



PENSION BOARD

Date: WEDNESDAY, 22 JUNE 2022 at 3.00 pm

**Council Chambers
Civic Suite
Lewisham Town Hall
London SE6 4RU**

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MEMBERS

Stephen Warren (Chair)
Gary Cummins
Rowan Limmond
Salena Mulhere
Mark Adu-Brobbey

Members are summoned to attend this meeting

**Kim Wright
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: Tuesday 14 June 2022**



INVESTOR IN PEOPLE

ORDER OF BUSINESS – PART 1 AGENDA

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5.	Work Programme The Board will discuss the future Work Programme	
6.	Future Meeting Dates Wednesday 14th September 2022 Wednesday 14th December 2022 Thursday 16th March 2023	
7.	AOB The Board will discuss any other business matters	



Lewisham



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The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

Agenda Item 1

PENSION BOARD		
Report Title	Declarations of Interest	
Key Decision		Item No.
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 22 June 2022

Declaration of Interests

Members are asked to declare any personal interest they have in any item on the agenda.

Personal interests

There are two types of personal interest :-

- (a) an interest which you must enter in the Register of Members' Interests*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party where they hold a position of general management or control).

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

Exemptions to the need to declare personal interest to the meeting

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter.

Sensitive information

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

Prejudicial interests

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

Categories exempt from being prejudicial interest

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

Effect of having a prejudicial interest

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

Exception

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member

with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they have finished making representations, or when the meeting decides they have finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

Prejudicial interests and overview and scrutiny

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

Agenda Item 2

PENSION BOARD		
Report Title	Minutes	
Key Decision		Item No. 2
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 22 June 2022

Recommendation

That the Minutes of the meeting of the Pension Board, which was open to press and public, held on 18 March 2022 (copy attached) be confirmed and signed as a correct record.

MINUTES OF THE PENSION BOARD

Friday 18 March 2022 at 11am

Present: Stephen Warren (Chair), Rowann Limond

Present remotely: Gary Cummins

Apologies: none recorded

1. Declarations of Interest

Gary Cummins declared an interest as a Member of the Pension Scheme. The Chair noted that this would not disqualify his participation in the meeting as by the very nature of the Board, it requires members. Rowann Limond declared the same interest.

2. Minutes

The Minutes of the last meeting were declared as an accurate record.

3. Draft Work Programme

The Lead Officer presented this report.

He stated that the dates presented can be moved if the Board feels that they are unable to meet that timescale.

The Chair commented that the work programme was comprehensive and suggested that the Board agreed the programme as set out, subject to review at each meeting, as well as a forward look at all meeting agendas throughout the yearly cycle.

RESOLVED the Board agreed the draft work programme and concluded it will be reviewed at each meeting as above.

4. Development of Training Plan

The Lead Officer presented this item.

The self-assessment form had been suggested to circulate to all Board Members to complete and assess their own level of knowledge. Following the results of this, a more formal and tailored plan will be created for the Board. It was agreed that this should be completed by the end of April 2022.

It was noted that Members were also being asked to undertake the Pension Regulators Toolkit within a 6-month period from the day of the meeting or from the day of appointment for newly appointed Members.

RESOLVED that the following had been agreed by the Board:

- Completion and receipt of the self-assessment form to be done by the end of April.
- Completion of the Pension Regulators Toolkit within 6 months.
- Development and submission of a whole Board face to face training programme of a 1 hour session in advance of the Board meetings
- A routine learning and development item on each agenda so that there is recorded completion of self-assessments and the Regulators Toolkit.

5. Provisional Dates of Future Meeting

The following dates were agreed as follows:

Wednesday 22nd June 2022

Wednesday 14th September 2022

Wednesday 14th December 2022

Thursday 16th March 2023

RESOLVED the dates were agreed provisionally.

The meeting finished at 11.15am

Rolling Actions Log

As at 14 June 2022

Date of meeting	Action from Meeting	Owner	Comments	Date completed
March 2022	The draft work programme will be reviewed at each meeting as above.	Officers		14 June 2022
March 2022	Completion and receipt of the self-assessment form to be done by the end of April.	Members		14 June 2022
March 2022	Completion of the Pension Regulators Toolkit within 6 months or within 6 months from appointment	Members	Chair has completed the Toolkit	Ongoing
March 2022	Provision of a training programme of a 1 hour session in advance of the Board meetings.	Officers		Ongoing
March 2022	A routine learning and development item on each agenda so that there is recorded completion of self-assessments and the Regulators Toolkit.	Officers		Ongoing
Page				
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Agenda Item 4

PENSION BOARD			
REPORT TITLE	Pensions Board – General Update		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Katharine Nidd - Head of Strategic Finance, Planning and Commercial Shida Ashrafi - Interim Head of Pensions and Payroll		
CLASS	Part 1	Date:	22 June 2022

1. PURPOSE

- 1.1. This paper presents any standing items on the agenda and provides the Board with an update on several general matters to have arisen since the last meeting.

2. RECOMMENDATIONS

- 2.1. Members are recommended to:

- review and note the Conflict of Interest policy as per section 3.10;
- review and note the Code of Conduct policy as per section 3.13;
- review and note the Discretions Policy, as per sections 3.15;
- review and note the Breach of Law Policy, as per sections 3.17;
- review and note the Communications Policy, as per section 3.19;
- note the amended timetable to allow more time to produce administration procedures and processes for internal controls, as per 3.21;
- note to amend the timetable to produce the process to record material payment failures, as per section 3.22;
- review and note the update on Pooling arrangements, as per sections 3.23;
- review and note the Internal Audit report, as per section 3.33;
- review and note the Training Policy , as per section 3.37
- note the Training update, as per sections 3.40;
- review and comment on the work plan, as per section 3.45;
- note the remainder of the report.

3. CURRENT CONSIDERATIONS

Monitoring of Investment Performance – see Appendix 1

- 3.1. The Pension Investment Committee is responsible for ensuring that the investment performance of the fund managers is regularly monitored against the agreed performance benchmarks for each mandate. The Funding Strategy drives the creation of the Investment Strategy Statement, which in turn sets the strategic asset allocations and expected performance benchmarks required for each asset class and mandate to ensure that this provides the level of return (balanced against risk) required to ensure that the Fund can meet the current and further liabilities of its Members.
- 3.2. This performance monitoring is undertaken in a variety of ways by both officers, advisors and the Pension Investment Committee and these processes and actions are as described below.
- 3.3. The Fund's custodian Northern Trust has a secure email portal whereby all fund managers can send secure correspondence. When this is received in the portal all officers registered for this, which includes the entire Treasury and Investments team, the Head of Strategic Finance, Planning and Commercial and the Director of Finance. These emails contain a variety of information ranging from capital calls for funding, performance reporting, and possible changes to the mandates themselves. In addition to this, some fund managers send direct communications through, but again this is always to multiple officers within the Council and there is an annual process (as a minimum) to ensure that all contact details remain current. These emails are then reviewed immediately to ascertain the nature of the communication and the response/action that is required.
- 3.4. In addition to this ad hoc contact, the online investment portal provided by Northern Trust allows officers to access the different fund accounts at any point to review the current value of the each mandate, including available cash balances (where applicable) to assist with the cash flow management of the Fund.
- 3.5. At the end of each quarter Northern Trust produce a quarterly performance report for the Fund's investment advisors Hymans Robertson who in return produce a pack which is then presented to the Pension Investment Committee. This pack includes the following sections:
 - a performance dashboard which shows the funds overall performance against benchmark for the previous quarter, previous 12 months, 3 years and since inception;
 - consideration of strategy and risk by comparing the actual asset allocations of each mandate and asset class against the agreed strategic allocations to consider whether the Fund is imbalanced (overweight or underweight) both within and between asset classes. This also includes metrics on sector and currency exposure;
 - individual fund manager performance against agreed benchmarks, again over the 3 month, 12 month, 3 year and inception time frames and including sector and currency exposure;
 - manager ratings utilising the Hymans ratings and the Responsible Investor ratings; and

- discussion and consideration of the wider market background and considerations of the global markets;
- 3.6. At each meeting of the Committee the Funds investment performance is carefully considered. This takes following form: the Investment and Treasury Manager reviews the report produced by Hymans and prepares an officers covering report which summarises the key issues of the previous quarterly report and clearly identifies the recommendations that the Committee are being asked to consider. This report is presented to the Committee and then the advisors pack is presented to the Committee by the advisors themselves. The quarterly performance report for Q1 is appended to this report.
- 3.7. The Committee then ask questions to ensure that any performance issues or risks raised in the report are fully discussed, and the recommendations are discussed and noted. This is included within the minutes of the meeting.
- 3.8. Finally officers and the investment advisors work with the Committee to agree an annual work plan that is forward looking to ensure that any possible changes to the mandates are properly planned to enable these to be robustly developed and brought to the Committee in advance of a decision and which allows sufficient time to implement. An example being the decision taken by the Committee at its February 2022 meeting to invest in the LCIV Private Debt mandate as the Fund had become underweight over time to Private Debt given the closed ended nature of this asset class.
- 3.9. In addition to the specific performance reporting, at each meeting of the Committee there is a general update paper tabled by officers which also includes any specific announcements made by fund managers in the previous period, both those for information and those requiring a decision from the Committee.

Register of Conflicts of Interest

- 3.10. At the start of the Pension Board and Pension Investment Committee meetings members are require to make any declaration of conflicts of interest. If there are any declarations these are reviewed against the policy and if any meet the conditions will be recorded on the register.
- 3.11. The Register of Conflicts of Interest will be updated at each meeting and will be published on the website.
- 3.12. Members to review the Conflict of Interest Policy - see Appendix 2

Code of Conduct Policy

- 3.13. Member to review the Code of Conduct Policy – see Appendix 3
- 3.14. This is to ensure that the Pension Board does not act improperly as it could have an impact on good governance.

Discretions Policies

- 3.15. Members to review the Discretions Policy – see Appendix 4
- 3.16. The document summarises the Authority’s policies for the pension scheme with regards to discretionary compensation and discretionary payments, as required by Regulation 60 of the Local Government Pensions Scheme Regulations (2013).

Breaches of Law Policy

- 3.17. Members to review the Breaches of Law Policy – see Appendix 5.
- 3.18. The document outlines the importance of the identification, management and reporting of breaches. It is a requirement of the Code of Practice; failure to report a material breach is a civil offence that can result in civil penalties.

Communication Policy

- 3.19. Members to review the Communication Policy – see Appendix 6.
- 3.20. The document sets out the mechanisms which are used to meet our communication needs. We aim to use the most appropriate communication method for the audience’s receiving the information. This may involve using more than one type of communication.

Processes in place to establish internal controls

- 3.21. The administration procedures and processes for internal controls will take some time to write and we will seek assistance from our pension advisors for the scope of the document.

To Assess the Materiality of any Payment Failures

- 3.22. This is to record the process to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period. The officers want to include this as part of the administration procedures and processes in 3.21 and will be produced in conjunction with that task.

Pooling Arrangements

- 3.23. In 2015 the Chancellor of the Exchequer announced that local LGPS Pension Funds should seek to pool funds. This led to a change in the investment regulations to encourage LGPS administering authorities to pool assets as a way of improving economies of scale and increasing their capacity to invest in infrastructure.
- 3.24. In the investment strategy statement they are required to produce under the 2016 investment regulations, administering authorities must include their approach to pooling investments. Guidance published in September 2016 required administering authorities to commit to a suitable investment pool to achieve benefits of scale. To date the Lewisham Pension Fund has invested in the London

Collective Investment Vehicle (LCIV), established in 2015 and collectively owned by the 32 London Boroughs and the City of London.

