



SUMMONS AND AGENDA

PENSION BOARD

Date: MONDAY, 11 MARCH 2024 at 2.00 pm

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

**Enquiries to
Email: jasmine.kassim@lewisham.gov.uk**

MEMBERS

Stephen Warren
Gary Cummins
Rowann Limond
Mark Adu-Brobbey
Sherene Russell-Aleexander

Members are summoned to attend this meeting

A handwritten signature in black ink, appearing to read "Jeremy Chambers".

**Jeremy Chambers, Monitoring Officer
Laurence House
Catford
London SE6 4RU
Date: Thursday 29 February 2024**

ORDER OF BUSINESS – PART 1 AGENDA

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Lewisham

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private

Agenda Item 1

PENSION BOARD		
Report Title	Minutes	
Key Decision		Item No. 1
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 11 March 2024

Recommendation

That the Minutes of the meeting of the Pension Board, which was open to press and public, held on 15 December 2023 (copy attached) be confirmed and signed as a correct record.

MINUTES OF THE PENSION BOARD

Friday, 15 December 2023 at 11.30 am

PRESENT: Stephen Warren and Mark Adu-Brobbey .

MEMBER(S) PRESENT REMOTELY: Sherene Russell-Alexander

OFFICER(S) PRESENT IN PERSON: Chris Flower (treasury & Investment Manager); Shida Ashrafi (Pensions & Payroll Service Group Manager), Samantha Harlow (Pensions & Payroll Manager), and Jasmine Kassim (Senior Committee Manager)

OFFICER(S) PRESENT REMOTELY: Katherine Nidd (Director of Finance) and Tony McGuinness (Head of Financial Strategy, Planning and Commercial).

Apologies for absence were received from Mark Booker and Gary Cummins.

1. Minutes

RESOLVED that the Minutes of the meeting of the Pension Board held on 25 September 2023 be confirmed, agreed, and signed as an accurate record.

2. Declaration of Interest

No interest was declared at the meeting.

3. Breaches Log

The Board received an update report relating to the Breaches Log, and a confirmation from the Treasury and Investment Manager that there had been no occurrence of a breach since the last meeting.

RESOLVED that the report be noted.

4. Action Log

The Board received an update report relating to the Action Log, and confirmation from the Treasury and Investment Manager that the list of planned items was related to actions that had been completed, and that outstanding actions formed aspects of the "General Update" and the "Work Programme" reports for consideration later at the meeting.

RESOLVED that the report be noted.

5. Training Log and Forthcoming Training and Events

The Board noted the following updates regarding the Training Log:

- That the new member, Mark Adu-Brobbey, had reported that he had undertaken three hours of training via the Pensions Regulator's dashboard and would be completing the remainder of his training, as he was keen to ensure currency of his knowledge and skills regarding workplace pensions.

- That the Chair, Stephen Warren, recently participated in additional training by virtue of his role as a trustee of another occupational pension scheme. Stephen confirmed that his recent training was significantly relevant to the terms of reference of the Board, and that he would send the details of the record to the appropriate officers within Lewisham Council.

The Board also received confirmation as follows:

- That discussions were underway to invite members of the Pensions and Investment Committee to forthcoming events, and that the details would be circulated in the new year.
- That the Pensions Regulator expected that training should be completed within six months by individuals joining as trustees of occupational pension schemes. The Chair encouraged new members to increase their knowledge and understanding using the Trustee toolkit.

RESOLVED that the report be noted.

6. General Update - Part One

The Treasury and Investment Manager presented an update report relating to the work of the Board that arose since the last meeting on the following matters:

(1) Draft Annual Report and Accounts 2022/23

The Board considered the updates, and noted the following:

- That the Council's external auditors, Grant Thornton, were finalising their work on the 2022/23 Accounts.
- That the draft annual Pension Fund report for the period was subjected to audit adjustments and would be presented at the next meeting of the Pension Investment Committee (PIC) prior to presentation to the Board for consideration and subsequent resubmission to the external auditors for their consistency opinion.

In response to a question, Officers clarified to the Board as follows:

- That the delay in signing the Pension Fund report was because the Technical Review Team and the Audit Team made a couple of queries about valuation and sought additional statements, and that there was nothing substantive to suggest that materiality had impacted on the accounts.

