CASE STUDY

muse ADVISORY

Local authority pension fund: Governance Review

AUGUST 2026

The challenge

Following a TPR supervisory report that had identified scope for improvement, the Board of this large local authority pension fund commissioned Muse Advisory to assess the governance of the fund, identify areas of good or excellent practice and seek out areas where changes could be made to improve its effectiveness and efficiency.

Objectives

We were asked to look in detail at the governance structure and roles of the various bodies overseeing the Fund, with a view to improving efficiency and effectiveness, making best use of the skills available and ensuring that governance was, or could get to being, optimal.

What we did

Agreed a scope that reflected what they wanted to get out of their review

We worked with a small steering group to understand the objectives and agree logistics.

Reviewed relevant documents

We reviewed documents key to the strategy, business and governance of the fund to identify where operational effectiveness of the Board and Committees was being evidenced and where improvements could be made. This part of the review helped us form a view of what was in place, which we then built on with the following steps to consider how things were working in practice through Board, Committee and Panel members' eyes.

Issued a tailored questionnaire

We issued a tailored questionnaire for the Board, Committee and Panel members, selecting from our tried and tested bank of questions that we thought were most relevant to this situation. These were designed to gain an understanding of what the participants thought about the structural operation of the Fund, how effective the governance arrangements were deemed to be and how well equipped the participants felt they were for the work underway and what was coming in the future.

Held structured, confidential interviews

Given the large numbers involved (over 30), it was not practical to interview all members of the Board, Committees and Panels, so we used the questionnaires to identify a cross-section of participants to interview. We also interviewed the three independent advisers on the Investment Committee, the Senior Officer and other members of the in-house executive team and certain key advisers, as well as key Council members from the relevant local authority. The purpose was to gain a deeper understanding of how the fund was being run and governed across its key areas, e.g. investment, administration and communications, through the policies, processes and people in place, by bringing working practices to life. As part of this work we sought evidence to support the views expressed and insights from those overseeing and supporting the Board and Committees for a rounded perspective.

Silently observed a Pension Board meeting and two Committee meetings

We assessed the meeting packs and advice papers provided to see how these were used during the meetings, observed the interactions of the meeting participants, and assessed the decision-making process.

Liaised throughout with the steering group

We maintained regular contact to report on progress, seek clarification on points of uncertainty and test our findings as they evolved.

Provided our findings in a report, followed by a presentation of key findings and next steps

We summarised our findings and recommended actions. We confirmed what was working well and identified suggested improvements, with a plan of action for the Fund to progress.

The outcome

The findings of our governance review provided comfort on what was working well and pragmatic suggestions for changes or enhancements which would add value, leading to actions that were feasible to implement. It also supported conversations with TPR.

- We validated the good practice that we saw, which included a well-run Fund with high quality staff and good reporting.
- We identified some minor areas of operational practice that could be improved.
- We identified more significant scope for improvement in the oversight of the Fund.
- We recommended changes to the Board’s role and Committee structure that would help the Fund achieve its objectives and avoid duplication of effort – leading to less meeting time/ paperwork but with better outcomes.

Key actions

Key actions resulting from the review were:

- Discussions with the Council’s legal team of the scope for change within the legal framework of the Fund and the Council constitution.
- A detailed review of terms of reference and the scheme of delegation.
- A review of the role of the independent advisers in terms of skills, voting rights, and performance metrics.
- Wider reporting of training to encourage attendance at relevant sessions.

How we can help you

If your Fund is looking for an Independence Governance Review (IGR), we're perfectly placed to help. We bring our deep expertise, commitment and broad knowledge of governance and risk management for the benefit of the LGPS.

Contact Rosanne for an exploratory chat.

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