- 3.25. The regulations give the Secretary of State the power to intervene in the investment function of an administering authority if satisfied that it is failing to act in accordance with the regulations and guidance.
- 3.26. Therefore whilst the regulations require the Fund to actively consider pooling, the overriding fiduciary duty pertains, meaning that the Fund must treat any pooled funds as it would any other fund manager. This means that the Fund must:
- undertake robust due diligence on any potential new mandates prior to investing (including consideration of whether the pooled mandates offer economies of scale and value for money when compared to direct procurements);
 - monitor investment performance and risk of any pooled mandates; and
 - be satisfied more generally that the pooled fund managers have the necessary skill, expertise, capacity and administrative rigour to operate as required under the regulations.
- 3.27. The way in which the Fund does this is as set out below.
- 3.28. The primary drivers for the Fund to consider new mandates is either because the current mandates no longer align to the Investment Strategy Statement or because the fund has become underweight and new mandates of the relevant asset class are required. Regardless of the rationale, the Fund will follow a robust process to identify a preferred fund manager and mandate before asking the Committee to agree to the investment. This process is generally led by the Fund's investment advisors with support from officers and the Committee. The requirement to pool therefore means that pooled fund manager mandates are considered, but these are always considered alongside non pooled funds and the due diligence process in the shortlisting and final assessment is equivalent. This assessment considers as a minimum: structure, governance and senior leadership of the manager; investment team; philosophy and process; product design and investment strategy; responsible investment integration; fund structure; fees and additional costs; and performance and risk.
- 3.29. The Board is recommended to review the Committee papers over the period February 2019 – September 2021 produced to support the decision to transfer the Funds passive equities (developed and emerging markets) from its previous UBS and Blackrock mandates to the current Storebrand Global ESG Plus and LCIV Passive Equity Progressive Paris Aligned (PEPPA) funds to gain assurance of this process.
- 3.30. With regards to investment performance, the pooled funds are monitored using the exact same process as all other fund managers, as set out in the section above in this report titled 'Monitoring of Investment Performance'.
- 3.31. The ongoing review and consideration of the LCIV's skill, expertise, capacity and administration is delivered in a number of ways. Officers ensure that they meet regularly with the LCIV both via one-two-one meetings and wider forums and presentations from the LCIV. This covers: fund performance, new mandates via Seed Investor Groups, ESG considerations, and the annual business plan and budget presentations to name a few. The Committee's work plan includes 'Meet the Manager' sessions where fund managers attend a Committee meeting and

are directly asked questions by the Committee and it is proposed that the LCIV attend the September 2022 Committee meeting. Furthermore, as the Council's Shareholder Representative the Chair of the Pensions Investment Committee attends regular meetings and the Annual General Meeting of the LCIV, voting on behalf of the Council where required.

- 3.32. To date, the Fund has agreed to invest in three of the LCIV mandates, and actually invested in two of these, with the Private Debt on-boarding and investment due by the 30 June 2022. The table below describes the nature and scale of the Funds pooling to date, and its anticipated total allocation. Note that the Blackrock passive equities have been classed as proxy pooled funds and included in our reporting of pooled funds.

LCIV Fund Mandates LBL invested in (and asset class)	Value @ 31/03/2022	% of LBL Fund - current	% of LBL Fund - benchmark
Passive Equity Progressive Paris Aligned Fund PEPPA (equities/growth)	459.2	6.7	30
LCIV Renewable Infrastructure (property/income)	24.9	1.4	6
LCIV Private Debt (income)	0	0	~ 4

Internal Audit

- 3.33. The final report for the internal audit of the Pension Scheme Administration 2021-22 was released in May 2022 and is attached at Appendix 7. Pensions received a satisfactory assurance rating overall, with no high priority recommendation, three medium priority recommendations in relation to pension payments, contributions and reconciliations and two low priority recommendations to update the Communication Policy Statement and other reconciliations.
- 3.34. The report summarises the key findings of the audit, including areas that worked well, and then presents the detailed findings and agreed management action plan. Officers are required to provide regular progress updates on audit recommendations via an internal recommendations site; the Council's Internal Control Board and Audit Panel receive regular reports on this progress.
- 3.35. Due dates for the medium and low priority recommendations are June and July 2022. Work is in progress to complete these tasks in a reasonable time.
- 3.36. The Internal Audit results give assurance that there are sufficient processes and procedures in place to provide reliance on the internal controls.

Knowledge and Training Policy

- 3.37. Members to review the Knowledge and Training Policy - see Appendix 8
- 3.38. This sets out the requirement knowledge and training requirements for member of the Pension Board.

- 3.39. Members are reminded that they need to inform officers of all training completed so that officers can update the training log published on the website.

Training update

- 3.40. At the March 2022 meeting members agreed to complete a Learning Needs Analysis and return it to officers by the end of April 2022. All five members learning needs returns have been submitted.
- 3.41. At the March 2022 members agreed to complete the Pension Regulator's Public Service Toolkit within six months of the meeting date or their date of appointment. Two new members have since joined the board and have completed the Learning Needs Assessment. The Pension Toolkit is a self-learning modular resource which includes modules on areas that Board members are expected to be conversant with.
- 3.42. Prior to the June meeting the officers presented an introductory pension session which included a list of additional helpful resources which members are recommended to review.
- 3.43. External training opportunities, workshops and conferences will continue to be recommended by officers for members' attention. Appendix 7 lists a number of upcoming events; should members find any of the sessions of interest, or have identified and attended any other training or events, please can they keep the Principal Accountant informed so that the statutory training log can be updated.
- 3.44. Members are reminded that there is a small budget in place for training; please contact the Treasury and Investment Manager for further information should you wish to attend a fee-paying event.

Work Programme

- 3.45. The work programme is attached at Appendix 9 to be developed on an ongoing basis, and has been updated to reflect the high priority compliance issues identified from the Aon review. The review identified several items of partial compliance, and these will be incorporated into the plan against set deadlines.

4. FINANCIAL IMPLICATIONS

- 4.1. There are no direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

- 5.1. There are no direct legal implications arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

- 6.1. There are no crime and disorder implications directly arising from this report.

7. EQUALITIES IMPLICATIONS

- 7.1. There are no equalities implications directly arising from this report.

8. ENVIRONMENTAL IMPLICATIONS

8.1. There are no environmental implications directly arising from this report.

APPENDICES

Appendix 1 – Investment monitoring report

Appendix 2 – Conflicts of Interest Policy

Appendix 3 – Code of Conduct Policy

Appendix 4 – Discretions Policy

Appendix 5 – Breaches of Law Policy

Appendix 6 – Communications Policy

Appendix 7 – Final Internal Audit of Pensions Administration Report 2021/22

Appendix 8 – Knowledge and Training Policy

Appendix 9 – Pension Board Work Programme

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact either:

Katharine Nidd, Head of Strategic Finance, Planning and Commercial at
Katharine.Nidd@lewisham.gov.uk

Shida Ashrafi - Interim Head of Pensions and Payroll at
Shida.Ashrafi@lewisham.gov.uk

Chris Flower, Treasury & Investments Manager at:
Chris.Flower@lewisham.gov.uk

Document is Restricted

Code of Conduct Policy: Lewisham Pension Board June 2022

1. Introduction

- 1.1 There are various legal requirements which need to be considered to make sure that sound governance principles are followed, including the Localism Act 2011 which requires councillors to comply with the code of conduct of their local authority and to disclose interests, and Nolan's 'Seven Principles of Public Life' which any holder of public office is expected to comply with.
- 1.2 The importance of following such requirements must be appreciated by Board members. Failure to follow applicable codes of conduct can impact on good governance in various ways; for example, such failure may result in a Pension Board acting improperly, may lead to a perception that the Pension Board has acted improperly, or may result in a challenge to the work carried out by the Board.

2. Code of Conduct Policy

- 2.1 As per the Terms of Reference and where relevant, Lewisham Pension Board adopts the existing Code of Conduct policy for Members set out by Lewisham Council and attached at Appendix 1 of this document. This arrangement should be reviewed regularly and any changes made where appropriate.

3. Seven Principles of Public Life

- 3.1 Members of the Lewisham Pension Board should have regard to the 'Seven Principles of Public Life', referred to as the 'Nolan Principles', which are:
 1. **Selflessness** - Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
 2. **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
 3. **Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
 4. **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
 5. **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

6. **Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. **Leadership** - Holders of public office should promote and support these principles by leadership and example.

3.2 As members of a publicly-funded body involved in the discharge of public business, all members of a Pension Board should comply with these principles in the exercise of their functions. They require the highest standards of conduct.

Conflict of Interest Policy: Lewisham Pension Board June 2022

1. Introduction

- 1.1 There are various legal requirements which need to be considered to make sure that sound governance principles are followed, including section 5(5) of the Public Service Pensions Act 2013 which defines 'conflict of interest' for the purpose of a Local Pension Board, and Regulation 108 of the Local Government Pension Scheme Regulations 2013 which places duties on an Administering Authority to satisfy itself that Local Pension Board members do not have conflicts of interest on appointment or whilst they are members of the Board.
- 1.2 Given that the Board does not make decisions in relation to the administration and management of the Fund, it is not expected that significant conflicts will arise in the same way as would be the case if the Board were making decisions on a regular basis, akin to the role of the Pensions Investment Committee.
- 1.3 Nevertheless, the importance of following such requirements must be appreciated by Board members, and steps must be taken to identify, monitor and manage conflicts effectively. Failure to declare a conflict of interest can impact on good governance in various ways; for example, such failure may result in a Pension Board acting improperly, may lead to a perception that the Pension Board has acted improperly, or may result in a challenge to the work carried out by the Board.

2. Conflict of Interest – a Definition

- 2.1 As defined in section 5(5) of the Public Service Pensions Act 2013 and in the Board's Terms of Reference, a conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme.
- 2.2 A conflict of interest may arise, therefore, when a member of a Pension Board:
 - Must fulfil their statutory role of assisting Lewisham Council in securing compliance with the scheme regulations, other legislation relating to the governance and administration of the scheme, and any requirements imposed by the regulator or with any other matter for which they are responsible, whilst
 - Having a separate personal interest (financial or otherwise), the nature of which gives rise to a possible conflict with their statutory role.

3. Identifying, Monitoring, and Managing Conflicts

- 3.1 The Regulations place a duty on the Council as Administering Authority to satisfy itself that those appointed to the Board do not have an actual conflict of interest prior to appointment and 'from time to time' hereafter.
- 3.2 There is also a corresponding duty on those appointed to the Board to provide the Council with such information as it reasonably requires to satisfy itself that such persons have no conflict of interest.
- 3.3 Conflicts of interest can inhibit open discussions and result in decisions, actions or inactions which could lead to ineffective governance and administration of the scheme. It is therefore essential that any interests, which have the potential to become conflicts of interest or be perceived as conflicts of interest, are identified and that potential conflicts of interest (including perceived conflicts) are monitored and managed effectively.
- 3.4 Potential conflicts of interest will be monitored regularly, and will be considered in three stages: Stage 1: Identifying, Stage 2 Monitoring, and Stage 3 Managing.
- 3.5 ***Stage 1: Identifying Potential Conflicts***

Pension Board members, and people who are proposed to be appointed to a Pension Board, must provide Lewisham Council with information that they reasonably require to be satisfied that Pension Board members and proposed members do not have a conflict of interest.

Pension Board members are required to disclose any interests, including other responsibilities, which could become conflicts of interest and which may adversely affect their suitability for the role, before they are appointed.

Once the Pension Board's work plan for the year ahead has been agreed, Lewisham Council will identify the important matters or decisions that are likely to be considered that may cause any potential or actual conflicts of interest. Pension Board members will be notified as soon as practically possible and mitigations will be put in place to prevent these conflicts from materialising.

3.6 *Stage 2: Monitoring Potential Conflicts*

As part of its risk assessment process, Lewisham Council will identify, evaluate and manage dual interests which have the potential to become conflicts of interest and pose a risk to the scheme and possibly members, if they are not mitigated. Lewisham Council will evaluate the nature of any dual interests and assess the likely consequences of a conflict of interest materialising.

Lewisham Council will maintain a register of interests as a means of recording and monitoring dual interests and responsibilities. The register of interests and other relevant documents will be circulated to the Pension Board for ongoing review and published on Lewisham's pension website.

Conflicts of interest will be included as an opening agenda item at Board meetings and revisited during the meeting, where necessary.

3.7 **Stage 3: Managing Potential Conflicts**

Lewisham Council will be open and transparent about the way potential conflicts of interest are managed. Options for managing and preventing a potential conflict of interest from becoming an actual conflict of interest include:

- A member withdrawing from the discussion and any decision-making process;
- the Board establishing a sub-board to review the issue (where the terms of reference give the power to do so); or
- a member resigning from the Board if the conflict is so fundamental that it cannot be managed in any other way.

Each incident will be assessed and managed on a case by case basis, and recorded in the register of conflicts of interest.

When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Pension Board, Lewisham Council will consider obtaining professional legal advice when assessing any option.

4. **Examples of Conflicts of Interest**

4.1 The following paragraphs give examples of potential or actual conflicts of interest that could arise, or be perceived to arise, in relation to public service pension schemes. The examples are provided for illustrative purposes only and are not exhaustive.

