Falkirk Council Pension Fund

Annual report on the 2011/12 audit

AUDIT SCOTLAND

Prepared for Members of Falkirk Council as administering body for Falkirk Council Pension fund and the Controller of Audit

October 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2011/12 audit findings

During 2011/12 we looked at the key strategic and financial risks faced by Falkirk Council Pension Fund. We audited the financial statements and looked at aspects of governance, use of resources and performance. This report sets out our main findings, summarising key outcomes from the 2011/12 audit and the outlook for the period ahead.

We have given an unqualified opinion that the financial statements of Falkirk Council Pension fund for 2011/12 give a true and fair view of the state of affairs of the fund as at 31 March 2012 and of the income and expenditure for the year then ended.

The overall position at 31 March 2012 is that the fund has net assets of £1,252 million. The actuarial value of promised retirement benefits at the accounting date has been estimated by the actuary as £1,684 million, giving a net liability of £432 million as at 31 March 2012 (£309 million as at 31 March 2012.).

The most recent triennial valuation was reported in January 2012 and set employer contributions for 1 March 2012 to 31 March 2015. The report highlighted that the fund's assets valued at 31 March 2011 (£1,199 million) were sufficient to meet 86% of its liabilities accrued up to that date, resulting in a funding shortfall of £194 million. This represents an improved position from the previous triennial valuation that reported a funding position of 79% (a funding shortfall of £255 million).

Revised governance structures were approved on 14 March 2012 which have resulted in all pension fund business now being conducted through a Pensions Committee, supported by an advisory Pensions Panel. The new governance arrangements will be considered during the planning stages of the 2012/13 audit.

The transition to the new allocation of investment assets was successfully implemented by 31 March 2012 and a revised Statement of Investment Principles was presented to the Pensions Committee on 13 September 2012 reflecting the new allocations.

Outlook

These are challenging times for pension fund management.

With the global economic outlook and increased levels of volatility on the financial markets there are particular problems for investment management and strategy. With investment performance key to the funding position of the LGPS this may impact on employer contributions in the medium term.

It is against this backdrop, and at a time of continued austerity in the public sector, that the new Public Service Pensions Bill has been published. The bill signals more changes ahead for the LGPS, with some changes aimed at reducing costs, and others at setting a common legislative framework and improving governance arrangements.

Proposed changes to the LGPS will impact on administrative workloads going forward as will any further severance activity by employers. Additionally auto enrolment begins for some employers in 2012/13 and this will also affect information requirements and administration arrangements.

The co-operation and assistance given to us by officers is gratefully acknowledged.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of Falkirk Council Pension Fund. The nature and scope of the audit were outlined in the Audit Plan presented to the Investment Committee on 1 March 2012, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011. The purpose of the annual audit report is to summarise the auditor's opinions (i.e. on the financial statements) and conclusions, and to report any significant issues arising. The report is divided into sections which reflect our public sector audit model.

2. Appendix A provides details of our reports issued during 2011/12. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of the administering authority's arrangements for the management of the fund.

3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the fund understands its risks and has arrangements in place to manage these risks. The fund should ensure that those charged with governance are satisfied with the proposed management action and have a mechanism in place to assess progress.

4. This report is addressed to those charged with governance and the Controller of Audit, and should form a key part of discussions with the pension committee, either prior to, or as soon as possible after, the formal completion of the audit of the financial statements. Reports should be available to the Scottish Parliament, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.

5. This report will be published on our website after consideration by the fund. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits. The overview report is published and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

6. The management of the fund is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. The auditor is responsible for auditing and expressing an opinion on the financial statements. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.

8. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland and give an opinion on:
   - whether they give a true and fair view of the financial transactions of the fund during the year ended 31 March 2012 and of the amount and disposition at that date of its assets and liabilities
   - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements

9. Auditors review and report on, as appropriate, other information published with the financial statements, including the foreword by the Chief Finance Officer and the governance compliance statement. This section summarises the results of our audit on the financial statements.

Audit opinion

10. We have given an unqualified opinion that the financial statements of Falkirk Council Pension Fund for 2011/12 give a true and fair view of the state of the affairs of the fund as at 31 March 2012 and of the income and expenditure for the year then ended.