(2) Draft Administrative Strategy (AS) and Data Improvement Plan (DIP)

The Board considered updates relating to the draft AS and DIP, and noted the following:

- That both documents were reviewed by officers and revised to reflect comments made at the last Board meeting, and that the next steps

would involve meetings with data suppliers, training for staff in the use of new tools, and the development of a project plan with formulated deadlines.

- That the Administrative Team and the Investment Team had respective roles in the development of the AS and the DIP, and how the duties were working together were outlined in the report.
- That the Council was satisfied that the AS was within the expected thresholds in relation to current processes, both in terms of materiality and time-in value.

The meeting noted requests from Officers for more ideas and suggestions to inform future updates, and the Board's view was that to further understand current processes:

- Officers should produce a project plan and data development pointers with indicators of priorities, dependencies, and expertise.
- The plan should include potential risks, targets and timescales using the pensions industry's benchmark and the Pensions Regulator's levels for consideration as an agenda item at the next meeting of the Board.
- There should be clarification in regarding timescales and long-term targets of the measures of data quality, and explanations about how achievements would be monitored.
- That additional information about what ongoing measures would be, such as targets for the number of missing addresses, rather than simply having the baseline right would be welcomed.
- That revisions to draft or 'live' documentation should always be circulated with control pointers to highlight comparisons between earlier versions.
- That while it was understood that some elements of data quality were more important than others, officers should identify the prioritising elements in terms of expected achievements.
- That some data fields could be developed to identify satisfaction levels, probably by traffic lighting the different data development to aid understanding about priorities, dependencies, and expertise, with an explanation about the rationale for prioritising the various elements.

Action:

To circulate the next updated AS and DIP drafts to the Board for comment when submitting to PIC.

(3) **Policy for Reporting Late Payment of Contributions**

The Board considered and noted the updates in the report.

Action:

To report back to the next meeting, outlining efforts and actions applied to identify repeated offenders of late

payments; to include measures and formalised escalation routes,

(4) **Climate Transition and Net Zero Policy**

The Board noted the following:

- That the policy developed by PIC was divided into four areas and would operate as a 'live' document.
- That the baseline and alignment were considered in the development of the policy to assess the Investment Strategy against the carbon budget pathway and other metrics.
- That the recommendations for more effective climate-related disclosures would aid further informed decisions to enhance stakeholders' understanding about the concentrations of carbon-related assets and exposures to climate-related risks.

In response to questions raised, the Board was advised as follows:

- That the policy, subject to amendments, would enable PIC to balance the ensuing climate considerations within the expected responsibility of the fund as part of the quarterly evaluation process with individual fund manager's performance.
- That the external auditors used the Storebrand baseline exercise at the start of the 2023 evaluation period.
- That officers also applied the Storebrand approach to the 2019 common baseline of the low carbon and energy mandates that drove much of the activities through 2021/22. Thus, the draft action plan detailed how officers achieved the ambition and intent of the policy alignment with the annual baseline and reporting period.
- That because of the different classes of carbon reduction, not all the data were available at the time of reporting as much of the contents were related to net zero climate ambition. It was stated that given that the policy would be considered on a regular basis within its scope, it would be updated as data becomes available across funds.

(5) **Risk Register**

In considering the update report, the Board:

- Noted the varying movements in the category of risk. It was understood that two of the risks had not improved, but three had, and that a total of nine reached their target score.
- Commented on the thought process, and highlighted its observation that there were no additional requirements or faults recorded in the report to highlight the reasons for the latest changes.

Action:

To ascertain whether there should be additional controls and outline reasons for tolerating the risks

when reviewing existing controls.

(6) Pension Board Representation

The meeting noted Mark Booker's appointment as the new employer representative, and the Chair, Stephen Warren, gave a warm welcome on behalf of members of the Pension Board.

RESOLVED that the report be noted.

7. Work Programme

The Board received and endorsed the Work Programme report. The Board reiterated that among the listed items, the Data Improvement Plan and the Administrative Strategy would be considered at the next meeting.

RESOLVED that the report be noted.

8. Any Other Business - Verbal

There was no other business for consideration.

