

GOVERNANCE ISSUES

Contact Officers	Nancy Leroux
Papers with this report	None

SUMMARY

This report is to provide an update on Pension Fund Governance issues and is mainly for information.

RECOMMENDATION

1. That the contents of the report are noted
2. That Committee discuss whether to progress the request by Stockley Academy to be represented on Committee.
3. That Committee approve the extension to the existing pensions administration system contract for a further two year period.

INFORMATION ITEMS

1. Scheme Consultations

Public Sector Pensions and the Local Government Pension Scheme are currently subject to an independent review by Lord Hutton. The independent Public Service Pensions Commission will undertake a fundamental structural review of public service pension provision and is due to issue its final report prior to the 2011 Budget. The commission is due to produce an interim report in September 2010 ahead of the Spending Review. At the time of writing this report the details of this interim report are not yet available. It is envisaged that major revisions to the LGPS will be one of the outcomes of this review.

2. Valuation Update

Officers had an initial meeting with the fund actuary on 8 September to discuss the initial findings of the 2010 triennial valuation exercise. Based on the current scheme, the initial results indicate a funding level considerably lower than in 2007. Discussions are ongoing in agreeing the assumptions to be used in the valuation and so the final results will not be completed for several months. Indeed, dependent on the timing of the Hutton Review, the final results could be substantially different from the initial results. In addition the change from RPI to CPI for the basis for future public sector pensions' increases could have a sizeable impact.

3. Request from Stockley Academy for Representation on Committee

Officers have received a request from Stockley Academy to be permitted to have a representative on Pensions Committee. They have made the request to enable them to have better accountability for their funding.

4. System Contract Extension

The contract for the pensions administration system (AXISe) is due to expire on 31 December 2010. However, due to the impending outcome of the Hutton Review and the potential resulting regulatory changes, it is difficult to go to tender when the system requirements are unknown. Therefore, on the advice of the Head of Procurement, officers have been requested to seek approval from Committee to extend the current contract for a further two year period.

Following a review of the contract, the Head of Procurement advised that Clause 14 of the contract was effectively an "evergreen" clause that allows the license to continue as long as the agreement has not been terminated. Therefore, there is no duration to this agreement. Should we wish to end it we either use the provisions of termination related within the contract or give 12 months notice.

5. Future Member Training and Development Events

The following training events are available for members to attend

DATE	EVENT	LOCATION	RSVP By
<i>October and November</i>	<i>Employers Organisation - Fundamentals</i>	<i>Central London</i>	<i>ASAP</i>
<i>7 October</i>	<i>UBS First Steps</i>	<i>21 Lombard Street London</i>	<i>ASAP</i>
<i>15 October</i>	<i>M&G UK Company Financing Fund AGM</i>	<i>London – venue tbc</i>	<i>ASAP</i>
<i>21 October</i>	<i>UBS Second Steps</i>	<i>21 Lombard Street London</i>	<i>ASAP</i>
<i>4 November</i>	<i>CIPFA Pension Network Annual Conference</i>	<i>Gt Russell Street London</i>	<i>14 October</i>
<i>10 November</i>	<i>Northern Trust UK Pension Fund Forum</i>	<i>Ave Maria Lane London</i>	<i>21 October</i>
<i>11 November</i>	<i>UBS Third Steps</i>	<i>21 Lombard Street London</i>	<i>22 October</i>