Legality

11. Through our planned audit work we consider the legality of the fund's financial transactions. In addition, the Chief Finance Officer has confirmed that, to the best of his knowledge and belief, the financial transactions of the pension fund are in accordance with the relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to the attention of those charged with governance.

Governance Compliance Statement

12. During 2011/12 internal audit reviewed and validated the information set out in the governance compliance statement to confirm whether the reported status was accurate and appropriate. Internal audit provided substantial assurance, concluding that the statement has been prepared in line with the relevant Scottish Public Pensions Agency guidance. However, some recommendations were made in relation to the documentation of pension fund risks and the inclusion of details relating to the roles and responsibilities of stakeholders. These areas for improvement will be kept under review as part of our 2012/13 audit.

13. We are satisfied that this statement covers the areas and levels of compliance required by the Scottish Government's guidance.

Annual Report

14. The Scottish Government Guidance requires that the annual report for the pension fund incorporates the following:
    - the annual accounts
    - a report about the management and financial performance of the funds during the year, a report explaining the authority's investment policy and reviewing the performance during the year of the investments of each fund, and a report of the arrangements made during the year for the administration of the funds
    - a statement by the actuary of the level of funding disclosed by their valuation
    - the governance compliance statement, funding strategy statement, and statement of investment principles (or details of where these statements may be obtained)
    - the extent to which levels of performance set out in the pension administration strategy have been achieved
    - any other material which the authority considers appropriate.

15. We are satisfied that the report incorporates the above sections and that the other sections are consistent with the audited accounts.

Accounting issues

16. Local authority bodies in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code). Further guidance was issued for 2011/12, requiring more detailed disclosure in the accounts. We are satisfied that the financial statements have been prepared in accordance with the 2011/12 Code.

Accounts submission

17. The fund's unaudited financial statements and annual report were submitted to the controller of audit by the deadline of 30 June 2012. All necessary working papers were also available by this date. This enabled us to conclude the audit and certify the financial statements by 30 September 2012. This was a faster closing than 2010/11 when transitional arrangements were in place in recognition of it being the first year of separate pension accounts. The annual report, incorporating the financial statements, is now available for presentation to members and for publication.

Presentational and monetary adjustments to the unaudited accounts

18. As reported to members of the Pensions Committee in line with International Standard on Auditing 260 *'communication to those charged with governance'*, there were a number of adjustments identified and corrected during the audit to ensure that the disclosures in the financial statements comply with guidance. The net effect of these adjustments was a decrease in the net assets of the fund of £3.396 million in 2011/12.

Contributions receivable

19. Monthly totals for employee and employer contributions are recorded in the pensions system and processed to the financial ledger on a monthly basis. Reasonableness checks are carried out on contributions at the time of receipt. However, the detailed checking of contributions is not carried out until the year end when detailed data returns have been received from employers. Officers are currently in the process of uploading the year end returns to the pension system which will update each individual record with the relevant amounts. There is a risk, however, that if changes to membership contributions (e.g. starters, leavers and changes) are not timeously notified by employers, individual contributions may not be correctly recorded.

Refer Action Plan no 1

20. A high level year end check was undertaken comparing the monthly amounts recorded in the pensions system against the amounts recorded in the financial ledger. Assurance is therefore taken from the monthly checks performed on the remittance advices, and the high level analysis done at year end.

Prior year adjustments

21. During the year there was a change of accounting policy with regards to the treatment of employers' strain on fund contributions. To ensure compliance with the Code these payments are now recognised on an accrual basis whereas previously they were accounted for on a cash basis.

22. As a result, the entire strain revenue is recognised as it occurs with a corresponding debtor set up for the remaining payments. This change in accounting policy has led to the restatement of previous year figures within the financial statements.

Financial position

23. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.

24. Auditors consider whether audited bodies have established adequate arrangements and examine:

- financial performance in the period under audit
- compliance with any statutory financial requirements and financial targets
- ability to meet known or contingent, statutory and other financial obligations
- responses to developments which may have an impact on the financial position
- financial plans for future periods.

25. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

Budgetary control

26. The pension fund does not set a budget for its activities or report on progress throughout the year. This is mainly due to the fact that, for most of its activities it does not have control over the value of the transactions at any one time.

27. The fund accepted last year that it would be beneficial for a budget to be set for the specific areas where it does exercise some control (administration costs, investment manager expenses and other overheads). However, there has been some slippage on implementing this recommendation, primarily due to the timescales in appointing a pension fund accountant. The fund intend on taking this forward in the coming months.

