

GOVERNANCE

Committee	Pensions Committee
Officer Reporting	James Lake, Finance
Papers with report	Internal Audit - Effectiveness of the Pensions Committee Terms of Reference on Members Shared Drive Pension Committee Workplan Governance Update & Initiatives Pension Only Discretions

HEADLINES

This report is to enable the Pension Committee to review the Committee workplan, note governance updates and approve the updated Pension Only discretions policy.

RECOMMENDATIONS

That the Pensions Committee:

- 1. Note the dates for Pensions Committee meetings;**
- 2. Make suggestions for future agenda items, working practices and / or reviews;**
- 3. Note Committee's training update;**
- 4. Note Internal Audit 'Effectiveness of the Pension Committee' Terms of Reference;**
- 5. Note and agree actions in Governance Update and Initiatives; and,**
- 6. Approve the updated Pension Only Discretions Policy.**

SUPPORTING INFORMATION

The Pension Committee workplan has been updated and is now shown as an appendix to this report. The revised presentation is designed to assist with planning and prioritisation of actions.

Committee are asked to review the workplan and make suggestions for consideration and inclusion.

Future meeting dates:

- 13 December 2023
- 26 March 2024

Governance Review

Currently there are two initiatives which are being prepared for release which are The Pension Regulators General Code and the Scheme Advisory Board's Good Governance Framework. Both pieces are designed to improve Fund governance and operation, however due to various reasons their introduction into legislation and guidance has been delayed.

The Funds overall objective is to be complaint and although there is still some uncertainty on the final outcome, the Fund wishes to progress on a best endeavours basis.

Clare Scott in conjunction with Pension Board and officers has prepared a governance review which sets out key areas on which to focus and assigns a priority level for their development.

Within the high priority items is 'Training' and the need to ensure Committee members and officers to have the requisite knowledge to fulfil their duties. A training plan and needs assessment will be a key deliverable over the next quarter and this along with the revised policy will be set before Committee for approval in December 2023.

The Fund will work through the items shown in the report in order that it can demonstrate compliance earlier than would otherwise be the case if it waited for official Code and Framework publication.

Training

In line with the required competencies set out by CIPFA Knowledge and Skills Framework, Pension Committee members should have a general understanding of areas associated with their LGPS fiduciary role. Upcoming changes in legislation are expected to enforce the need for training and will make it a regulatory requirement for Pension Committee members.

To monitor progress against this requirement a log of member training is shown below. Pension Committee members are asked to complete the AON CIPFA Knowledge & Skills Framework sessions.

Pensions Committee Training Log 2023/24

Date	Details	Cllr Mathers	Cllr Burles	Cllr Islam	**Cllr Goddard	**Cllr Riley	Cllr Banerjee
Bespoke Sessions							
13 Apr 23	AEW Property	✓	✓	✓	✓	n/a	No
2 May 23	Dislocation Fund and ISS	✓	✓	✓	✓	n/a	✓
10 May 23	LCIV Impact Investing	✓	-	-	-	-	-
12 Jul 23	LAPFF Mid-Year Conference	✓	✓	-	n/a	-	-
22 Aug 23	Pension Fund Pooling	✓	✓	✓	n/a	✓	✓
Mandatory Training (AON CIPFA Knowledge & Skills Framework)							
Introduction to the LGPS	*	*	*	*	*		-
Pension's legislation, guidance, and governance	*	*	*	*	*		*
Local governance and pensions procurement and contract management	*	*	*	*	*		✓
Funding strategy and actuarial methods, and financial, accounting and audit matters	*	*	*	*	*		✓
Investments – Strategy, asset allocation, pooling, performance, and risk management	*	*	*	*	*		✓
Investments - Financial markets and products	*	*	*	*	*		✓
Pensions Administration and Communications	*	*	*	*	*		✓

*Not applicable as completed Knowledge and Skills training prior to 2023/24 either via AON or the LGA Fundamentals course.

**Cllr Goddard left Pension Committee in May 2023

**Cllr Riley joined Pension Committee in May 2023 – training to be completed.

In line with the expected requirements in the new Single Code and Good Governance Framework, there will be a specific requirement for the Pension Committee, Board, and officers to undertake the appropriate training needed to fulfil their obligations.

As noted in the workplan and Governance Update, officers, along with the Independent Adviser, will develop a training plan and update the Training Policy to incorporate specific items in relation to the expected requirements.

Effectiveness of the Pensions Committee

The Council's Internal Audit team published the Terms of Reference (ToR) for their 'Effectiveness of Pensions Committee' review in July 2023. In preparing the ToR they held initial meetings with the Chairs for the Committee and Board as well as the Independent Governance Adviser and relevant officer.

The audit has commenced, and officers have provided various pieces of evidence which support the Pensions Committee activities and governance process.

Classification: Public

Pensions Committee 26 September 2023

Furthermore, Councillors have been asked to complete a questionnaire to obtain their perspective in terms of the support and processes of Pensions Committee.

The outcome of the audit will be reported at the December Committee meeting.

Pension Only Discretions

Legislation allows certain discretions when implementation administration of LGPS rules, however these should be documented and published to be enforceable.

Item 12 on the attached Pension Only Discretions has been updated to reinforce that employers are required to pay in full and upfront, the pension strain costs should they take an alternative approach to that recommended by the Independent Registered Medical Practitioner when assessing whether an ill-health retirement should be granted.

The section has been adjusted from:

- LBH PF requires employers to make upfront payment of strain charges following any decision to allow early payment of benefits (other than ill health).

To:

- LBH PF requires employers to make upfront payment of strain charges following any decision to allow early payment of benefits. In case of Ill-health benefits, if an employer, against the recommendation of an IRMP (Independent Registered Medical Practitioner) decides to bring an employee's Pension into payment they will be liable to pay the whole strain cost upfront. If the ill-health decision is aligned with the IRMP decision the strain costs will form part of the employer's contribution rate.

FINANCIAL IMPLICATIONS

Continued training will incur fess dependant on the platform and events attended.

LEGAL IMPLICATIONS

The legal implications included within the body of the report.