

Report for: Pension Board

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| Date of Meeting: | 16 December 2021 |
| Subject: | Review of Fund Policies |
| Responsible Officer: | Dawn Calvert – Director of Finance and Assurance |
| Exempt: | No |
| Wards affected: | Not applicable |
| Enclosures: | Appendix 1 – Draft Conflicts of Interest Policy; Appendix 2 – Draft Breaches Policy |

Section 1 – Summary and Recommendations

This report brings two Fund Policies for review as part of the steps required to ensure that the Fund is ready for the implementation of the Good Governance Review in 2022.

Recommendations:

The Board is recommended to:

1. Note the report; and
2. Consider and make recommendations to the Pension Fund Committee in respect of:
 - a) the Conflicts of Interest Policy and
 - b) the Breaches policy.

Section 2 – Report

1. The LGPS “Good Governance Review” began in 2019. Its implementation was delayed by the Covid-19 pandemic, but earlier in 2021 the LGPS Scheme Advisory Board (SAB) published a Phase 3 Report – this is now with the Government (DLUHC) for implementation. Before the Pension Fund Committee’s meeting on 24th June 2021, Ian Colvin of Hymans Robertson (who as well as being the Harrow Fund’s actuaries, also advised the SAB during the Review). In that session the Committee was advised of the key issues arising from the Review.
2. At its meeting on 13th September 2021, the Committee considered and approved the proposed approach to ensuring that Harrow is ready for the Review’s implementation in 2022. It approved the recommended approach that the Pension Board be asked to review the drafts and comment / make recommendations to the Committee regarding the adoption of the policies.
3. Attached to this report are two draft policies for consideration and comment, as follows:
 - Conflicts of Interest – Appendix 1
 - Breaches – Appendix 2
4. As previously agreed, these are based upon template policies produced by Hymans Robertson, and incorporating specific good practice as appropriate from other LGPS Funds. A brief summary of each is included below.

Conflicts of Interest Policy

5. This Policy sets out the definitions of a conflict of interest, the situations where conflicts may arise and the principles which will be applied in managing those appropriately.
6. Clearly the largest potential conflict arises because of the Council’s dual role as the administering authority for the LBH Pension Fund, and as the local authority for the area. This is common for most LGPS administering authorities, and the relevant officers are aware of this and act appropriately.

Breaches Policy

7. This policy sets out the approach to recording and managing breaches of the law, the LGPS Regulations or the Pension Regulator’s Code of Practice.
8. A key aspect of the process is the assessment of whether or not the breach is a material one which requires reporting to the Regulator rather than simply recording internally. As an example, if an employer was one or two days late in submitting data on a one-off occasion and had notified LBH of the delay and the reasons for it, this would not be considered material and would simply be recorded in the breaches log. By contrast, if the delay continued for an extended period, the employer failed to respond to enquiries and the delay impacted on a key task such as the issue of annual benefit statements this could be considered material and require onward reporting.

Next steps

9. As indicated at the Board's last meeting, further policies will be brought to the Board's next meeting in March 2022 as follows:

- Administration Strategy
- Training strategy
- Representations Policy
- Fund Discretions Policy

The Board will be asked to comment on these and make recommendations as appropriate to the Pension Fund Committee.

Legal Implications

10. There are no direct legal implications arising from this report.

11. The terms of reference for the Board include assisting the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme.

Financial Implications

12. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Risk Management Implications

13. The Pension Fund's Risk Register is reviewed regularly by both this Pension Fund Committee and by the Board. The next review is elsewhere on the agenda for this meeting.

14. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

Equalities implications / Public Sector Equality Duty

15. Was an Equality Impact Assessment carried out? **No**
There are no direct equalities implications arising from this report.

Council Priorities

16. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 7/12/2021

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 2/12/2021

Chief Officer: Dawn Calvert

Signed on behalf of the Corporate Director

Date: 7/12/2021

Mandatory Checks

Ward Councillors notified: Not applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Manager

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Background Papers: None