



**Holistic Pensions 2008 ~**

**Is it time to go our separate ways?**

*Revisited 2014*

**Governance –Separation of the Pensions Function**

*Revisited 2015*

**Nicola Mark**  
Norfolk Pension Fund

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Taking a holistic approach to pensions ^  
administration & investment in the LGPS

*governance*



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**EXPECTATION: ALREADY THERE??**

- The Pensions Committee (S.101) is responsible for all aspects of strategic management of the fund including the assets and the administration and payment of benefits

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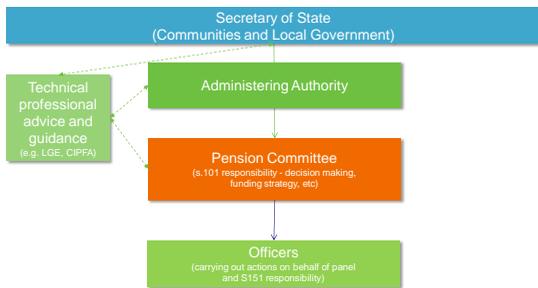
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### Current Fund governance structure




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### Future LGPS governance structure




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### Cosmic forces.....

- New*
- ^ Scheme Governance *reform*
- Structural Investment Complexity
- New LGPS
- Change of Status of County & Metropolitan Treasurers
- *TPR - Codes of Practice and oversight*
- *Political Football*
- *Increasing scrutiny*
- *New legal obligations for internal controls and reporting requirements*
- *Wider pensions reform*




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### The Man With Two Hats




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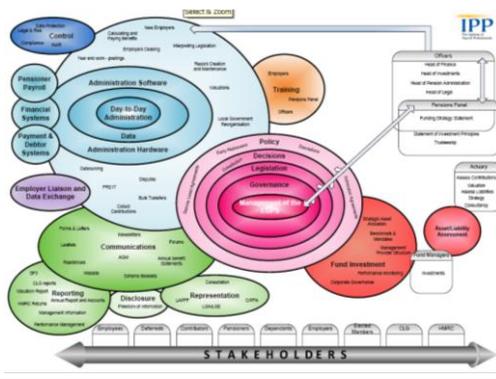
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### ONE HAT?




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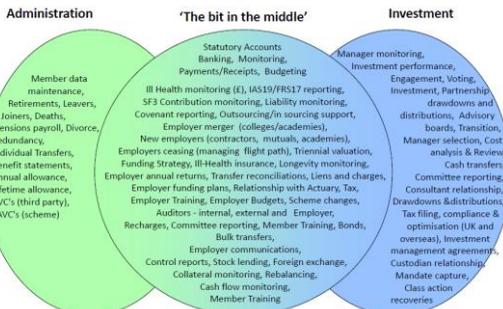
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### GOVERNANCE




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**The holistic picture**

- *Governance*
- Investment
- Accounting
- Strategy
- Scheme Administration
- Communications
- Business / Service Planning
- Budget Control
- Performance
- Compliance
- *Stakeholder engagement*
- *Risk Management*
- *Resourcing*
- *TPR codes of practice & oversight*
- *New Pension Boards*
- *New legal internal controls*
- *Cost / sustainability*




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**Black holes?**

- Many different set-ups & structures
- Who's responsible / accountable?
- Complex for stakeholders
- The bits in the middle
- *Difficult for you*




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**The Case For Separation**

- Maxwell Scandal
- Goode Report/Pensions Act 1995
- Standard Practice across virtually all UK pension schemes (since 1997)
- Advantages:
  - Clear separation of decision making
  - Transparency
  - Consistency and member representation
  - Reduces conflicts of interest




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**Utopia – Getting it together**  
*(well a step in the right direction!)*

▪ *Clear & accountable Governance Structure*

- Head/Director of Pensions (Investment & Administration)
- All pension functions managed and developed together & ring fenced – ‘focussed, accountable & stable’
- Shared business development objectives

- *Resourced*
- *Transparent*
- *Cost effective & efficient*
- *Clear decision making*
- *Full alignment of interests*
- *Organisational continuity*
- *No conflict of interest*




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▪ *Budget control*

- Clear, seamless, cost effective customer-facing service – ‘easy to use’
- Engaged stakeholders

*stakeholder*

- *Transparency*
- *Compliance*
- *Continuity*
- *Sustainable*




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**Not an alternative lifestyle....**

Holistic –

‘dealing with or treating the whole of something or someone and not just part’



Cambridge Advanced Dictionary

*Governance - 'the mechanisms, processes and relations concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation'*

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The answer..... (was!)

Hey man  
"Lucky we're  
*still* in  
the LGPS"



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Ring Fencing as a first step...



- Separation by delegation
- Bound by LGPS Regulations (not choice)
- Statutory function
- Established guidance and built in protections
- Fiduciary duty to employers and members (public law)
- Essential for named person to be responsible for pensions

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Eventually ???



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**Still on a 'doing it together' theme...  
By the LGPS for the LGPS**

National LGPS Frameworks - collaboration in action:

- **Leverage** our combined buying power
- We all have to buy specialist services
- We all have to comply with Public Contracts Regulations
  - National LGPS Frameworks are an OJEU compliant procurement vehicle
  - **Remove** the need to independently undertake full European union (OJEU) procurement
  - **Retain** local service definition and decision making
  - **Designed specifically for all funds to use**
- Tested and proven way to **save time, save money**
- Non profit making (shared volume based rebates)

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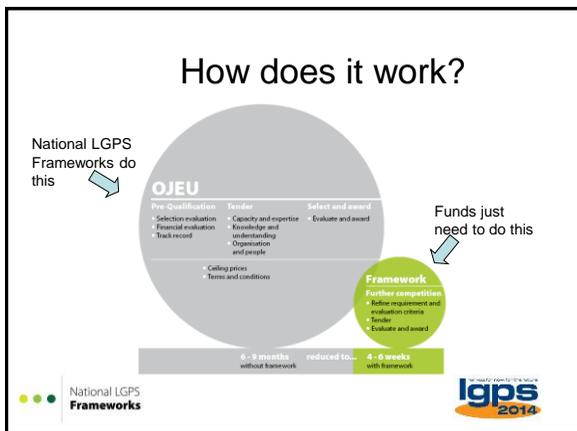
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**How does it work?**




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**National Procurement Frameworks  
'For the LGPS, by the LGPS'**

- Live frameworks:
- Actuarial and Benefit Consultancy
- Investment Consultancy
- Global Custody Services
- **Legal Services** (just launched)

Although in their infancy by March 2014 Funds had already saved **£8m** via the National LGPS Frameworks

National LGPS Frameworks logo

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## Summary of progress to date

37 individual contracts have been awarded from the three frameworks (Actuarial & Benefits, Investment Consultancy and Custody)

Further 20 in the process of using and 24 more in the pipeline

Over half of the LGPS Funds (54) have engaged with the project

Estimated savings to the end of March 2014 on the contracts let just under £8m over the life of the contracts

Estimate that should all Funds use the frameworks for these procurements (just for the existing services not including legal) savings could amount to £126m over their lifetime




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## National Procurement Frameworks for the LGPS Founders and Partners




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To find out more...



National LGPS Frameworks

Email:

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Tel: 01603 495922

[www.nationalLGPSframeworks.org](http://www.nationalLGPSframeworks.org)




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