

| Report for: | Pension Fund Committee |
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| Date of Meeting: | 9 March 2022 |
| 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  Appendix 3 – Draft Fund Training policy  Appendix 4 – Draft Administration Strategy. |

| Section 1 – Summary and Recommendations |
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| This report brings several 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. The drafts have been considered by the Pension Board. Recommendations: The Committee is recommended to   1. note the report and the comments of the Pension Board, 2. consider and approve, subject to any changes it wishes to make, 3. the Conflicts of Interest Policy 4. the Breaches policy 5. the Fund Training strategy and 6. the Administration strategy. |

## 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 Committee’s meeting on 24th June 2021, Ian Colvin of Hymans Robertson (who as well as being the Harrow Pension 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 four draft policies for consideration and comment, as follows:

* Conflicts of Interest – Appendix 1
* Breaches – Appendix 2
* Fund Training strategy – Appendix 3
* Administration strategy – Appendix 4

1. 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.
2. The Conflicts of Interest Policy and the Breaches Policy were reviewed by the Pension Board at its meeting on 16 December 2021. The versions appended to this report incorporate their recommended modifications.
3. The remaining policies – appendices 3 and 4 – will be considered by the Pension Board at its meeting on 3 March 2022. The timing of the publication of this agenda means that it will be necessary for any comments made or changes recommended by the Board will be circulated as late material.

**Conflicts of Interest Policy**

1. 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.
2. 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**

1. 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.
2. 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.

**Fund Training strategy**

1. This document sets out approach to ensuring that the various people involved in managing and making decisions in respect of the Harrow Pension Fund (officers, Committee members and Board members) have the appropriate and relevant knowledge and skills to carry out their roles and functions effectively.
2. One aspect which may be of particular importance in 2022 is the induction and training of new Committee members. Local elections take place in May 2022. Should there be new members appointed to the Committee, they will need to be brought up to speed, and a programme will be developed to address any specific requirements they may have.

**Administration Strategy**

1. It is considered best practice for all funds to have an Administration Strategy. This document sets out the roles and deadlines to which all parties have to work, performance standards for LBH as the administering authority for the Fund, a summary of our approach to communications (linked to the Communications Policy approved in 2021) and a summary of costs which will be recovered from employers.
2. Importantly the document highlights how the various parties involved (the administering authority, employers, scheme members and actuaries work together to deliver a good quality service.
3. The Committee should note that in some cases the target times are not currently being achieved – there are two main reasons for this. Firstly, there has been some turnover within the team, and new staff members are being trained and “brought up to speed”. Secondly, workload is currently higher than normal. One factor in this has been that at Harrow, in common with many LGPS funds, it appears that the Covid-19 pandemic has triggered a significant number of retirement estimate requests from older active members.

**Next steps**

1. Further policies will be brought to the Committee during 2022 – as agreed, these will be submitted initially to the Pension Board for review. These will include:

* Representations Policy
* Fund Discretions Policy

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

## Legal Implications

1. The functions of the Committee include

* to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer.

1. Apart from this there are no direct legal implications arising from this report

## Financial Implications

1. 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

1. The Pension Fund’s Risk Register is reviewed regularly by both this Committee and by the Pension Board. The next review is elsewhere on the agenda for this meeting.
2. 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

1. Was an Equality Impact Assessment carried out? No

There are no direct equalities implications arising from this report.

## Council Priorities

1. 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: 23/02/2022**

**Statutory Officer: Sharon Clarke**

Signed on behalf of the Monitoring Officer

**Date: 24/02/2022**

**Chief Officer: Charlie Stewart**

Signed by the Corporate Director

**Date: 24/02/2022**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