

Governance Compliance Statement 2022-23

Non-compliant areas: Action plan

Last updated: 22 February 2024

Three key areas of non-compliance:

- 1) Knowledge and understanding:
 - a) Pension board to have its own policy on knowledge and understanding requirements.
 - b) All pension board members to have a personalised training plan in place that is regularly monitored and updated.
 - c) The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding.
 - d) Administering authorities should offer pre-appointment training or mentoring if appropriate.
 - e) The members of the pension board should be familiar with the Additional Voluntary Contribution (AVC) options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options.
- 2) Conflicts of interest:
 - a) The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported.
 - b) The conflicts of interest policy should have a regular review date incorporated in to it.
 - c) The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately.
- 3) Disputes and resolution:
 - a) The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1).
 - b) The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes.

Item 1a) concerning the board specific policy on knowledge and understanding requirements is an overarching theme in the compliance statement which does not have a specific reference in the published document. Following the government's published response to the Next steps for investments in the LGPS consultation, this requirement is likely to be expanded to cover the pension committee as well. No specific action plan is provided below to cover this.

1) Knowledge and understanding

Item 1a) concerning the board specific policy on knowledge and understanding requirements is an overarching theme in the compliance statement which does not have a specific reference in the published document. Following the government's published response to the *Next steps for investments in the LGPS* consultation, this requirement is likely to be expanded to cover the pension committee as well. No specific action plan is provided below to cover this specific non-compliant area, although the plans proposed for the remaining 4 items under this heading will contribute to its achievement. In each item, requirements are deemed to apply to both committee and board members.

Ref	Principle	Detail of best practice principle	Statement of Compliance
P1.3	The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	A training strategy has been adopted and a training plan drafted to establish the arrangements for local pension board members to acquire and retain knowledge and understanding.	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.
E2	All pension board members to have a personalised training plan in place that is regularly monitored and updated	The administering authority should have a person designated to take responsibility for ensuring training plans are followed and regularly review the members training requirements and keep appropriate records of	<i>Enter here whether individual training plans have been completed and where it can be found</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members. In addition, there

		their learning activities and the board as a whole	remains a need to develop and implement a comprehensive induction programme for both board and committee members. The role profile for pension board members includes a requirement that all modules of the Pension Regulator's online toolkit be completed within six-months of joining the board. This has not been achieved by all board members.
	Administering authorities should offer pre-appointment training or mentoring if appropriate		New Board and Committee members are offered 121 meetings with Pension Fund Manager on appointment, and an introductory briefing is provided at the first board meeting of each municipal cycle. To date no progress has been made in developing an induction training plan.
Rectification action:		Responsibility:	Deadline:
a) Link to TPR public service pension online toolkit circulated to all committee and board members for completion by 31 March 2024. http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx		Pension Fund Manager Pension Fund Committee members Local Pension Board members	IN PROGRESS Sent 23 November 2023 Responses by 31 March 2024 Report to be presented to each Board and Committee meeting
b) All board members to complete Hymans' LOLA toolkit by 31 March 2024 (or 6 months after their appointment) https://aspire.hymanslearning.co.uk/		Local Pension Board members	IN PROGRESS by 31 March 2024 Report to be presented to each Board and Committee meeting
c) Sign up to Hymans' Knowledge Progress Assessment		Pension Fund Manager	COMPLETE survey issued 5 December 2023
d) All board and committee members to complete KPA questionnaire by due date.		Pension Fund Committee members Local Pension Board members	COMPLETE only 3 (of 8) PFC and 4 (of 6) LPB completed. Results presented to PFC 14 Feb 24 and LPB 6 Mar 24

e) Development of pension fund knowledge and understanding policy.	Pension Fund Manager Hymans Robertson Learning and Development	Tbc (following NKA output)
f) Development of board and committee members induction programme and information pack.	Pension Fund Manager Hymans Robertson	Tbc (following NKA output)

Ref	Principle	Detail of best practice principle	Statement of Compliance
P1.5	The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those.	Information of the AVC options is provided to the local pension board members	<i>Enter here how information of the AVC options are provided to the local pension board members (e.g. induction training, contained in the training plan, provided with an information pack)</i> No information has been provided to board members on this matter.
Rectification action:		Responsibility:	Deadline:
a) Confirm contract with Prudential as AVC provider.			
b) Obtain information about options available to members.			

c) Request Prudential to provide development session for board and committee members.		
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2) Conflicts of interest