4.2 **Investing to improve scheme administration versus saving money**

An employer representative, who may be a Permanent Secretary, or finance officer, is aware that system X would help to improve standards of record-keeping in the scheme, but it would be costly to implement. The scheme manager, would need to meet the costs of the new system at a time when there is internal and external pressure to keep costs down. In order to meet the costs of the new system, the scheme manager would need to find money, perhaps by using a budget that was intended for another purpose. This decision could prove unpopular with taxpayers. A conflict of interest could arise where the employer representative was likely to be prejudiced in the exercise of their functions by virtue of their dual interests.

4.3 **Outsourcing an activity versus keeping an activity in-house**

In an extension of the previous example, a member representative, who is also an employee of a participating employer, is aware that system X would help to improve standards of record-keeping in the scheme, but it would mean outsourcing an activity that is currently being undertaken in-house by their

employer. The member representative could be conflicted if they were likely to be prejudiced in the exercise of their functions by virtue of their employment.

4.4 Representing the breadth of employers or membership versus representing narrow interests

An employer representative who happens to be employed by the administering authority and is appointed to the Pension Board to represent employers generally could be conflicted if they only serve to act in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the Pension Board to represent the entire scheme membership could be conflicted if they only act in the interests of their union and union membership, rather than all scheme members.

4.5 Sharing information with the Pension Board versus a duty of confidentiality to an employer

An employer representative has access to information by virtue of their employment, which could influence or inform the considerations or decisions of the Pension Board. They have to consider whether to share this information with the Pension Board in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Board.

Register of Conflicts of Interest: Lewisham Pension Board

Schemes should capture decisions about how any identified potential conflicts of interest will be managed in a Conflicts Register. The Register should be circulated to the Pension Board for ongoing review and published on the Lewisham Pensions website.

Date conflict identified	Name of PB member	Details of conflict	How notified of conflict	Action taken	Follow up required (Y/N)	Date resolved

Date conflict identified	Name of PB member	Details of conflict	How notified of conflict	Action taken	Follow up required (Y/N)	Date resolved

<p>LOCAL GOVERNMENT PENSION SCHEME</p> <p>LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION)</p> <p>LOCAL GOVERNMENT (DISCRETIONARY PAYMENTS) (INJURY ALLOWANCES)</p>
<p>SUMMARY OF DISCRETIONS POLICIES</p>

Background

The London Borough of Lewisham annually reviews its discretions policy.

This document summarises the London Borough of Lewisham's policies for the 2014 Pension Scheme as well as associated policies with regard to Discretionary Compensation and Discretionary Payments.

Summary of Policies

<i>Policy relating to:-</i>	<i>Description of the circumstances in which the London Borough of Lewisham will exercise their discretion.</i>
Award of Additional Pension to a Pension Scheme Member	The Council's policy is not to award additional pension.
Flexible Retirement	The Council will consider applications for flexible retirement from employees aged 55 or over. The decision on any application will be based on the merits of the case and in the light of service delivery needs. However, applications will normally only be considered where the member proposes to reduce their hours / pay by not less than 40%. Flexible retirement applications will be reviewed and a decision will be determined by the early retirement/voluntary retirement panel (ER/VR).
Early, voluntary retirement – employees aged 55 to 59	Where a member of "the 2014 scheme" elects to take early, voluntary retirement before age 60 their benefits are reduced to reflect their early payment even if the member meets the former '85 year rule'. The Council has the discretion to effectively reinstate the '85 year rule' in order to waive the reduction for a member who qualifies under the '85 year rule' (or who would qualify before age 60) but the Council would not normally agree to do so unless there are sound business reasons to justify such a course of action.
Voluntary retirement at / after age 60 but before Normal Pension Age (NPA)	The Council's general policy is not to waive any actuarial reduction that would be applied to a member's benefits to reflect the early payment of those benefits. Consideration would be given, however, where there are sound, compassionate reasons to waive the reduction.

Reviewed January 2019

<p>'Shared cost' Additional Pension Contributions</p>	<p>The Council makes substantial contributions to the pension fund in order to provide the main scheme benefits. Consequently, where a member decides to purchase additional pension on top of the standard scheme pension, the Council's general policy is not to subsidise the cost of buying additional pension benefits by entering into a shared cost agreement.</p>
<p>Pensioners re-employed in local government</p>	<p>Where a member, who is receiving a pension from the Lewisham pension fund, takes up employment with an employer whose employees can contribute to the local government pension scheme, the Council may reduce ('abate') their pension whilst they hold the new employment.</p> <p>The Council would only consider abatement where the member was paid their Lewisham pension early (e.g. on redundancy or health grounds) and where the pay of the new employment, when added to their Lewisham pension, totalled more than their final rate of pay before retirement (after adjustments for inflation).</p> <p>In those circumstances, the Council would reduce their Lewisham pension by £1 for every £3 by which their income exceeded their former rate of pay.</p>
<p>Redundancy Compensation</p>	<p>In addition to a statutory redundancy payment based on the provisions of the Employment Rights Act 1996 ('the 1996 Act'), which sets out the number of weeks payable but caps the weekly earnings used in the calculation, the Council will pay compensation as follows:-</p> <ol style="list-style-type: none"> 1) Where the weekly rate of pay of the redundant employee is greater than the maximum to be taken into account under section 227 of the 1996 Act, the Council will pay compensation, under regulation 5 of the 2006 regulations, equivalent to the difference between the statutory payment and the statutory payment that would have been paid had it been based on the employee's actual weekly pay. 2) Subject to paragraph 3 below, the Council will also pay compensation, under regulation 6 of the 2006 regulations, based on the number of weeks pay the employee is entitled to under the statutory scheme multiplied by the employee's actual weekly rate of pay. 3) Where an employee becomes entitled, as a result of being made redundant, to the immediate payment of unreduced pension benefits, and where payment of the unreduced pension results in a cost to Lewisham Council, the compensation described in paragraph 2 above will be reduced. The reduction to be applied to the compensation is the capital cost of releasing the pension benefits early. Where the cost to the Council is greater than the compensation described in paragraph 2 above then no compensation is payable under paragraph 2.

<p>Re-employment where an employee has been awarded 'added years'</p>	<p>Employees who were made redundant before April 2007 and awarded an immediate pension may have had their pension benefits enhanced by an award of 'added years'. Or from 2007, an employee leaves on redundancy or voluntary severance and there is a cost to the Council for reimbursement to the pension fund for early payment of pension benefits.</p> <p>Where an individual who is in receipt of added years, or the Council incurred a cost to the pension fund takes up new employment with a local government employer the Council would reduce the added years/early pension by £1 for every £1 by which the individual's income (i.e. new pay, plus LGPS pension, plus 'added years' pension) exceeds the individual's final rate of pay prior to their being made redundant. In carrying out this calculation, the former rate of pay is adjusted by inflation between the date of leaving and commencement of the new employment.</p>
<p>Discretionary Payments (Injury Allowances)</p>	<p>Lewisham Council has its own policy regarding payments to be made to staff who suffer an accident or injury during the course of their employment and therefore Lewisham Council does not make payments under the above regulations.</p>



LONDON BOROUGH OF LEWISHAM PENSION FUND POLICY FOR REPORTING BREACHES OF THE LAW

BREACHES OF THE LAW POLICY STATEMENT

Background

The Lewisham Pension Fund (“the Fund”) has prepared this document to set out its policy and procedures on identifying, managing and where necessary reporting breaches of the law as covered in paragraphs 241 to 275 of the Pensions Regulator’s Code of Practice no 14: Governance and administration of public service pension schemes (“the Code of Practice”).

This policy sets out the responsibility of elected members, officers of the London Borough of Lewisham (“the Council”), and the Lewisham Pension Fund local pension board in identifying, managing and where necessary reporting breaches of the law as they apply to the management and administration of the Fund. This policy does not cover the responsibility of other “reporters” (described later in this policy) in relation to their obligation to report breaches in accordance with the Code of Practice where they relate to the management and administration of the Fund. Where a breach of the law is identified all parties will take the necessary steps to consider the breach and report to the Regulator, rather than having the breach solely reported by any of the other “reporters”.

This policy will be reviewed and approved by the Council at least annually. The Council will monitor all breaches and will ensure that adequate resources are allocated to managing and administering this process.

The monitoring officer for the Council will be responsible for the management and execution of this breaches policy.

The section 151 officer will ensure that training on breaches of the law and this policy is conducted for all relevant officers and elected members, as well as members of the local pension board at induction and on an ongoing basis.

Overview

The identification, management and reporting of breaches is important. It is a requirement of the Code of Practice; failure to report a material breach is a civil offence that can result in civil penalties.

At the same time, in addition to identifying, rectifying and where necessary reporting a particular breach, such breaches provide an opportunity to learn from mistakes and review and improve processes in the areas where the breach occurred.

All staff involved in the administration and management of the Fund are expected, indeed required, to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

The Council, as the scheme manager for the Lewisham Pension Fund, will maintain a log of all breaches of the law as applicable to the management and administration of the Fund.

Where a breach has occurred, it should be identified and logged as either an area of non-compliance under the LGPS Regulation, a breach under Pension Law as defined within section 13 of the 2004 Pension Act or the Pension Regulator’s Code of Practice.

The Council, officers and the local pension board cannot rely on waiting for other reporters to report a breach where it has occurred. Where a breach has occurred and has been identified by the Council, officers or local pension board it should be recorded, assessed and where necessary reported as soon as reasonably practicable.

What is a breach of the law?

A breach of the law is “*an act of breaking or failing to observe a law, agreement, or code of conduct.*” In the context of the Local Government Pension Scheme (“LGPS”) it can encompass many aspects of the management and administration of the scheme, including, for example, failure:

- to do anything required under the LGPS Regulations;
- to do anything required under overriding legislation, applicable statutory guidance or codes of practice;
- to maintain accurate records;
- to act on any fraudulent act or omission that is identified;
- of an employer to pay over member and employer contributions on time;
- to pay member benefits either accurately or in a timely manner;
- to issue annual benefit statements on time.

What is non-compliance under the LGPS Regulations?

Non-compliance with the LGPS regulations can cover many aspects of the management and administration of the scheme, including failure:

- to do anything required under the LGPS Regulations
- to comply with policies and procedures (e.g. the Fund’s Investment Strategy Statement, Funding Strategy Statement, discretionary policies, etc.);

Responsibilities in relation to breaches

Responsibility to report identified breaches of the law in relation to the Code of Practice falls on the following (known as “reporters”):

- Elected members and officers of the Council (the Scheme Manager);
- Members of the local pension board;
- Scheme employers;
- Professional advisers (including the Fund actuary, benefit consultant, investment advisers, legal advisers); and
- Third party providers (where so employed).

This policy applies only to elected members and officers of the Council, and members of the local pension board. It is for the other reporters to ensure adequate procedures and policies are put in place in order to identify, assess and where necessary report breaches. Both the Council and the local pension board will take all necessary steps to consider the breach and report to the Regulator, rather than having the breach solely reported by any of the other “reporters”.

Requirement to report a breach of the Law

Breaches of the law which affect pension schemes should be considered for reporting to The Pensions Regulator.

The decision whether to report an identified breach depends on whether:

- there is reasonable cause to believe there has been a breach of the law;
- and if so, is the breach likely to be of material significance to the Regulator?

It is important to understand that not every breach that is identified needs to be reported to the Regulator. For example, where it can be demonstrated that appropriate action is being taken to rectify the breach, or the breach has occurred due to teething problems with new or revised systems or processes, it may not be necessary to report the incident to the Regulator. It is still necessary that all incidents of breaches identified are recorded in the Council's breaches log. This log will be reviewed on an on-going basis to determine any trends in the breaches log that might indicate any serious failings or fraudulent behaviour.

Where such failings or fraudulent behaviour are identified immediate action will be taken to agree and put in place a plan of action to rectify the matter and prevent such an occurrence in the future.

Examples of potential breaches, including when and they should and not should not be reported to the Pensions Regulator, are included in Appendix A.

When is a breach required to be reported to the Regulator?

The Code of Practice requires that a breach should be notified to The Regulator as soon as is reasonably practicable once there is reasonable cause to believe that a breach has occurred and that it is of material significance to The Regulator. In any event, where a breach is considered to be of material significance it must be reported to The Regulator no later than one month after becoming aware of the breach or likely breach.

Where it is considered that a breach is of such significance that The Regulator is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of the Regulator immediately (e.g., by calling them direct). A formal report should then be submitted to The Regulator, marked as "urgent" in order to draw The Regulator's attention to it

Assessing "reasonable cause"

It is important that the Council and the local pension board are satisfied that a breach has actually occurred, rather than acting on a suspicion of such an event.