9. Future Meeting Dates

The provisional dates relating to future meetings of the Board were noted as follows:

11 March 2024
18 June 2024

RESOLVED that the provisional dates of meetings be noted.

10. Exclusion of Press and Public Notice

It was recommended that under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations.2006:

Item 11. General Update – Part Two.

11. General Update - Part Two

The Board noted and considered aspects of Part Two of the report, and that in terms of investment monitoring, officers considered overall performance, monitoring of individual funds, and the longer-term trends.

The Board reiterated that for members to measure against policies, strategies and engagement results, future update reports should include some elements of quantifiable targets and description of activities against monitoring trends.

The meeting closed at 12.40 pm.

Agenda Item 2

PENSION BOARD		
Report Title	Declarations of Interest	
Key Decision		Item No. 2
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 11 March 2023

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.

PENSION BOARD			
REPORT TITLE	Pensions Board – Breaches Log		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Shida Ashrafi - Interim Head of Pensions and Payroll		
CLASS	Part 1	Date:	11 March 2024

1. Breaches Log

1.1 To Note that there were no breaches to report.

Agenda Item 4

Rolling Actions Log

As at March 2024

No.	Date of meeting	Action from Meeting	Owner	Comments	Expected date of completion	Date completed
1	December 2023	Policy for reporting and monitoring Late Payments Policy	TM/SA	The Policy has not been completed so moved to the next meeting	March 2024	March 2024
2	December 2023	Administration Strategy	SA	Draft report to be presented at the September 2023 meeting	June 2024	
3	December 2023	Data improvement plan	SA	Update will be provided in General Report	June 2024	
4	December 2023	Risk Register	TM	To ascertain whether there should be additional controls and outline reasons for tolerating the risks when reviewing existing controls.	June 2024	
5						
6						
7						
8						

Agenda Item 5

Lewisham Pension Board

Training Log (from March 2022 to date)

	Date	Organiser	Event	Hours
<u>Chair</u> Stephen Warren	April 2022	Pension Regulator	Pension Regulator Toolkit	7.0
	April 2022	Pension Regulator	Pension Scams	1.0
	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0
	25/09/2023	LCIV	Governance and Internal Controls	1.0
<u>Employee Rep</u> Sherene Russell-Alexander	03/03/2023	Katharine Nidd	Induction	1.0
	25/09/2023	LCIV	Governance and Internal Controls	1.0
	30/01/2024	Pension Regulator	Pension Scams	1.0
	30/01/2024	Pension Regulator	Conflicts of Interest	1.0
	30/01/2024	Pension Regulator	Managing Risks and Internal Controls	1.0
	31/01/2024	Pension Regulator	Maintaining Accurate Member Data	1.0
	01/02/2024	Pension Regulator	Maintaining Member Contributions	1.0
	01/01/2024	Pension Regulator	Providing Information to Members and Others	1.0
	02/02/2024	Pension Regulator	Reporting breaches of the law	1.0
	02/02/2024	Pension Regulator	Resolving Internal Disputes	1.0
	02/02/2024	Pension Regulator	Completed – Pension Regulator Toolkit	
<u>Employee Rep</u> Gary Cummins	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0
	25/09/2023	LCIV	Governance and Internal Controls	1.0
<u>Employer Rep</u> Mark Adu-Brobbe	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0
	26/06/2023	Pension Regulator	Pension Regulator Toolkit	7.0

	25/09/2023	LCIV	Governance and Internal Controls	1.0
<u>Mark Booker</u>	12/12/2023	Pension Regulator	Pension Regulator Toolkit	3.0

Member Progress against the Pension Regulator's Toolkit

Module	Stephen Warren	Sherene Russell-Alexander	Gary Cummins	Mark Adu-Brobby	Mark Booker
Core modules					
Conflicts of interest	Pass			Pass	
Managing risk and internal controls	Pass			Pass	
Maintaining accurate member data	Pass			Pass	
Maintaining member contributions	Pass			Pass	
Providing information to members and others	Pass			Pass	
Resolving internal disputes	Pass			Pass	
Reporting breaches of the law	Pass			Pass	