Refer Action Plan no 2

Financial position

28. The overall position at 31 March 2012 is that the fund has net assets of £1,252 million. The financial statements do not take account of the obligations to pay pensions and other benefits which fall due after the end of the year. The actuarial position of the scheme, which does take account of such obligations, is disclosed in the Notes to the Accounts.

29. The actuarial value of promised retirement benefits at the accounting date has been estimated by the Fund Actuary as £1,684 million (2010/11 £1,490 million), giving a net liability of £432 million as at 31 March 2012 (£309 million as at 31 March 2011.). The liability is an estimate of the present value of the future liabilities of the fund, based on the fund actuary's assumptions regarding the future discount rate, longevity of members and rate of inflation. This figure is

used by the pension fund for statutory accounting purposes and is not relevant for calculations undertaken for funding purposes and setting contributions payable to the fund.

Funding position

30. The most recent triennial valuation (as at 31 March 2011) was published in January 2012 and reported a funding level of 86% (a funding shortfall of £194 million) and calculated that a theoretical employer contribution rate of 20.5% would be required to extinguish the shortfall over a 20 year period. This compares to a 79% funding level (a funding shortfall of £255 million) and a 23.8% theoretical employer contribution rate from the previous valuation.

31. Falkirk Council, as the administering authority, monitors the funding position on a regular basis as part of its risk management programme. The most recent funding update, as at 31 January 2012 showed that the funding level (excluding the effect of any membership movements) has worsened since the 2011 valuation due to falling real bond yields and lower asset returns. The next actuarial valuation will be carried out as at 31 March 2014. The Funding Strategy Statement will also be reviewed at that time.

Outlook

32. Looking ahead it is clear that the outlook for public spending remains very challenging as significant budget reductions are required in future years. Spending constraints are set to continue and pressures on the fund will increase as scheduled and admitted bodies seek to deliver efficiencies through reductions in staffing levels.

33. An analysis of fund membership shows that there is an emerging trend of a reduced number of active members and increasing numbers of pensioners and deferred members. If this continues it will have an adverse impact on the pension fund in terms of cash flows, employers' contribution rates and, potentially, the investment strategy. The impact of reduced membership levels will need to be kept under review if the fund is to remain sustainable into the future.

Refer Action Plan no 3

Governance and accountability

34. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.

35. Through its chief executive or accountable/proper officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.

36. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:

- corporate governance and systems of internal control
- the prevention and detection of fraud and irregularity
- standards of conduct and arrangements for the prevention and detection of corruption

37. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

38. Falkirk Council Pension Fund's governance arrangements run alongside the governance arrangements of the administering authority, Falkirk Council. Until recently the Investment Committee was the delegated body for dealing with pension fund issues including, reviewing investment and fund manager performance, reviewing the investment strategy, appointing investment managers and receiving funding updates. However, following the publication of statutory guidance in relation to the governance of local authority pension funds, the fund undertook a wide ranging consultation with stakeholders to determine the nature of a revised governance structure.

39. The revised structure was approved by Falkirk Council on 14 March 2012 which has resulted in all pension fund business now being conducted by a Pensions Committee, with the support of an advisory Pensions Panel.

40. The new Pensions Panel had its first meeting on 30 August 2012 where the chair and other members representing trade unions, employers and pensioners were appointed. Three members were also appointed as co-opted members to the Pensions Committee. The first meeting of the new Pensions Committee took place on 13 September 2012.

41. A training policy was approved by the Investment Committee on 1 March 2012. The policy has been introduced to help identify the level of knowledge and skills required by members and outline the training arrangements for committee and panel members. On joining the committee or panel, members must undergo a training programme to understand the details of roles and responsibilities to allow them to participate in decision making and the scrutiny of complex pension issues. This introductory event was held on 16 August 2012.

42. Committee members will now be expected to attend three training sessions per year, including internal training events, seminars, conferences or complete online training. Panel members will be expected to attend two of these sessions. A record of attendance will be maintained and published in the pension fund annual report and accounts.

43. Pension funds are now required to produce a governance compliance statement which sets out the compliance levels with the areas specified in the guidance issued by the Scottish Government, including membership of the pension committee, frequency of meetings and individual training.