It will be necessary, therefore, for robust checks to be made by officers and elected members when acting on any suspicion of a breach having occurred. Where necessary this will involve taking legal advice from Legal Services (who may recommend specialist external legal advice if necessary) as well as other advisers (e.g., auditors or the Fund actuary, benefit consultant or investment advisers).

Deciding if a breach is “materially significant” and should be reported to the Regulator

The Regulator has produced a decision tree to assist schemes in identifying the severity of a breach and whether it should then be reported. When determining materiality of any breach or likely breach the Council, officers and local pension board will in all cases consider the following:

- cause – e.g., dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law;
- effect – does the nature of the breach lead to an increased likelihood of further material breaches. Is it likely to cause, for example; ineffective internal controls, lack of knowledge and understanding, inaccurate records, potential for further breaches occurring;
- reaction – e.g., taking prompt and effective action to resolve a breach, notifying scheme members where appropriate; and
- wider implications – e.g., where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will emerge in the future.

The decision tree provides a “traffic light” system of categorising an identified breach:

Green – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to the Regulator but should be recorded in the Council’s breaches log.

Amber – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. The Council will need to decide whether to informally alert The Regulator of the breach or likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red;

Red - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The Council must report all such breaches to the Regulator in all cases.

It should be noted that failure to report a significant breach or likely breach is likely, in itself, to be a significant breach.

The Council will use the Regulator’s decision tree as a means of identifying whether any breach is to be considered as materially significant and so reported to The Regulator.

Any failure of a scheme employer to pass over employee contributions that are considered to be of material significance must be reported to The Regulator immediately.

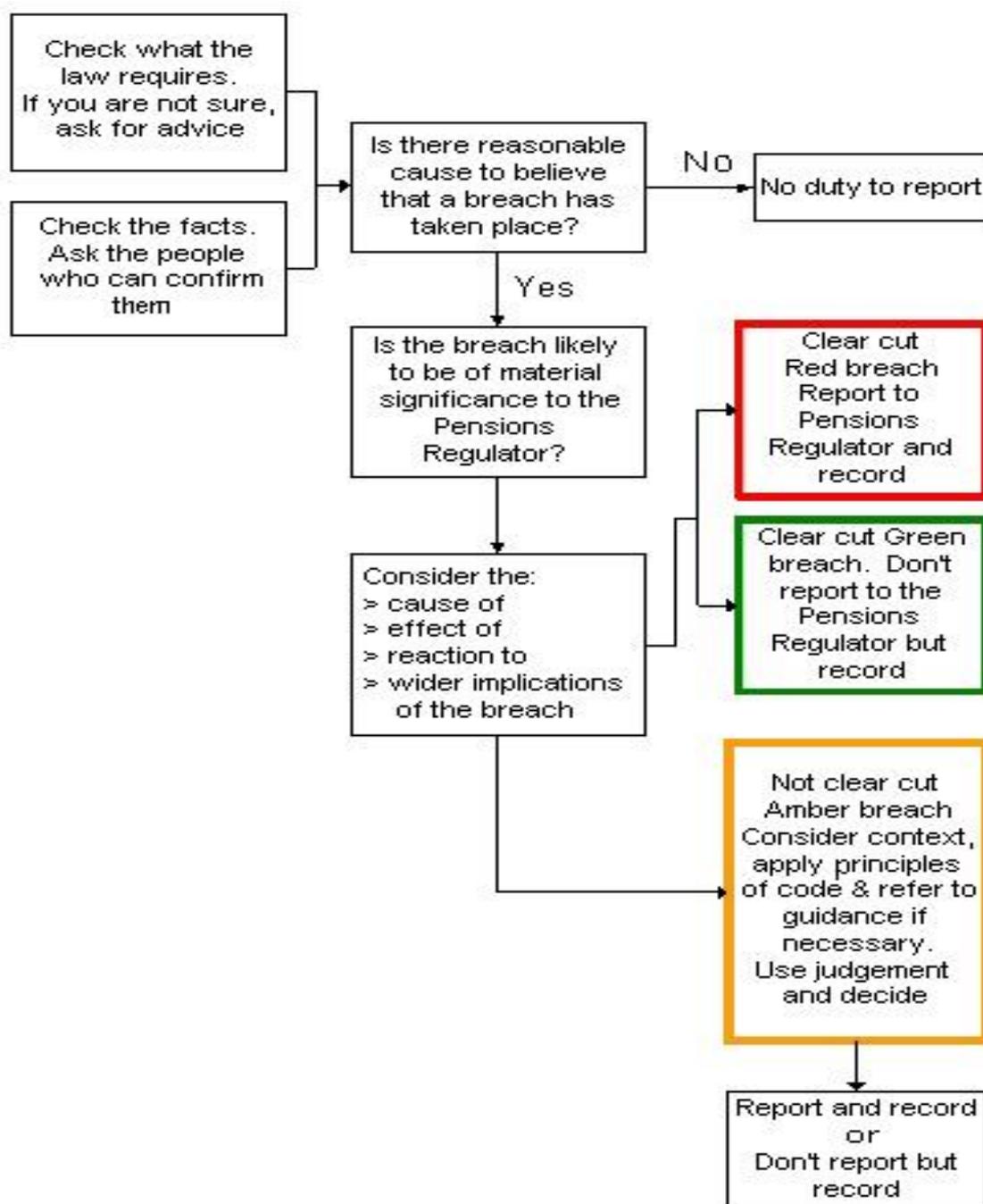
In order to determine whether failure to pay over employee contributions is materially significant or not the Council will seek from the employer:

- the cause and circumstances of the payment failure
- what action the employer has taken as a result of the payment failure, and
- the wider implications or impact of the payment failure.

Where a payment plan is agreed with the employer to recover outstanding contributions and it is being adhered to or there are circumstances of infrequent one-off late payments or administrative failures the late payment will not be considered to be of material significance.

All incidences resulting from the unwillingness or inability of the employer to pay over the employee contributions, dishonesty, fraudulent behaviour or misuse of employee contributions, poor administrative procedures or the failure to pay over employee contributions within 90 days from the due date will be considered to be of material significance and reported to the Regulator.

Once a breach or likely breach has been identified, regardless of whether it needs to be reported to The Regulator, the relevant manager, in consultation with the monitoring officer must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary. All breaches must be recorded in the Council's breaches log.



Process for reporting breaches

All relevant officers and elected members of the Council, as well as all members of the local pension board have a responsibility to:

- identify and assess the severity of any breach or likely breach;
- report all breaches or likely breaches to the monitoring officer and section 151 Officer;
- in conjunction with relevant colleagues agree a proposed course of action to rectify the breach and put in place measures to ensure the breach does not re-occur, obtaining appropriate legal or other advice where necessary;
- ensure that the appropriate corrective action has been taken to rectify the breach or likely breach and to prevent it from recurring; and
- co-operate with, and assist in, the reporting of breaches and likely breaches to the Pension Committee, local pension board and where necessary the Regulator.

Responsibilities of the responsible officer

The Council's monitoring officer will be responsible for the management and execution of this breaches policy.

The monitoring officer will be responsible for recording and reporting breaches and likely breaches as follows:

- record all identified breaches and likely breaches of which they are aware in the Council's breaches log;
- investigate the circumstances of all reported breaches and likely breaches;
- ensure, where necessary that an action plan is put in place and acted on to correct the identified breach and also ensure further breaches of a similar nature do not reoccur;
- report to the Pension Committee and local pension board:
 - all materially significant breaches or likely breaches that will require reporting to The Regulator as soon as practicable, but no later than one month after becoming aware of the breach or likely breach; and
 - all other breaches at least quarterly as part of the Committee cycle.
- report all materially significant breaches to The Regulator as soon as practicable but not later than one month after becoming aware of the breach.

The monitoring officer will determine whether any breach or likely breach is materially significant, having regard to the guidance set out in the Code of Practice and after consultation with parties they deem appropriate. Such parties might include the Head of Legal Services, the Pension Committee and local pension board.

If appropriate, the matter will be referred to an external party to obtain any necessary legal or other advice before deciding if the breach is considered to be of material significance to The Regulator. Where uncertainty exists as to the materiality of any identified breach the Council, officers or local pension board will be required to informally notify the Regulator of the issue and the steps being taken to resolve the issue.

How should a breach be reported to the Regulator?

All materially significant breaches must be reported to the Regulator through its online reporting facility called **Exchange**.

How are records of breaches maintained?

All breaches and likely breaches identified are to be reported to the monitoring officer as soon as they are identified. The monitoring officer will log all breaches on the Council's breaches log, including the following information:

- date the breach or likely breach was identified;
- name of the scheme;
- name of the employer (where appropriate);
- any relevant dates;
- a description of the breach, its cause and effect, including the reasons it is, or is not, believed to be of material significance;
- whether the breach is considered to be red, amber or green.
- a description of the actions taken to rectify the breach;
- a brief description of any longer term implications and actions required to prevent similar types of breaches recurring in the future.

The monitoring officer will be responsible for ensuring the effective management and rectification of any breach identified, including submission of any report to the Regulator. Any documentation supporting the breach will also be retained.

Whistleblowing

It is a statutory duty to report breaches of the law. In rare cases this may involve a duty to whistleblow on the part of an employee of the Council, officers or a member of the local pension board. The duty to report does not override any other duties a "reporter" may have, such as confidentiality. Any such duty is not breached by reporting to The Regulator. Given the statutory duty that exists, in exercising this breaches policy the Council will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to the Regulator.

The duty to report, however, does not override 'legal privilege', so certain oral and written communications between the Council or local pension board and a professional legal adviser do not have to be disclosed if they meet the principles of legal privilege.

Training

The section 151 officer will ensure that all relevant officers and elected members, as well as members of the local pension board receive appropriate training on this policy at the commencement of their employment or appointment to the local pension board as appropriate and on an ongoing basis.

Appendix A: Example scenarios

Failure to enter employee into the scheme

Scenario

It is discovered that a scheme employer has not entered an eligible employee into the LGPS on joining

Steps that might be taken

On the face of it a breach will have occurred, as the scheme employer has failed to do something they are required to do under the rule of the LGPS. Before deciding to report to the Pensions Regulator it is necessary to consider why this has happened and the steps that are being taken to either rectify the situation and/or ensure it is not repeated. This will include:

- Assessing whether failure relates to a specific employee or is it something more widespread
- Remedying this particular situation immediately
- Understanding if there have been personnel changes at the employer; has this resulted in teething problems during any hand-over?
- If necessary the Fund could provide training to the employer on its responsibilities to ensure there is no repeated failure

Materiality

When considering if the delay/failure is likely to be of “material significance” you could consider;

- Has the member been denied access to the scheme completely?
- Has the employer failed to respond to the Fund’s enquiries?
- Has the member not been given the opportunity to backdate entry to the scheme and pay arrears?
- Has the employer failed to put in place an immediate plan to remedy any further failures?
- Are more members affected, or is this a one-off?

If the answer to any of the above is “yes” this may imply materiality and may warrant reporting to the Pensions Regulator. In any event the issue should be added to the Council’s breaches log.

Late payment over of contributions

Scenario

A scheme employer is late in paying over employee and employer contributions

Steps that might be taken

The reasons for the delayed payment could many, so while a breach has clearly occurred it is important to understand the reasons behind the delay. To do this:

- Contact the employer to assess the reason for the delay
- Investigate what went wrong
- Ensure steps are put in place so as to avoid a repeat in future months

- Record the outcome of your investigation
- Make sure processes are assessed to ensure they pick up any potential fraud

Materiality

While the reason for the delay in paying over contributions might be entirely innocent, it is also possible something more sinister is at play and could be “materially significant”. Consider;

- Is the employer unwilling or unable to pay? e.g. due to insolvency
- Is any dishonesty involved on the part of the employer? e.g. using non-payment to ease cash-flow
- Is the employer seeking to avoid paying contributions?
- Does the employer have inadequate processes in place to recover contributions?
- Have contributions been outstanding for over 90 days since being identified?

If the answer to any of the above is “yes” this may imply materiality and may warrant reporting to the Pensions Regulator. In any event the issue should be added to the Council’s breaches log.

Late Submission of year-end data Scenario

A scheme employer is late in submitting year-end pay and contribution return in respect of active scheme members

Steps that might be taken

On the face of it this is a breach, but the employer may not necessarily appreciate the significance. Things you might consider doing include:

- Contacting the employer to assess the reason for the non-submission
- Investigating with the employer what went wrong
- Putting in place steps to ensure no repeat
- Recording your investigations

Materiality

Is the delay/failure likely to be of “material significance”? Consider;

- Is the employer unwilling or unable to provide the required data? e.g. are its systems adequate
- Has the employer failed to respond to the Fund’s enquiries?
- Will the delay impact the issue of annual benefit statements?