Ref	Principle	Detail of best practice principle	Statement of Compliance
P2.1	The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying individual roles in identifying and reporting potential conflicts of interest and to whom any potential conflict should be reported	Administering authorities should ensure that there is an agreed and documented conflicts policy & procedure, which includes identifying, monitoring & managing potential conflicts of interest.	<p><i>Enter here whether a conflicts policy is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p>Pension Board members are subject to a conflict of interest policy based on upon the Council's Code of Conduct contained within the constitution, as are all committee members.</p> <p>It has been identified that there needs to be a new conflicts of interest policy specific to the pension board, with a register of interest form relevant to board members. To date no progress has been made on the development of this policy.</p> <p>The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.</p>
P2.2	The conflicts of interest policy has a regular review date incorporated in to it	Regular review date specified within the policy.	<p><i>Enter here if a regular review date has been implemented</i></p> <p>The council's constitution is subject to regular review.</p> <p>The new board-specific policy will contain a review date, but as yet no policy has been created.</p>

P2.3	The administering authority to maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately	The administering authority should retain and regular review a register of all conflicts (and potential conflicts) that have been raised. Conflicts should be reviewed, and any action taken forward.	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it. Details of the review process and action taken should be clearly documented</i></p> <p>The current declaration form is the same as that required for all elected members, much of which is irrelevant for the pension board member role.</p> <p>Current board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>As part of development of new conflicts of interest policy, a new declaration form to be developed and completed.</p>
Rectification action:		Responsibility:	Deadline/Status:
a) Hymans Robertson provide draft strategy with appropriate headings, example wording and explanations, based on the recommendations of the SAB's Good Governance Review.		Pension Fund Manager (to commission) Hymans Robertson to review	COMPLETE draft document provided 17 November 2023
b) Draft strategy to be reviewed and updated for fund specific details		Pension Fund Manager	COMPLETE
c) Internal review: IWC officers to confirm policy and process.		Director of Finance Assistant Director of Finance Monitoring Officer Strategic Manager Legal Services	COMPLETE only response from IWC Strategic Manager Legal Services
d) Final draft policy reviewed and presented to Local Pension Board for recommendation to committee		Pension Fund Manager Local Pension Board	IN PROGRESS Meeting on 6 March 2024
e) Policy adopted by Pension Fund Committee		Pension Fund Manager Pension Fund Committee	Meeting in May 2024

3) Disputes and resolution

Ref	Principle	Detail of best practice principle	Statement of Compliance
P8.2	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	A 'specified person' has been nominated by the scheme employer. The appropriate timescales known by the scheme employer for their reply.	<i>Enter here if a list of the 'specified person' for each employer is in existence, where it is held and who maintains it.</i> Unknown: as part of the approval process for the updated Internal Dispute Resolution Procedure, contact will be made with all scheme employers to determine and record their internal processes. No progress has been made on this issue since the last reporting period.
P8.3	The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	The administering authority to complete an annual review of its dispute process. Ongoing and completed disputes to be logged appropriately. Timescales for completion of dispute cases reviewed.	<i>Enter here the details of the annual review, where it is held and the post title(s) of the person(s) responsible for maintaining it.</i> <i>Is this accessible on the Fund's website?</i> The published Complaints and Internal Disputes Resolution Procedure is overdue for review. This review is included in the current governance improvement plan and will be completed during 2024-25.
Rectification action:		Responsibility:	Deadline / Status:
a) Hymans Robertson to review the fund's current (2017) IDRP guide for areas requiring update.		Pension Fund Manager (to commission) Hymans Robertson to review	COMPLETE comments received on 9 November 2023

b) Comments on current guide to be reviewed and updated for current named officers.	Pension Fund Manager	COMPLETE 17 November 2023
c) Internal review: IWC named officers to confirm policy and process.	Pension Administration Manager Strategic Manager Business Centre Call Centre Manager Director of Finance Assistant Director of Finance Monitoring Officer Strategic Manager Legal Services Strategic Manager Human Resources	COMPLETE by 22 December, no response received from DoF, ADoF or SMHR, but proceed to next step anyway.
d) Updated policy and process sent to external employers for review and confirmation of contacts for stage 1.	Pension Fund Manager External employers	COMPLETE by deadline only 13 (out of 32 employers circulated) had responded, 10 of whom returned information about their internal complaints procedures.
e) Final draft policy reviewed and presented to Local Pension Board for recommendation to committee	Pension Fund Manager Local Pension Board	IN PROGRESS Meeting on 6 March 2024
f) Policy adopted by Pension Fund Committee	Pension Fund Manager Pension Fund Committee	Meeting in May 2024