44. The governance compliance statement contained within the annual report and accounts reflects largely a 'partial compliance' status for the arrangements in place during 2011/12. It is expected that the new governance arrangements will enable the fund to be compliant with the guidance from 2012/13 onwards. We will review the new governance arrangements during the planning stages of our 2012/13 audit.

Internal control

45. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work is also informed by an assessment of risk and the activities of internal audit.

46. The fund's financial systems run alongside those of the administering authority and its financial ledger and payroll system are used to process transactions. There are specific systems and lines of responsibility for pension administration and for investment transactions.

47. As part of our work we took assurance from key controls within the fund's systems. The results of our review were reported in our letter of 15 June 2012. No significant control weaknesses were identified during this work.

48. Internal audit reviewed the governance compliance statement during 2011/12. Reliance was placed on this work to inform our wider governance and performance audit work under our Code of Audit Practice. The findings are summarised at paragraph 12 above. The pension fund transactional systems have been reviewed as part of internal audit's 2012/13 audit plan and these findings will be reported to the Pensions Panel and the Pensions Committee at the next cycle of meetings.

Prevention and detection of fraud and irregularities

49. The pension fund complies with the relevant fraud and irregularity policies of Falkirk Council and these have been reviewed as part of the council wide audit. No issues have been identified by us for inclusion in this report.

NFI in Scotland

50. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in October 2010 and was reported in May 2012. The next round of NFI is due to commence in June 2012, and will look to expand the range of data sets and bodies.

51. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate via a secure web application. Bodies investigate these and record appropriate outcomes based on their investigations.

52. As part of our local audit work we monitor the council's approach to participation in NFI both in terms of the submission of the required datasets and strategies for investigating the subsequent data matches. With regard to pensions there were 4 matching reports that identify people who are in receipt of pension but also appear on DWP and registrars records as being deceased or who appear on another payroll system. One member of the Pensions team is responsible for investigating these cases in conjunction with the Internal Audit Manager who co-ordinates the council wide exercise.

Standards of conduct and arrangements for the prevention/ detection of bribery and corruption

53. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

Outlook

54. There are a number of on-going developments that may have a significant impact on the form and operation of local government pension schemes:

- following the acceptance by government of a principles document submitted by the Local Government Association, UNISON and GMB on how to take forward the reform of the Local Government Pension Scheme in England and Wales, a project has been set up to reach agreement on the elements of the new scheme together with the management and governance of the scheme going forward. The full extent of the recommendations made in the Hutton report and how they impact upon pension schemes in Scotland remains uncertain.

- further government initiatives, including workplace pension reforms, the HMRC Real Time Interface and the creation of single Police and Fire Services, are also likely to have an impact on operational processes during 2012/13.

55. It is important, in light of these on-going developments that the training needs of Pensions Committee and Panel and relevant officers should be kept under review to ensure that they are appropriately briefed on these developments and their potential impact as and when they crystallise.

Action Plan no 4

Best Value, use of resources and performance

56. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value.

57. Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.

58. As part of their statutory responsibilities, the Auditor General and the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:

- a performance audit which may result in the publication of a national report
- an examination of the implications of a particular topic or performance audit for an audited body at local level
- a review of a body's response to national recommendations.

59. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.

60. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.

61. This section includes a commentary on the Best Value and performance management arrangements within the fund. We also note any headline performance measures used by members and comment on any relevant national reports.

Management arrangements

Best Value

62. The pension fund has not been subject to a Best Value review. However, it is covered by the overall Best Value arrangements of the administering authority.

Investment Performance

63. The main mechanism for measuring investment performance is through an analysis of the returns achieved by each of the fund's external fund managers. The manager's performance, in terms of achieving benchmarks, is subject to independent verification by the fund's custodian and is regularly reported to the investment committee, now the pensions committee.

64. The transition to the new allocation of investments arising from the revised investment strategy was successfully implemented by 31 March 2012 with Credit Suisse appointed to the infrastructure mandate and Baillie Gifford appointed to the Diversified Growth Fund. The revised allocation targeted a 10% decrease in equities and 5% in bonds to fund the purchase of the Diversified Growth fund and the commitment to Infrastructure investments. The fund recognised that the Statement of Investment Principles (SIPs) was required to be updated to reflect these changes and a draft document was presented to the pensions committee on 13 September 2012 and approved.