If the answer to any of the above is “yes” this may imply materiality and may warrant reporting to the Pensions Regulator. In any event the issue should be added to the Council’s breaches log.

Late issue of annual benefit statements

Scenario

The Fund is late/fails to issue annual benefit statements to active and/or deferred scheme members within the statutory time limits.

Steps that might be taken

Failure to issue annual benefit statements or delaying their issue is a clear breach. Before reporting to the Pensions Regulator:

- Assess whether failure relates to a specific employer or wider issues
- If there have been system or scheme rule changes, determine whether teething problems have contributed to the delay/failure
- Put in place steps to ensure statements are issued within a reasonable timescale
- Put in place steps to ensure no repeat
- Record the investigations

Materiality

Is the delay/failure likely to be of “material significance”? Consider;

- Is the breach resulting from employer failure to provide year-end data?
- Has the employer failed to respond to the Fund’s enquiries?
- Has there been a failure on the part of the Fund to have a proper plan in place for the ABS project?
- Has the Fund failed to put in place an immediate plan to remedy any delay/failure?
- Will the delay impact on the member’s actual benefits?

If the answer to any of the above is “yes” this may imply materiality and may warrant reporting to the Pensions Regulator. In any event the issue should be added to the Council’s breaches log.

Late notification of leaver/retirement details

Scenario

A scheme employer fails to provide the Fund with the necessary leaver/retirement notifications

Steps that might be taken

On the face of it a breach will have occurred, as the scheme employer has failed to do something they are required to do under the LGPS Regulations. Before deciding to report to the Pensions Regulator it is necessary to consider why this has happened and the steps that are being taken to either rectify the situation and/or ensure it is not repeated.

- Assess whether failure relates to a specific employee or is it something more widespread
- Remedy this particular situation immediately
- If there have been personnel changes at the employer, has this resulted in teething problems during any hand-over

- If necessary the Fund could provide training to the employer on its responsibilities to ensure there is no repeated failure

Materiality

Is the delay/failure likely to be of “material significance”? Consider;

- Has the employer failed to respond to the Fund’s enquiries?
- Has the failure delayed the assessment and notification/payment of retirement benefits?
- Has the scheme member been denied access to investment opportunities due to the failure?
- Has the failure led to financial hardship for the member?
- Has the Fund failed to put in place an immediate plan to remedy any delay/failure?

If the answer to any of the above is “yes” this may imply materiality and may warrant reporting to the Pensions Regulator. In any event the issue should be added to the Council’s breaches log.

Failure to declare potential conflict

Scenario

A Pension Committee or Pension Board member fails to declare a potential conflict of interest in relation to an issue for discussion or decision, which has later come to light

Steps that might be taken

It is a requirement to declare conflicts of interest, so a breach will have occurred. Before deciding whether to report to the Pensions Regulator:

- Determine why the conflict of interest was not reported at the outset
- Consider what impact it had on the eventual discussions or decision
- Draw attention of all Committee and Board members to the Council’s conflicts of interest policy
- Consider revisiting the discussion or decision, excluding the individual concerned
- Remove the individual from the Pension Committee or Pension Board if considered their omission was of such significance as to lead to a loss of confidence in the public office

Materiality

Is the non-disclosure likely to be of “material significance”? Consider;

- Has the individual used the situation to their advantage?
- Has the individual had their judgement swayed by the apparent conflict of interest?
- Would the removal of the individual from the discussions/decision have altered the eventual outcome?
- Would the non-disclosure in this situation lead to a loss of confidence in the public office?

If the answer to any of the above is “yes” this may imply materiality and may warrant reporting to the Pensions Regulator. In any event the issue should be added to the Council’s breaches log.



LONDON BOROUGH OF LEWISHAM PENSION FUND COMMUNICATION POLICY STATEMENT

COMMUNICATIONS POLICY STATEMENT

Legislative background

This document sets out the Communications Policy of the Administering Authority of the London Borough of Lewisham Pension Fund as required under the Local Government Pension Scheme Regulations (2013), Regulation 61.

The Public Service Pensions Act 2013 also introduced a framework for the governance and administration of public sector service pension schemes and provided an extended regulatory oversight of the LGPS to the Pensions Regulator. The Regulator's Code of Practice No14 has detailed guidance on providing good quality communications to members and others, with reference to the Occupational & Personal Pensions Scheme (Disclosure of Information) Regulations 2013 and HM Treasury Directions 2014 on Information about Benefits.

Regulations require each Administering Authority in England and Wales to prepare, maintain and publish a statement setting out their policy on communicating with the following stakeholders and organisations:

- **Contributing Scheme Members (Active members)**
- **Prospective Scheme Members**
- **Pensioner Scheme Members & Dependants**
- **Deferred Scheme Members**
- **Admitted and Scheduled Scheme Employers participating in the Fund**
- **Elected Members**
- **The Pensions Board**
- **Other Bodies**

This document sets out the mechanisms which are used to meet our communication needs. We aim to use the most appropriate communication method for the audience's receiving the information. This may involve using more than one type of communication.

Objectives

The aim of this communications strategy is to make sure that all stakeholders are kept informed of developments within the Pension Fund. We want to ensure transparency and an effective communication process will help to maintain the efficient running of the Scheme

General Communications

We use a range of methods to communicate including a variety of paper-based and electronic means. The Fund has a dedicated Pensions website **www.lewishampensions.org**

We will accept some communications electronically and will respond electronically where possible. For security reasons, we will not use email for communicating sensitive information or where it is necessary to verify the address or identity of the sender.

Website – Communication in the form of a dedicated Pension Fund website is available which contains a wide range of information for not only scheme members but also scheme employers and other interested parties. The website can be accessed via **www.lewishampensions.org**. The website contains copies of scheme guides, newsletters and other relevant information pertaining to the LGPS. All email correspondence supplied by the administration team includes the direct link to our website.

Policy Documents – These are available for all stakeholders to access either on the website at www.lewishampensions.org or in hard copy or electronically on application.

Data Protection Statement

To protect any personal information held on computer, the London Borough of Lewisham Pension Fund is registered under the General Data Protection Regulations (GDPR) 2018. This allows members to check that their details held are accurate.

The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection grounds should contact us on 020 8314 7277 or by email pensionsteam@lewisham.gov.uk

National Fraud Initiative (NFI)

This authority is under a duty to protect the public fund it administers, and to this end may use information for the prevention and detection of fraud. This includes our participation in the Government's National Fraud Initiative (NFI), and it may also share information with other bodies responsible for auditing, or administering public funds, solely for the purposes of preventing and/or detecting fraud.

Contributing Scheme Members (Active members)

Member Self Service

All active members can access the Lewisham Pension Fund Member Self Service portal (MSS). They can register at <https://lewisham.pensiondetails.co.uk/>

MSS allows members to view and update certain details and run their own pension estimates.

Scheme Guides

Scheme guides are available for members on the Pension Fund website at www.lewishampensions.org and the dedicated LGPS member's site at www.lgpsmember.org

Annual Benefit Statements

Annual benefit statements provide an estimate of the current and future value of the member's benefits. They are issued in August each year and from 2022 members will be able to access their annual benefit statement on MSS.

Pensions Updates

When there are scheme changes we will communicate these with members. They will be available on the intranet and available on the website.

Prospective Scheme Members

Initial Contact

All permanent new members of staff are contractually enrolled into the LGPS, including where the employer is a scheduled body or open admission agreement contractor. Each new member is sent a statutory notification confirming their membership of the LGPS. Further scheme

information including scheme guides can be found on our website at www.lewishampensions.org or lgpsmember.org

Induction seminars

A representative of the administration team attend the monthly induction seminars for all new employees of the Council, which are facilitated by HR, providing prospective new members of the scheme the opportunity to discuss any aspect of their membership of the scheme.

Pensions Helpline

Prospective scheme members can call the Pensions Team on one central number, which is also on our literature. The number is 020 8314 7277.

Pensioner Scheme Members & Dependants

Pensioner Payslips

Pensioners can choose if they wish to receive a payslip each month. They can be sent as a hard copy or by password protected email each month. All pensioners receive a P60 at the end of the year.

Certificates of Continued Entitlement to Pensions (Life Certificates)

The Fund will undertake periodic exercises, for UK pensioners over the age of 80 and all pensioners living abroad (outside of the UK), through correspondence in order to establish the continued existence of pensioners and that their details are up to date.

Pension Increase notifications

The notification of the annual increase to pensioner benefits is available to view at: <http://www.lewishampensions.org/lewisham-pension-fund/pensioners/how-we-keep-in-touch/>

Pensions Team Contact

Pensioner members can call the Pensions Team on one central number, which is also on our literature. The number is 020 8314 7277.

Deferred Scheme Members

Member Self Service

All deferred members can access the Lewisham Pension Fund Member Self Service portal (MSS). They can register at <https://lewisham.pensiondetails.co.uk/>

MSS allows members to view and update certain details and run their own pension estimates.

Annual Benefit Statements

Annual benefit statements provide an estimate of the current value of the member's benefits. They are issued in August each year and from 2022 members will be able to access their annual benefit statement on MSS.

Pensions Updates

If there are any changes to the LGPS regulations which are relevant to Deferred Scheme Members correspondence will be sent directly to their latest home address held on our pension scheme database.

Pensions Helpline

Deferred members can call the Pensions Team on one central number, which is also on our literature. The number is 020 8314 7277.

Admitted and Scheduled Scheme Employers participating in the Fund

We will keep employers in the Pension Fund informed about developments in the Scheme and consult on changes to the Scheme as required. Potential scheme employers will also have access to information about the Pension Fund to ensure that they are fully informed in their relationship with the Fund.

Employer Guide

This is a guide for scheme employers outlining the details of the scheme and the administrative arrangements for the scheme. This has been distributed to all employers in the scheme and all new employers will receive copies. Training on procedures in relation to the employer guide is also available upon request.

Website

The website holds a wide range of information in regard to Employee Guides, pension forms, newsletters and policies. The website can be accessed via **www.lewishampensions.org**

Annual Report and Accounts

This contains details of the Pension Fund during the financial year, income and expenditure as well as other related details. This is a detailed and lengthy document and will therefore not be routinely distributed, except to employers participating in the Fund or on request. The full document will be published on the website at **www.lewishampensions.org**

Elected Members

Information will be provided to Council Members in order for them to be able to fulfil their duties under the role of administering authority.

Access to Pensions Investment Committee

The Pensions Investment Committee is the Committee which has delegated power to review, administer and monitor the Pension Fund. The Committee meets a minimum of four times a year or more frequently, as required. Meetings are open to members of the public, although there may be occasions when members of the public are excluded due to the confidential nature of matters under discussion.

Committee Reports

Reports to the Committee and to other Committees as necessary, for example Corporate Committee and Council, ensures that Council Members are kept informed of developments in

relation to Pension Fund issues and the impact that these can have on overall Council policies and procedures. These are published on the Council's website. The agenda, reports and minutes of the meetings are available on the Council's website at <http://councilmeetings.lewisham.gov.uk/ieDocHome.aspx?=1>

Training

Committee Member training is a standing agenda item and the Committee liaise with Officers on training needed and received on an on-going basis each year. They are also kept informed of any relevant external training courses.

Presentations

Officers and advisers to the Fund deliver presentations on investment and administration matters to the Committee at each quarterly meeting upon request.

The Pensions Board

The Pension Board will meet at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work.

Reports to the Pensions Board

The Pension Board is not a decision making body and is not a Committee constituted under the Local Government Act 1972, although in most regards will be treated in the same way. As such, members of the public may attend and papers will be made public in the same was as described above for the Pension Investment Committee.

Training

The Pension Board will be provided with, and be required to undertake, appropriate training, either provided internally by Officers or externally.

Other Bodies

There are a number of other interested parties with whom we will communicate with as required, this includes:

The Ministry of Housing, Communities and Local Government (MHCLG) – regular contact with MHCLG as regulator of the scheme, participating and responding to consultations as required.

Trade Unions

We will work with relevant trade unions to ensure the Scheme is understood by all interested parties. Efforts will be made to ensure all pension related issues are communicated effectively with the trade unions.

Employer Representatives

We will work with relevant employer representative bodies to ensure that the Fund's views are represented to employer groups.

