
REPORT FOR: PENSION BOARD

Date of Meeting: 8 January 2020

Subject: Scheme Advisory Board; Review of Governance in the Local Government Pension Scheme.

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1: Good Governance In the LPGS (Phase II report from Working Groups to the Scheme Advisory Board)

Appendix 2: Gap Analysis

Section 1 – Summary and Recommendations

The reports summarises the recommendations to date from the Scheme Advisory Board Review of the effectiveness of Local Government Pension Scheme Governance Arrangements.

Recommendation

Pension Board is requested to note the report.

Section 2 – Report

1. The Scheme Advisory Board (SAB) commissioned a review of the effectiveness of current Local Government Pension Scheme (LGPS) governance models and to consider alternatives or enhancements to

existing models which can strengthen LPGS governance going forward whilst maintaining strong links to local democratic accountability.

2. Hymans Robertson LLP was awarded the commission. Following an extensive consultation with stakeholders, they published their initial report 'Good Governance in the LGPS', in July 2019. Their findings in summary were:

- (i) Outcomes based approach to LPGS governance with minimum standards rather than are a prescribed governance structure.
- (ii) Use of an outcomes-based model with regular independent review of governance.
- (iii) Enhanced training requirements for section 151 Officers and Pension Fund Committee members on a par with Local Pension Board Members.
- (iv) Requirement to update relevant guidance to clarify statutory and fiduciary responsibilities.

3. Hymans Robertson set up two Working Groups to develop their initial findings. These findings were reported in 'Good Governance in the LPGS .Phase 2, November 2019.' These recommendations are set out in Appendix 1 to this report.

4 If accepted by MHCLG statutory guidance would be required to implement the Working Group proposals. The report recommendations include:

- Production of statutory guidance by MHCLG to establish new governance requirements for funds
- The requirement to publish an annual governance statement signed by the nominated 'LGPS Senior Officer' to set out how they comply with the governance requirements.
- The requirement to publish a policy on the representation of scheme members and non-administering authorities on its committees
- Formalisation of knowledge and understanding training for key individuals within the LPGS in particular those on decision-making Committees.
- Service delivery to include publication of an administration strategy and inclusion of the administering authority in the business planning process.
- Biennial Independent Governance Review of the administering authority with a required improvement plan if any issues identified.

Gap Analysis

6. At present the Council is substantially compliant with the proposed governance requirements and will review current policies to ensure compliance with the guidance and best practice. (See Appendix 2 Gap Analysis.)

Legal Implications

- 7 None at this stage.

Financial Implications

- 8 The costs of implementing governance recommendations will be met from the Pension Fund.
- 9 Relevant risks are included in the Pension Fund risk register

Equalities implications / Public Sector Equality Duty

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

Council Priorities

- 11 Investment performance has a direct impact on the financial health of the Pension Fund which 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

Name: Dawn Calvert



Chief Financial Officer

Date: 30 December 2019

Name: Dawn Calvert



On behalf of Corporate Director

Date: 30 December 2019

Ward Councillors notified:

NO

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None