

Report for: INFORMATION
Item Number: 07



Contains Confidential or Exempt Information	NO – Part I
Title	Pension Fund Governance
Responsible Officer(s)	Nick Greenwood
Contact officer, job title and phone number	Nick Greenwood Pension Fund Manager 01628 796701
Member reporting	n/a
For Consideration By	Berkshire Pension Fund and Pension Fund Advisory Panels
Date to be Considered	20 January 2014
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pension Fund

<p>Report Summary</p> <ol style="list-style-type: none"> 1. This report reports on the results of the Russell Pension Fund Governance survey 2013 2. It recommends that Members note the results of the survey 3. This report is being made as transparency is implicitly part of good governance 4. An additional point to note is that the Borough was the only public sector organisation to respond to the survey.

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?	
Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Good governance of the Pension fund is essential	On-going

1. Details of Recommendations

RECOMMENDATION: That Panel note the results of the Russell Pension Fund Governance Survey 2013

2. Reason for Recommendation(s) and Options Considered

In the summer of 2103 Russell (a leading firm of pension consultants) invited clients and prospective clients to participate in a survey of pension fund governance and costs incurred. The Royal Borough participated in the survey and in the event turned out to be the only public sector fund to participate. Thus the survey gives a good benchmark of the Fund's governance relative to private sector pension funds.

A detailed commentary on the findings is appended at Annex 1; however members are particularly invited to note:

1. The low costs incurred in governing the Fund – in-line with much larger funds than ours which have corresponding economies of scale.
2. Many trustee boards of smaller private sector funds delegate many of their functions (e.g. asset allocation, manager and adviser appointments) to third parties (often referred to as “fiduciary management”. The “internal delegation” score reflects the proportion of trustee duties retained by trustees (i.e. a 0% score indicates that all such functions have been delegated to a third party and a 100% score means that no such functions have been delegated). Since the Panel does not delegate any decisions to third parties the Fund scores 100% for internal delegation.
3. The low score on Committee Hours reflects the nature of the Fund and that as a constituent member of the LGPS the Fund exercises no control over benefits (which typically take up many hours of private sector fund trustees' time) nor employee contributions.

3. Key Implications

The report indicates that the cost of governing the Pension Fund (as opposed to managing the assets) is best in class.

4. Financial Details

Not Applicable

5. Legal Implications

Not Applicable

6. Value For Money

The report confirms that the costs of governing the fund are best in class

7. Sustainability Impact Appraisal

Not Applicable

8. Risk Management

Not Applicable

9. Links to Strategic Objectives

Our Strategic Objectives are:

Value for Money

- Deliver Economic Services

10. Equalities, Human Rights and Community Cohesion

Not Applicable

11. Staffing/Workforce and Accommodation implications:

None.

12. Property and Assets

None

13. Any other implications:

None

14. Consultation

Not Applicable

15. Timetable for Implementation

Not Applicable

16. Appendices

The Russell Pensions Governance Index 2013 appended as Annex 1.

17. Background Information

Not Applicable