Pension Fund Investment Managers, Advisers and Actuaries

- Regular meetings with the Fund Managers who invest funds on behalf of the Fund.
- Regular meetings with Investment Advisers who provide help and advice on the asset allocation and investments of the Fund.
- Regular meetings with the Fund Actuary to discuss funding levels, employer contributions and valuation of the assets and liabilities of the Fund.

Pension Fund Custodian

The Fund's Custodian is Northern Trust, who ensures the safekeeping of the Funds investment transactions and all related share certificates.

AVC Provider

Additional Voluntary Contributions (AVC) are a way to top up your pension benefits, and in some instances provide tax free lump sum depending on the policy, and are held and invested separately from the LGPS. The Funds preferred AVC provider is Clerical Medical.

Local Authority Pension Fund Forum (LAPFF)

The Fund is a member of LAPFF which was established to help local authority funds share information and ideas about socially responsible investing.

- Regular meetings with Investment Advisers who provide help and advice on the asset allocation and investments of the Fund
- Regular meetings with the Fund Actuary to discuss funding levels, employer contributions and valuation of the assets and liabilities of the Fund

London Pension Officers Group (LPOG) & London Pension Officers Forum (LPOF) The Fund is a member of these voluntary groups. Meetings are held on a quarterly basis to share information and ensure standardised interpretation of LGPS regulations and best practice.

Requests for Information (FOI)

Requests for information either under the Freedom of Information Act or otherwise, will be dealt with as openly and swiftly as allowed providing that such information does not breach confidentiality.

Consultations

There are occasions when the administering authority will consult with interested parties either as a result of potential changes to the regulations governing the LGPS or specific policy changes relating to the London Borough of Lewisham Pension Scheme. In these instances, the most effective way of communicating with interested parties is to hold a period of consultation, during which, they are given the opportunity to respond to specific changes. Interested parties and representative groups will be approached to provide feedback to the policy changes before amendments are enacted.

Minority Groups

It is recognised that there may be occasions when some minority groups may not be able to access all the information available to others. The Pension Fund will try to ensure that information is available to the widest possible audience and as such will try to ensure that minority groups do have access to information. This is however a developing area and feedback on how to promote better access for all minority groups is welcome.

Communication Material

The table below shows the Fund communications along with their publication frequency and the format in which they are available to their intended audience.

Communication Material	Paper based	Electronic form	Internet for all to view	When Published	Intended audience
Pension Scheme Guide	✓	✓	✓	Constantly available	All
Annual Benefit Statements	✓	✗	✗	Annually	Actives Deferreds
Member Self Service	✗	✓	✓	On Registration	All
Pension Updates	✓	✗	✓	When details available	Actives Employers
Topping up Benefits	✓	✓	✓	Constantly available	Actives
Statutory Notifications	✓	✗	✗	On Joining	Actives
Early Leaver Information	✓	✓	✓	Sent with Deferred Benefit statement	Deferreds
Retirement Information	✓	✓	✓	Sent with retirement details	Pensioners
Payslips	✓	✓	✗	Monthly	Pensioners
Notice of Pensions Increase	✗	✗	✓	Annually (April)	Pensioners
Annual Pension Fund Report	✓	✓	✓	Annually	All
Actuarial Valuation Report	✓	✓	✓	Tri-annually	All
Pension Fund Committee	✓	✓	✓	Quarterly	All
Communication Policy	✓	✓	✓	Constantly available	All
Discretions Policy	✓	✓	✓	Constantly available	All

While these publications are reviewed within our timescales, these are also reviewed in conjunction with LGPS and other related legislation changes.



Pension Scheme Administration 2021-22 Final Report

Corporate Resources (COR) Overall Audit Opinion - Satisfactory

Process Areas & Finding Priority Levels	High	Medium	Low
1. Governance	-	-	2
2. Auto-enrolment and Refunds	-	-	-
3. Contributions	-	-	1
4. Reconciliations	-	3	1
Total	-	3	4

Auditor - Martin Doyle, Senior Principal Auditor

Audit Reviewer - Rich Clarke, Head of Assurance

Issue Date - 20/05/22

Executive Summary

Distribution

Interim Head of Payroll & Pensions – Audit Sponsor	Shida Ashrafi	Draft and Final
Pensions Manager	Samantha Harlow	Draft and Final
Treasury and Investments Manager	Chris Flower	Draft and Final
Senior Accountant	Tayla Riviere	Draft and Final
Head of Financial Strategy, Planning and Commercial	Katharine Nidd	Draft and Final
Director of Finance	David Austin	Draft and Final
Executive Director for Corporate Resources	Kathy Freeman	Final only

Key Dates

Terms of Reference	15/02/22
Start of Fieldwork	17/02/22
End of Fieldwork	11/03/22
Exit Meeting	21/03/22
Draft Report	25/04/22
Management Agreement	06/05/22
Final Report	20/05/22

Contact Details

Rich Clarke	Head of Assurance	020 8314 8730
Martin Doyle	Senior Principal Auditor	020 8314 9440

Executive Summary

1. Introduction

The Terms of Reference at the end of this report set out the audit background and service objectives. We report by exception. This means we have only detailed areas that would benefit from management action to improve internal control.

The Pension Scheme Administration 2020/21 final internal audit was issued on 10 May 2021 which recorded eight agreed actions to improve weaknesses in controls. Where these actions to improve controls have not been implemented in full, the ineffective controls have not been re-tested in this audit. Progress on the implementation of the high and medium actions are recorded in the Pension Scheme Administration 2020/21 follow-up report which are attached as an appendix to this report. The areas reviewed for this audit are:

- governance,
- auto-enrolment and refunds, and
- contributions, and reconciliations.

The overall audit assurance opinion is based on testing of these areas.

2. Assurance Opinion and Findings

Pension Scheme Administration 2021-22 has an assurance rating of Satisfactory.

The previous audit completed in 2020/21 had an assurance rating of Limited.

Our findings, divided by priority category, are as follows:

- 0 High priority findings,
- 3 Medium priority findings, and
- 4 Low priority findings.

3. High and Medium Priority Findings

- Officers did not investigate variances identified when reconciling Oracle Cloud Payroll and Oracle Cloud Ledger for employee and employer pension contributions. For the period April to November 2021 these unreconciled differences were £28,333 for employee contributions (0.75% of total employee contributions).
- Procedure notes have not been developed for all the different system reconciliations carried out by the Treasury and Investment Team.
- There is no effective reconciliation between Oracle Cloud Ledger and the pension system (Altair) for lump sum pension payments. The existing approach, which reconciled Ledger to a spreadsheet prepared by the Pension Administration Team, was not effective because the spreadsheet was incomplete and insecure.

4. Areas that worked well

We undertook a data analysis of all 4,545 employees receiving pensionable pay for the month of September 2021 and found that:

- exceptionally high accuracy for employee pension contributions of almost 99.98%; and
- the employer contributions for all employees were accurate.

5. Monitoring of management actions and follow-up reviews

Action owners should provide updates on progress with completing High or Medium priority agreed actions on the dedicated SharePoint site accessible [at this link](#). For High priority actions, please also provide supporting evidence to show the action is complete.

Findings and Management Action Plan for Pension Scheme Administration 2021-22

1 Finding - Governance			
<p><u>Discretions Policy Review</u></p> <p>The Council has reviewed its Discretions Policy in January 2019. While we did not identify any significant obsolescence, we note the policy itself calls for annual review.</p>			
Recommendation			Category
<p>Review the Discretions Policy.</p> <p>Determine the appropriate review frequency (or trigger points) for the Discretions Policy.</p> <p>Present the revised Discretions Policy to the Pensions Board for approval.</p>			Low
Management Response			
<p>We will review/update the Pension Funds Discretionary Policy every three years, unless there are changes to the Pension regulation that will impact the discretionary policy.</p>			
Ref	Agreed Action	Action Owner	Due date
01.1	Review the Discretions Policy.	Interim Head of Payroll and Pensions	31/12/22
01.2	Determine the appropriate trigger time or event for further Policy review and update the revised Policy.	Interim Head of Payroll and Pensions	Complete
01.3	Present the revised Discretions Policy to the Pensions Board for approval.	Interim Head of Payroll and Pensions	31/12/22

2 Finding - Governance

Out of Date of Communication Policy Statement

The Lewisham Pension Fund Communication Policy Statement is out of date as it omits any mention of the Member Self-Service Portal launched during 2021.

Recommendation	Category
<p>Update the Communication Policy Statement to reflect the launch of the Member Self Service Portal.</p> <p>The revised Statement should be presented to the Pensions Board for their review.</p>	Low

Management Response

Member self-service is live and we will update the communication policy, however in my view the policy does not have to be presented to the pension Board. PB has an oversight of all pension activities but not decision making power.

Ref	Agreed Action	Action Owner	Due date
02.1	Update the Communication Policy Statement to reflect the launch of the Member Self Service Portal.	Interim Head of Payroll and Pensions	30/09/22
02.2	Present the revised Statement to the Pensions Board for their review.	Interim Head of Payroll and Pensions	30/09/22

3 Finding - Contributions

Employee Pension Contribution Rates Accuracy

Through data analysis of 4,545 employees' pension contributions deductions for the month of September 2021, we found an accurate standard rate for 4,439 (98%) of employees. Sample testing of 20 employees from within the 2% of cases with non-standard rates identified two errors. One with a monthly overpayment of £9.22 (0.7% of pensionable pay), the other with a monthly overpayment of £50.47 (2% of pensionable pay).

In both cases the errors have meant individuals have had pay deducted incorrectly.

The Interim Head of Payroll and Pensions held that the error appeared on migration of these employee records from the previous payroll system to the new payroll system (Oracle Cloud) in April 2020. These employees were put on an employee contribution override percentage resulting in their contribution rate percentage being fixed incorrectly.

We are satisfied this error affected 10 employees in total, 2 we identified and 8 further who were outside our sample. Officers corrected the pension contribution rate for all 10 employees in the March 2022 payrun.

Recommendation

Category

Establish the extent of error for all the 10 employees.
Make appropriate remedial refunds to the employees concerned.

Low

Management Response

All 10 employees were correct on the 28/02/2022 and we will investigate and adjust accordingly all 10 employees contributions by 30/06/2022.

Ref	Agreed Action	Action Owner	Due date
03.1	Establish if the 10 employees have overpaid or underpaid employee pension contributions since April 2020.	Interim Head of Payroll and Pensions	30/06/22
03.2	Make good any employee pension contributions errors for the 10 employees.	Interim Head of Payroll and Pensions	30/06/22

4 Finding - Reconciliations

Employee and Employer Contributions Reconciliation

The reconciliations between Oracle Cloud Payroll and Oracle Cloud Ledger for employee and employer contributions are not complete. Specifically, they do not attempt to investigate and resolve differences. For the period April to November 2021 the variances for employee contributions were £28,333 (0.75% of total employee contributions) and £1,351 for employer contributions (0.01% of employer contributions).

Without a complete reconciliation the Council lacks assurance data has transferred completely and accurately between systems.

Recommendation Category

The Interim Head of Payroll and Pensions should liaise with the Treasury and Investment Manager to draw up procedures for investigating and resolving variances for employee and employer contributions reconciliations.

Medium

Management Response

In my view reconciliation and resolving variances is a responsibility Pension investment/accountancy team and that pension/Payroll team will support and provide any information or reports that is required.

Ref	Agreed Action	Action Owner	Due date
04.1	Liaise with the Treasury and Investment Manager to draw up procedures for investigating and resolving variances for employee and employer contributions reconciliations.	Interim Head of Payroll and Pensions / Treasury and Investment Manager	30/06/22

5 Finding - Reconciliations

Lump Sum Payment Reconciliation

There is no effective reconciliation between the pension system (Altair) and Oracle Cloud Ledger to verify data accuracy and completeness of lump sum payments. During 2021/22 officers instead reconciled to a spreadsheet prepared by the Pension Administration Team rather than with direct Altair output. We found that spreadsheet incomplete and insecure.

Recommendation	Category
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Stop using the spreadsheet, and instead carry out reconciliations direct between the Altair system and Oracle Cloud Ledger for lump sum pension payments.	Medium
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Management Response

We have agreed and provided read only access to the pension system to colleagues in the Pension Investment Team and in addition to that we will provide quarterly report to them in order that they can carry out the reconciliation.