Administration performance

65. The fund reports administration information to the CIPFA Pensions Benchmarking Club and the Scottish Government on an annual basis. A range of service standards have also been developed by the Pensions Section and these are monitored on a regular basis. Following the recommendation made in last year's audit report, administration indicators are now reported more regularly to members. Performance information as 30 June 2012 was reported to the pensions panel on 30 August 2012 and the pensions committee on 13 September 2012.

66. The administration information reports a general improvement during 2011/12. All payment deadlines have been met, there has been an improvement in the percentage of lump sums paid within 7 days and the fund has received only 1 complaint. The annual administration cost per member has seen a slight increase over the financial year. However, it is worth noting that the fund expect the per member admin cost to continue to be amongst the lowest of all Scottish Funds.

Overview of performance in 2011/12

The Pension Fund's performance measurement outcomes

67. The fund holds investment assets of £1,233 million as at 31 March 2012, an increase of approximately 5% from £1,171 million in the previous year. The most recent investment information shows that the fund earned a 3.9 % return on its investments over the financial year against a benchmark return of 2.6%. The three year return shows a similar position where the fund’s return of 15% outperformed its benchmark return by 0.2%. However, the fund’s performance over the longer term (10 years) of 5.5% slightly lags its benchmark return by 0.4% p.a. over the period.

National performance reports

68. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in Exhibit 1:

Exhibit 1: A selection of National performance reports 2011/12

- An overview of local government in Scotland - challenges and change in 2012
- The National Fraud Initiative in Scotland
- Learning the lessons of public body mergers
- How council's work: using cost information to improve performance

Source: www.audit-scotland.gov.uk

69. We suggest that officers review national performance reports as they become available and consider any findings which may impact on the pension fund.

Outlook

70. The current volatility in the stock market and the uncertainty around the sustainability of the Eurozone makes it important for pension funds to have a wide range of investment vehicles including hedging against currency fluctuations. Funds will have to remain vigilant and keep assessing their exposure to risk. Continuing to work, and communicating effectively with employers, the investment adviser and the actuary will be even more critical going forward.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Pensions Committee
Annual Audit Plan	28 February 2012	01 March 2012
Internal controls management letter	15 June 2012	Planned for 6 December 2012
Report on financial statements to those charged with governance	14 September 2012	6 December 2012
Audit opinion on the 2011/12 financial statements	24 September 2012	6 December 2012
Report to Members on the 2011/12 audit	24 October 2012	6 December 2012

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	19	**Employee / Employer Contributions** Officers are currently in the process of reconciling the year end data returns to employee and employer contributions received throughout the year. Given that this process is completed after the accounts submission date, it provides little assurance over the contributions recorded in the financial statements. **Risk:** contributions may be misstated within the financial statements.	The fund will write to employers to require their year end data to be submitted timeously. Additionally, assurance will be sought from employers' auditors that contributions have been correctly calculated and deducted. These points will be developed further in a Pensions Administration Strategy.	Pensions Manager	31/01/2013
2	27	**Budgetary Control** The fund has yet to implement budgetary control processes for the elements of costs which it has the ability to control (administration costs, investment manager expenses and other overheads). **Risk:** costs may not be contained where they are not regularly monitored and assessed against predetermined budgets.	Budgets will be established in the specific areas mentioned.	Pensions Accountant	31/12/2012

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
3	33	**Financial Challenges** There is an emerging trend towards a decline in the number of active members and increases in the numbers of pensioners and deferred members. The implications of this need to be managed by the pension fund to ensure its future financial sustainability. **Risk:** if this continues it will have an adverse impact on the pension fund in terms of cash flows, employers' contribution rates and, potentially, the investment strategy.	The demographic profile of the fund and the implications for Funding and Investment Strategies will be considered through periodic funding reviews, the triennial valuation and on-going dialogue with the fund's professional advisers. Key developments will be brought to the attention of the Panel and the Committee.	Pensions Manager	On-going
4	55	**Pension Reform** There are a number of on-going developments that may have a significant impact on the form and operation of local government pension schemes. **Risk:** if members are not kept up to date with the progress and impact of these changes, their ability to make decisions on behalf of the fund will be reduced.	Committee and Panel members will continue to be updated about matters affecting the operation of the Pension Fund (e.g. the pensions reform agenda)	Pensions Manager	On-going