

Stronger futures: development of the LGPS

Grant Thornton review of governance in LGPS funds in England and Wales

The local government pensions scheme (LGPS) faces significant change, challenge and scrutiny. Yet it continues to strive to ensure that it can provide affordable pension benefits for the future. The introduction of local pension boards (LPBs) in 2015 brings a whole host of practical implementation issues. In the context of existing management arrangements, the introduction of an additional body into the organisational arrangements brings with it risks of additional bureaucracy and costs. The challenge, and opportunity, for the LGPS is to consider how the boards can assist the administering authorities to fulfil their statutory duties and make a positive difference to the efficient and effective stewardship of individual LGPS authorities. This is an issue of significant debate within administering authorities currently as is the push towards greater collaboration and reducing costs.

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors.

This report aims to assist those with responsibility for managing funds to assess the strength of their governance arrangements. This report highlights the key aspects of governance that administering authorities and LPBs should consider as the new governance changes are implemented. These include:

- Existing pension committee arrangements
- Investment strategies
- Identifying and managing risk
- Capacity, skills and knowledge
- Internal controls and internal audit
- Administration costs

Alongside the research findings, the report highlights examples of good practice and also poses a number of questions for members of the newly formed LPBs to consider what good governance looks like and how they might best focus their efforts.