Ref	Agreed Action	Action Owner	Due date
05.1	Stop using the spreadsheet, and instead carry out reconciliations direct between the Altair system and Oracle Cloud Ledger for lump sum pension payments.	Treasury and Investment Manager	30/06/22

6 Finding - Reconciliations

Reconciliation Procedures

There are no procedure notes directing the majority of reconciliations undertaken for pension data. Specifically, the following are missing guidance:

- Employee and employer reconciliation (Oracle Cloud Ledger to Oracle Payroll)
- Lump Sum payments (Altair to Oracle Cloud Ledger)

Recommendation	Category
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Document procedure notes for pension reconciliations.	Medium
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Management Response

Agreed

Ref	Agreed Action	Action Owner	Due date
06.1	Develop procedure notes for carrying out all relevant pension reconciliations. The procedures will include as a minimum: <ul style="list-style-type: none"> • Roles and responsibilities of Payroll and the Treasury and Investment Teams; • Frequency; • Approval requirements; and • Treatment of variances. 	Treasury and Investment Manager	31/07/22

Findings and Management Action Plan for Pension Scheme Administration 2021-22

7 Finding - Reconciliations			
<p><u>Reviewing Pension Fund Bank Account Reconciliations</u></p> <p>The pension fund bank account reconciliation uses an insecure Excel spreadsheet with no link to supporting evidence. There is also no check to bank account source data undertaken on review. These controls being absent increases the risk of error when completing the reconciliation.</p>			
Recommendation			Category
<p>Include direct link to source data within the reconciliation spreadsheet to support the reviewer in determining accuracy.</p>			Low
Management Response			
<p>Copies of source data will be provided to support the bank reconciliations.</p>			
Ref	Agreed Action	Action Owner	Due date
07.1	<p>Include a pdf copy of relevant bank statements (and screenshots of other direct evidence) within the reconciliation spreadsheet.</p>	Treasury and Investment Manager	30/06/22

2021/22-F02 – Pension Scheme Administration 2020/21 - Follow up

Corporate Resources (COR)

Summary of the follow-up of actions from the final Internal Audit report issued on 27/04/21. Detailed findings on page 2.

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No	Process Areas	No of High Actions	No of Medium Actions	Total	Implemented	In Progress	Not Actioned	No longer Applicable	Status
1	Contributions	1	-	1	-	1	-	-	0 out of 1 actions Implemented
2	Transfers in and out of the Pension Scheme	-	1	1	-	-	1	-	0 out of 1 actions Implemented
3	Pension Payments	-	1	1	1	-	-	-	All actions Implemented
4	Reconciliations	1	2	3	2	-	1	-	2 out of 3 actions Implemented
	Total	2	4	6	3	1	2	-	

Prior Year Audit Follow Up

Ref no. & Action	Progress Update on SharePoint	Status of Action on SharePoint & Owner	Internal Audit Conclusion
<p>1</p>	<p><u>Recommendation – High</u></p> <p>Investigate the reasons why employee contribution rates and employer contribution rates for active members who are on reduced pay as a result of child-related leave or sick leave are not based on the assumed pensionable pay.</p> <p>Ensure that employee contribution rates and employer contributions rates for active members on reduced pay due to sick leave and child related leave are in line with LGPS regulations.</p>		
<p><u>Action ref 01.1</u></p> <p>We will investigate the reasons why employee contribution rates and employer contribution rates for active members who are on reduced pay as a result of child-related leave or sick leave are not based on the assumed pensionable pay.</p> <p>Going forward we will ensure that employee contribution rates and employer contributions rates for active members on reduced pay due to sick leave and child related leave are in line with LGPS regulations.</p>	<p>13/05/2022 - Interim Head of Payroll and Pensions</p> <p>We have a raised a service request with our system suppliers last year when this was raised and it is still with them to be resolved.</p> <p>17/11/2021 - Interim Head of Payroll and Pensions</p> <p>We have raised a service request with our suppliers and we will ensure that this is resolved by the end of this financial year.</p>	<p>In Progress</p> <p>Interim Head of Payroll and Pensions</p>	<p><u>In Progress</u></p> <p>The Interim Head of Payroll and Pensions stated that due to a system issue, the payroll system was not using the correct employee pension contribution rate for some staff on child-related leave or sick leave.</p> <p>A service request was raised with the system supplier - Evosys to resolve the issue. However, the ticket is still to be resolved.</p> <p>Revised due date for implementation of action - 30/09/2022</p>

Prior Year Audit Follow Up

Ref no. & Action	Progress Update on SharePoint	Status of Action on SharePoint & Owner	Internal Audit Conclusion
3	<p><u>Recommendation – Medium</u></p> <p>Procedure notes should be developed for calculating member pension benefits on the pension system.</p> <p>Procedure notes should also be version controlled with the date the document was created, the last review date including any amendments to the document and next review date.</p>		
<p><u>Action ref 03.1</u></p> <p>Procedure notes will be developed for calculating member pension benefits on the pension system.</p> <p>Procedure notes will also be version controlled with the date the document was created, the last review date including any amendments to the document and next review date.</p>	<p>17/11/2021 - Interim Head of Payroll and Pensions</p> <p>I have had to prioritize and develop procedure notes for processing and paying AVC.</p> <p>We will now plan to write procedure notes for pension benefits next year.</p>	<p>In Progress</p> <p>Interim Head of Payroll and Pensions</p>	<p><u>Not Actioned</u></p> <p>The Interim Head of Payroll and Pensions stated that due to limited resources they had to prioritise other work and have been unable to develop procedure notes for calculating member pension benefits.</p> <p>Revised due date for implementation of action - 30/09/2022</p>

Prior Year Audit Follow Up

Ref no. & Action	Progress Update on SharePoint	Status of Action on SharePoint & Owner	Internal Audit Conclusion
4	<p><u>Recommendation – Medium</u></p> <p>A schedule for carrying out the life certificate exercise should be developed so that a risk-based selection of pensioners are corresponded with annually, in order to establish their continued existence.</p>		
<p><u>Action ref 04.1</u></p> <p>A schedule for carrying out the life certificate exercise will be developed so that a risk-based selection of pensioners are corresponded with annually, in order to establish their continued existence.</p>	<p>13/05/2022 - Interim Head of Payroll and Pensions</p> <p>We have put a plane in place to send targeted life certificate starting from 95 plus, 90 to 95, 85 to 90 and 80 to 85 and I can confirm that we have completed the first group already.</p>	<p>Implemented</p> <p>Interim Head of Payroll and Pensions</p>	<p><u>Implemented</u></p> <p>Evidence was seen that a spreadsheet is being maintained of all pensioners aged 95 and above who have been communicated with. For one selected pensioner on the spreadsheet, a copy of the life certificate letter sent to the pensioner on 5 May 2022 was provided.</p> <p>The Interim Head of Payroll and Pensions stated that the service is planning on corresponding with all pensioners aged 80 and above this financial year rather than staggering the life certificate exercise over multiple years.</p>

Prior Year Audit Follow Up

Ref no. & Action	Progress Update on SharePoint	Status of Action on SharePoint & Owner	Internal Audit Conclusion
6	<p><u>Recommendation – High</u> Assurance should be obtained that the monthly payments to pensioners on the payroll system are what was expected to be paid.</p>		
<p><u>Action ref 06.1</u> Assurance will be obtained on a monthly basis that the payments to pensioners on the payroll system are what was expected to be paid.</p>	<p>08/07/2021 - Interim Head of Payroll and Pensions All Pension payments to pensioners are calculated by one pension officer and checked by a second pension officer. All first pensions are input to the Oracle system by one pensioner payroll officer and checked by the second pensioner payroll officer. This makes it four times that the first pension amounts are checked.</p>	<p>Implemented Interim Head of Payroll and Pensions</p>	<p><u>Implemented</u> We found that a net pay variance report is produced monthly. The net pay variance report details pensioners whose monthly pension payment has changed from the previous month and average of the last two payments. For the months of February and March 2022, it was found that pensioners with net pay variances were investigated and the reason for variance was recorded on the report.</p>

Prior Year Audit Follow Up

Ref no. & Action	Progress Update on SharePoint	Status of Action on SharePoint & Owner	Internal Audit Conclusion
7	<p><u>Recommendation – Medium</u></p> <p>A report from payroll should be obtained of employee and employer contributions for June 2020. The payroll report should be reconciled to the general ledger. Any variances should be investigated and if possible rectified.</p> <p>Reconciliations should be signed and dated by the reconciler. There should then be an independent review and approval. The reviewer should sign and date the reconciliation as evidence of their approval.</p> <p>The reason and if applicable actions taken to resolve variances on reconciliations should be recorded.</p>		
<p><u>Action ref 07.1</u></p> <p>A report from payroll will be obtained of employee and employer contributions for June 2020 and the payroll to general ledger reconciliation will be re-performed.</p>	<p>Chief Accountant – 16/04/2022</p> <p>I believe this relates to the reconciliation between Altair & Pensions, which is being undertaken by the Pensions & Treasury team</p>	<p>In Progress</p> <p>Chief Accountant</p>	<p><u>Not Actioned</u></p> <p>We found that the original action owner has left employment of the Council and the action was not implemented.</p> <p>The action has been assigned to a Senior Accountant to re-perform the reconciliation.</p> <p>Revised due date for implementation of action - 30/06/2022</p>
<p><u>Action ref 07.2</u></p> <p>Going forward, reconciliations will be signed and dated by the reconciler. There will then be an independent review and approval. The reviewer will sign and date the reconciliation as evidence of their approval.</p>	<p>Chief Accountant – 16/04/2022</p> <p>I believe this relates to the reconciliation between Altair & Pensions, which is being undertaken by the Pensions & Treasury team</p>	<p>In Progress</p> <p>Chief Accountant</p>	<p><u>Implemented</u></p> <p>A review of three monthly pension fund bank account reconciliations (June, September and November 2021) found that the reconciliation had been signed and dated by the reconciler, and there was an</p>

Prior Year Audit Follow Up

Ref no. & Action	Progress Update on SharePoint	Status of Action on SharePoint & Owner	Internal Audit Conclusion
7	<p><u>Recommendation – Medium</u></p> <p>A report from payroll should be obtained of employee and employer contributions for June 2020. The payroll report should be reconciled to the general ledger. Any variances should be investigated and if possible rectified.</p> <p>Reconciliations should be signed and dated by the reconciler. There should then be an independent review and approval. The reviewer should sign and date the reconciliation as evidence of their approval.</p> <p>The reason and if applicable actions taken to resolve variances on reconciliations should be recorded.</p>		
The reason and if applicable actions taken to resolve variances on reconciliations will be recorded.			<p>independent review and approval. The reviewer had signed and dated the reconciliation as evidence of their approval.</p> <p>For each reconciliation tested, there was no variances.</p>

Audit Area	Pension Scheme Administration 2021/22-57
Directorate	Corporate Resources (COR)
Auditor	Martin Doyle, Principal Auditor
Date of Issue	15/02/22

1. Background and Objective of the Service

The London Borough of Lewisham Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS). The Fund was established under the Superannuation Act 1972, which requires the Council to maintain a Pension Fund for its own employees and employees admitted to the Fund under an admission agreement. It is governed by the Public Service Pensions Act 2013, and administered in accordance with secondary legislation including the Local Government Pension Scheme Regulations 2013.

Lewisham Council is the administering body for the Fund. Members of the Fund include employees of the Council including non-teaching staff in Lewisham schools, eight active scheduled bodies and 17 active admitted bodies. As at 31st March 2021 there were 26,882 members of the Fund; 6,928 of these were active, 11,865 deferred and 8,089 retired. For the financial year 2020/21 total contributions paid into the Fund by the Council (employees and employer contributions) was £37.12m. Benefit payments out of the Fund by the Council for 2020/21 totalled £48.06m, this was made up of; pensions £41.86m; lump sums retirement allowances £4.72m; and lump sums death grant £1.47m.

Scheme member administration and pensioner administration is undertaken by an in-house Pension Team. The Pension Team deals with all aspects of pension administration except investments. Pension administration during 2020/21 was carried out by five full time equivalent staff.

The LGPS is a defined benefit scheme. Benefits are based on pensionable pay and length of membership of the scheme. They are not dependent on the investment performance of the Pension Fund. Instead, the benefit levels are set out in the Pension Scheme Regulations.

New employees who are eligible are automatically brought into the LGPS. Active members are required to make pension contributions, which are set by legislation at rates between 5.5% and 12.5% of pensionable pay (which also includes non-contractual overtime), depending on the employee's pay band. An independent actuary assesses the contributions, which the Council is required to make. These contributions have been calculated to enable future commitments of the Fund, based on expected income and expenditure levels to be met.

The objective of the service are to ensure that pension contributions are collected from all active members, pension benefits are paid accurately and on time to all eligible pensioners and transactions are properly recorded in the underlying systems and accounts.

