvement.*

The SAB secretariat will consider the outcome from the 2015 exercise during December 2015. The SAB will make recommendations to DCLG about the KPIs as part of the 31st March 2016 triennial valuation process. They will then be issued in April 2016 and from December 2016 used as tool to assess and support funds accordingly.

2. The Council was required to respond by 31 October and has done so as in the attached Key Performance Indicators Pro-Forma.
3. The Committee will note that in the attached Guidance the Scheme Advisory Board encourage administering authorities to share this information with their pension boards who “may use the indicators as a ‘sense check’ or self-audit’ tool.”

4. The Board considered the return at their meeting on 2 November and raised a number of issues which were covered at the meeting or are being further researched by officers. The most significant items raised were:
- How the consolidated information would be used;
 - Progress on the Collective Investment Vehicle (CIV)
 - Statutory governance standards
 - The Committee's consideration of Ethical, Social and Governance issues in their investment strategy
 - Framework agreements

Financial Implications

5. Whilst this report refers to numerous matters relevant to the financial standing of the Pension Fund there are no financial implications arising directly from it.

Risk Management Implications

6. Relevant risks are included within the Pension Fund Risk Register.

Equalities implications

7. There are no direct equalities implications arising from this report.

Council Priorities

8. The financial health of the Pension Fund directly affects the level of employer contribution which in turn affects the resources available for the Council's priorities

Section 3 - Statutory Officer Clearance

Name:	Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date:	12 November 2015		

Ward Councillors notified:	NO
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Section 4 - Contact Details

Contact: Ian Talbot, Treasury and Pension Fund Manager
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Background Papers - None