Suggested Training and Events

Date	Time	Event	Organiser	Location	Cost & additional information	Web site
Anytime		The Pension regulator's Toolkit	The Pension Regulator	Online	Free	https://trusteetoolkit.thepensionsregulator.gov.uk/
13/03/2024	All day	Local Authority Pension Funds' Annual Investment Conference	SPS Conferences	London	Free	https://10times.com/sps-investment
19/03/2024	13.30 – 18.00	Rethinking Climate-Driven Investing	SGPE	London	Free	Rethinking Climate-Driven Investing
20/03/2024	All day	Sustainability Investment Summit	Perspective Publishing	The Waldorf Hilton, London	Free	https://www.spsconferences.com/conference-details-april-16-2024
16/04/2024	All day	SPS Alternative and Real Asset Investments Conference	SPS Conferences	Royal College of Surgeons, London	Free to attend via website	SPS Alternative and Real Asset Investments Conference
23-24 April 2024	Two days	LGPS Pooling Symposium	LAPF	Andaz Hotel, London	Free Delegate places	LGPS Pooling Symposium 23-24 April 2024
14/05/2024	All day	DC Strategic Summit	LAPF	Andaz Hotel, London	Free Delegate places	DC Strategic Summit 14/05/2024
5/06/2024	All day	Investment Innovation Summit	LAPF	Landing Forty Two, London	Free Delegate places	Investment Innovation Summit 05/06/2024
1-3 July 2024	All day	LAPF Strategic Investment Forum	LAPF	The Grove, Hertfordshire	Free Delegate places	LAPF Strategic Investment Forum 1-3 July 2024
11/07/2024	All day	SPS Alternative and Real Asset Investments Conference	SPS Conferences	Royal College of Surgeons, London	London	https://www.spsconferences.com/conference-details-july-11-2024



Pension Board

Report title: General Update – part 1

Date: 11 March 2024

Key decision: N/A

Class: Part 1

Ward(s) affected: N/A

Contributors: Tony McGuinness – Interim Head of Financial Strategy, Planning and Commercial
Shida Ashrafi - Interim Head of Pensions and Payroll

1. Summary

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

2. Recommendations

- 2.1. Members are recommended to:
- note the Reporting and Monitoring Policy for payment of contributions.
 - note the update on the draft Administration Strategy
 - note the update on the Data Improvement Plan
 - note the Government Consultation on LGPS Pension Funds
 - note the New General Code of Practice from the Pensions Regulator

Current Considerations

3. Reporting and Monitoring Policy for Payment of Contributions

- 3.1. This policy (see Appendix 2) documents the procedures on how the Admitted and Scheduled bodies pension schemes are set up and how their payments and returns are monitored.
- 3.2. The policy sets out how the payments are received and reconciled to the Admitted and Scheduled Bodies returns to ensure that the correct employees and employers contributions are paid.
- 3.3. The policy also set out the definition of what is a material payment and the course of

action to be taken if payments are not received.

- 3.4. If the payments are not received this is reported to the Director of Finance and then reported to the the Pension Regulator and members.

4. Update on the Draft Administration Strategy

- 4.1. The draft Administration Strategy was reviewed at the last pension board meeting.
- 4.2. The comments from the last pension board have been reviewed and the report has been updated.
- 4.3. The draft Administration Strategy will be presented to the next meeting of the Pension Investment Committee in June 2024.
- 4.4. Once the draft Administration Strategy has been approved by the Pension Investment Committee it will be brought back to the Pension Board.

5. Update on the Data Improvement Plan

- 5.1. Officers have been delayed in implementing the new software system for the Data Improvement Plan by issues with the supplier and our IT system. This has been escalated to senior officers as this delay may have an impact on Lewisham pension funds readiness for the Pension dashboard .

6. Other Pensions Business

- 6.1. The Pension Administration team sent out 1800 Life Certificates to all Pensioners from the age of 80 to 95. We are still waiting for 139 returns and the pension payments will be suspended for April's Pension payroll for all those not returning their life certificates.