2. Purpose of the Review

The purpose of this internal audit is to provide an opinion on the effectiveness of the controls in place to achieve the objectives of the service. If applicable, Internal Audit will make recommendations to management on how to improve the control framework.

3. Limitations to the Audit

The Council has delegated the investment arrangements of the Fund to the Pensions Investment Committee (PIC). A review of pension fund investments will not be carried out in this audit.

4. Processes and Associated Risks

1 Governance

Where an effective Pension Board is not in place to secure compliance with the Local Government Pension Scheme Regulations and any other legislation relating to the governance and administration of the Scheme, there is a risk that non-compliance with regulations and legislation is not promptly identified and corrected. This could result in a fine and associated reputational damage to the Council. In addition, where relevant policies and procedure notes for the Pensions Service are not in place or regularly reviewed, there is a risk that the policies and procedures are no longer appropriate leading to staff being unaware of their roles and responsibilities and developing inconsistent working practices.

2 Auto-enrolment and Refunds

Where adequate controls are not in place to automatically enrol eligible employees into the local government pension scheme will result in the Council failing to comply with legislation. In addition, where adequate controls such as segregation of duty are not in place for refunding scheme leavers employee contributions, there is a risk that fraud or error is not detected and prevented. This could result in a financial loss to the Council.

3 Contributions

Where adequate controls are not in place to deduct employee pension contributions accurately in accordance with regulations, there is a risk of under payment of contributions. This could result in insufficient funding to meet the long term liabilities of the Fund.

4 Transfers in and out of the Pension Scheme

Where adequate controls are not in place for transfer value calculations, there is a risk of incorrect assessment of liabilities for pensions transferred in or overpayment of funds out of the Fund. This could result in financial loss for the pension fund.

5 Pension Payments

If pension payments (whether lump sum or regular payments) are not paid accurately and on time to the right pensioners, there is a risk of over or underpayments or delay. This could result in financial loss to the Fund or pensioners suffering financial hardship.

6 Reconciliations

Where a regular reconciliation is not carried out between the pensions system and payroll system in order to ensure that the payment amounts on the pensions system agree to what was actually paid through payroll, there is a risk discrepancies are not identified in a timely manner and investigated. This could result in overpayments and a financial loss, or failure to properly account for pension payments.

5. Areas to be Reviewed

1. Governance

Testing will be carried out to confirm that:

- A Pension Board has been established and an adequate terms of reference (ToR) for the Board has been developed;
- Meetings of the Board are held in accordance with the ToR;
- Minutes of the Board are taken and retained on file along with any reports presented to the Board;
- A Discretions Policy and Communication Strategy has been developed, recently reviewed and published; and
- Documented and up to date procedures are in place for the main processes of the Pensions Service.

2. Auto & Re-enrolment, and Refunds

To evaluate the effectiveness of the processes and procedures in place for:

- Automatically enrolling new employees into the local government pension scheme (LGPS);
- Automatically re-enrolling employees into the LGPS who have opted-out for over three years; and
- Refunding employee contributions for workers who have opted out of the LGPS.

3. Contributions

Testing will be carried out to verify the following key controls:

- Employee contribution banding and rates, and employer contribution rates are accurately input onto the payroll system;
- Accurate employee pension contributions are deducted from salaries;
- Employer contributions are calculated accurately;
- Employee and employer contributions for workers on reduced pay due to child related leave and illness are calculated accurately using assumed pensionable pay; and
- All deductions and employer contributions are paid over accurately, completely and promptly to the Fund.

4. Reconciliations

To assess the adequacy of the controls in place for carrying out relevant reconciliations such as:

- Reconciliation between records held on the Pensions system Altair and the payroll system;
- Reconciliation between the lump sum payment spreadsheet and the general ledger;
- Reconciliation between employee and employer contributions on the payroll system and the general ledger; and
- Pension fund bank account reconciliation.

Testing will be carried out to confirm that the variances are investigated and if possible resolved, and reconciliations are signed off as accurate by the reconciler and approver.

6. List of Requirements

To help us with this audit we would be grateful to receive the following:

- Procedures for setting up / auto enrolling new members into the LGPS;
- A report of all opt-outs from the LGPS for the period 01/02/2021 – 31/01/2022;
- Procedures for refunding employee pension contributions to employees that have opted out of the LGPS.
- A report of all employee contribution refunds for the period 01/02/2021 – 31/01/2022. If possible can the report be split between employees who have been in the LGPS for less than three months and between three months and two years;
- A report of the employee bandings and rates, and employer contribution rates input onto the payroll system for the financial year 2021/22; and
- A payroll report for September 2021 of all employees in the LGPS including:
 - Their gross salary;
 - Their employee pension contribution amount; and
 - The employer contribution amount.
- A report of all employees who are currently buying additional pension; and
- A report of all employees who are currently paying additional voluntary contributions.

7. Distribution list

Service Group Manager, Pensions and Payroll – Audit Sponsor	Shida Ashrafi	Draft and Final
Pensions Manager	Samantha Harlow	Draft and Final
Treasury and Investments Manager	Chris Flower	Draft and Final
Head of Financial Strategy, Planning and Commercial	Katherine Nidd	Draft and Final
Director of Finance	David Austin	Draft and Final
Head of Assurance	Rich Clarke	Draft and Final
Executive Director for Corporate Resources	Kathy Freeman	Final Only

8. Milestone Dates

Audit Start Date	14/02/22
Expected End Date	28/02/22

Expected Draft Report Date 28/03/22

Expected Final Report Date 17/04/22

9. Declaration

The auditor(s) have declared in relation to this review, that they have no known impairments to their independence, that they will remain impartial throughout the review and have no conflicts of interest.

Explanations for Assurance Opinion

Each 'assurance' internal audit review is assessed with an opinion on the standard of controls in place based on the fieldwork conducted. The following table explains:

Assurance Opinion	Definition
Substantial	A strong framework of controls is in place to ensure that the service area is likely to achieve its objectives. The controls in place are consistently applied or with only minor lapses.
Satisfactory	A sufficient framework of controls is in place, but could be strengthened to improve the likelihood of the service area achieving its objectives. The controls in place are applied, but with some lapses.
Limited	There are insufficient controls in place. This increases the likelihood of the service area not achieving its objectives. Where controls do exist, they are not consistently applied.
No Assurance	The framework of controls is inadequate. This significantly increases the likelihood that the service area will not achieve its objectives. Where controls do exist, they are not applied.

Definition of Category of Finding

Internal Audit rates each finding as High, Medium or Low. This rating indicates to management the risk exposure from issues identified in the audit and the importance of implementing actions associated with the finding.

Rating	Definition
High	It is crucial that actions are completed. This will ensure that the service area will significantly reduce the risk of not meeting its objectives.
Medium	Completion of this action should be as soon as possible, to improve the likelihood of the service area meeting its objective.
Low	Completion of this action would enhance control or improve operational efficiency.

Update your Actions - link to site

If you need to provide an update on progress towards completing your High and Medium actions please click [here](#)

This report is prepared solely for the use of senior management and members of Lewisham Council. This report should not be quoted or referred to in whole or in part without the prior consent in writing of the Head of Assurance, London Borough of Lewisham. This internal audit was conducted in line with the Public Sector Internal Audit Standards. The findings and conclusions are based on the results of testing carried out within the scope of the Terms of Reference at the time of the audit, and were reached on the understanding that :

- Service management is responsible for the design and operation of internal controls within the Council.
- The matters raised in this report are only those that came to our attention during the course of our internal audit work.
- Our internal audit work does not provide an absolute assurance that material errors or fraud do not exist and as such should not be considered as a substitute for management controls.

Knowledge and Training Policy: Lewisham Pension Board June 2022

Legal requirements

A member of the Pension Board of a public service pension scheme must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a Pension Board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

Training policy

It is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.

Areas of knowledge and understanding required

Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.

They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.

In terms of documented administration policies, the following are examples of administration policies which the Regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category:

Any scheme-approved policies relating to:

- conflicts of interest and the register of interests
- record-keeping
- internal dispute resolution
- reporting breaches

- maintaining contributions to the scheme
- the appointment of pension board members
- risk assessments / management and risk register policies for the scheme
- scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures
- the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
- terms of reference, structure and operational policies of the pension board and / or any sub-committee
- statements of policy about the exercise of discretionary functions
- statements of policy about communications with members and scheme employers
- the pension administration strategy, or equivalent, and
- any admission body (or equivalent) policies.
- Policies relating to funding and investment matters. For example, they must be conversant with the statement of investment principles and the funding strategy statement.

Pension Board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:

- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
- statements of assurance (for example, assurance reports from administrators)
- third party contracts and service level agreements
- stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues
- scheme annual reports and accounts
- accounting requirements relevant to the scheme
- audit reports, including from outsourced service providers, and
- other scheme-specific governance documents.

Degree of knowledge and understanding required

Pension Board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension Board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.

Pension Board members should be able to identify and where relevant challenge any failure to comply with:

- the scheme regulations
- other legislation relating to the governance and administration of the scheme
- any requirements imposed by the Regulator, or

- any failure to meet the standards and expectations set out in any relevant codes of practice issued by the Regulator.

Pension Board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.

Acquiring, reviewing and updating knowledge and understanding

Pension Board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Newly appointed Pension Board members should be aware that their responsibilities and duties as a Pension Board member begin from the date they take up their post. Therefore, they should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration of the scheme and relevant pensions law.

Pension Board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.

Learning programmes are flexible, and Lewisham Council will assist in acquiring the provision of relevant training.

The Regulator provides an e-learning programme to help meet the needs of Pension Board members, it is a requirement of Pension Board members to utilise this tool and document progress made on the learning modules. Definite and reasonable timescales must be set for members to complete the learning modules on the Regulator's website.

The link is provided below:

<http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx#s16691>

APPENDIX**Lewisham Pension Board - Work Programme**

	OPERATIONAL	Officer leading	Qtr 2 June 2022	Qtr 3 - Sept 2022	Qtr 4 Dec 2022	Qtr 1 - Mar 2023
1	Draft Pension Fund Statement of Accounts	KN		X		
2	Pension Fund Annual Report (must be published by 1 December): Includes: <ul style="list-style-type: none"> Administration update (including KPI monitoring) Final Statement of Accounts Pension Board Annual Report Governance Compliance Statement 	KN			X	
3	Pension Fund Internal Audit Report	SA	X			
4	Monitoring of Investment Performance: see <i>Hymans Robertson Performance Reports reported to PIC</i>	KN	X	X	X	X
5	Triennial and Interim Actuarial Valuations	SA		X	X	
6	Progress Reports on the Arrangements for Pooling	KN	X	X	X	
7	Risk Management Policy	Both		X		
8	Risk Register	Both		X	X	
9	Data improvement plan required	SA		X		

10	Processes in place to establish internal controls i.e. arrangements and systems procedures to be followed in the administration and management of the scheme	SA	X			
11	Board's Learning Needs and Training	KN	X	X	X	X
12	Knowledge and Training Policy - update the December 2017 version, then publish on the web site (and publish the training log on website or in Annual Report)	KN	X			
13	Process to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period	SA	X			
14	Design and deliver communications in a way that ensures scheme members are able to engage with their pension provision including the publishing of Policy Statements	SA		X		
15	Internal Disputes Resolution Policy: Information for members to show the procedure and process to apply for a dispute to be resolved including: - to highlight or consider whether a dispute is exempt and who it applies to - who the specified person (stage 1) is - the timescales for making applications - who to contact with a dispute - the information that an applicant must include - the process by which decisions are reached?	SA		X		

	STRATEGIC Policies, where available, can be found at the following site: https://www.lewishampensions.org/resources/	Officer leading	Qtr 2 Jun 2022	Qtr 3 Sept 2022	Qtr 4 Dec 2022	Qtr 1 Mar 2023
16	Funding Strategy Statement: Oversight Must be updated at least every 3 years (in line with the triennial valuation)	SA			X	
17	Terms of Reference and Membership of the Board Should be reviewed at least annually, and then published on the website	SA				
18	Administration Strategy <i>(To be created)</i>	SA			X	
19	Breaches of Law Policy <i>(To be created)</i>	SA	X			
20	Governance Compliance Statement <i>(To be created)</i>	Both			X	
21	Discretions Policy	SA	X			
22	Conflicts of Interest Policy – update the March 2018 version, then publish on the web site (including publication of the declarations of interest)	KN	X			
23	Code of Conduct Policy – March 2018 + web site Should be reviewed at least every 3 years, preferably annually	KN	X			