7. Government Consultation on LGPS Pension Funds

- 7.1. The main points are:
 - Increased scale, with a smaller number of pools in excess of £50bn of assets, to achieve further fee reductions and access to larger investment projects. Merger may be required for any pools which remain below £50bn even after all assets are pooled.
 - All liquid assets to be pooled by 31 March 2025, with a preference for assets to be under pool "ownership", rather than the pool serving an oversight role. Pooling of illiquid assets is also to be considered within this timeframe, but no firm deadline has been set for these.
 - In-house investment management within the pools to grow, reducing or removing the additional layer of third-party manager fees.
 - Pools to specialise and collaborate, with funds to access in-house management in specific investment areas in other pools if their own pool doesn't provide this. Competition between pools is explicitly discouraged.
 - Increased reporting by funds of progress on pooling assets in the Investment Strategy Statement and annual report, including explanations for assets that are not intended to be pooled.
 - The setting of investment strategy is to remain with administering authorities, but with this defined as the "broad instruction regarding asset classes and level of risk". The implementation decisions below that broad definition are to be delegated to pools, including the ability to move quickly with assets as

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opportunities arise. The consultation also states that pools should be “actively advising funds regarding investment decisions, including investment strategies”.

- Formal training of pension committee members will be required, with regular reporting of training undertaken.
- Increased transparency of reporting of assets held by funds, with greater detail on asset allocation and pooling progress in annual reports and by the LGPS Scheme Advisory Board.

Meeting with the LGPS Minister Simon Hoare MP

- 7.2. Last month the LAPFF (Local Government Pension Fund Forum) hosted an online meeting with the LGPS minister, Simon Hoare MP. The minister said that now the local government settlement was out of the way he would be concentrating on the reforms to the LGPS pensions funds.
- 7.3. The minister covered the issue of pooling and the expectations that had been outlined in the Chancellor’s Mansion House speech. He stated that there was a comply or explain approach, but wanted to see funds complying.
- 7.4. He said that he wanted to work with the LGPS, to continue to engage with the APPG (All Party Parliamentary Group) and outlined his intention to hold a series of roundtables in the coming weeks with the sector, which could cover the idea of having fewer funds outlined in the government’s response to the recent consultation. He acknowledged that there had been some disquiet around the 5% figure allocated for levelling up. He noted in questions that fiduciary duties had always to be met, but that there was an opportunity to deliver public benefit from public pension funds.
- 7.5. He outlined plans for revised guidance for funds to publish formal training policies for committee members, updating statutory guidance on enhanced conflicts of interest policies and updating guidance on annual reporting.

8. New General Code of Practice from the Pensions Regulator

- 8.1. A new general code of practice issued by The Pensions Regulator (TPR) should help improve the operation of pension schemes and manage risk for both members and trustee boards, an expert has said.
- 8.2. TPR’s new general code – which consists of 51-topic based modules- has been laid before parliament and is expected to come into force on 27 March 2024. TPR recently published its final response to a consultation on the new code, explaining some of the main changes compared to previous drafts. Its aims are to improve pension scheme governance and consolidate 10 of the regulator’s existing codes, updating them as well as adding new requirements for schemes.
- 8.3. New obligations include a requirement to establish an effective system of governance (ESOG) and, for schemes with 100 members or more, to complete their own risk assessment (ORA) to examine the effectiveness of the ESOG, note any risks and determine how these potential risks are mitigated. TPR expects that ORA will be a more straightforward project for pension schemes under the new general code. For example, schemes will not be required to duplicate work where existing risk assessments already fulfil ORA expectations.
- 8.4. The code will also provide organisations with greater flexibility on timing, meaning they can use their own timetable provided the entire ORA is completed at least every three years. The deadline for the first ORA is now as set out in regulations, to allow at least 12 months from the last day of the scheme year beginning after the code takes effect, and longer in many cases. Greater control of scheme risk for members, trustees and corporate sponsors aims to help reduce member complaints, costly settlements and corporate reputational damage.

8.5. TPR has confirmed that the new ESOG requirements are predominantly a rebadging of things well-run schemes should be doing already, and the ESOG can incorporate existing policies and procedures. The final code includes some other key changes following consultation – for example,

- the proposed 20% cap on unregulated investments has been removed; the two-year period for reviewing service appointments has been extended to three years;
- there is confirmation that TPR expects changes to registrable information to be made as soon as reasonably practicable and not at the next scheme return.
- Schemes are also encouraged to consider their diversity and inclusion practices in a number of code modules.

8.6. The changes will likely take time to implement but planning is already in progress.

9. Financial implications

9.1. There are no direct financial implications arising from this report.

10. Legal implications

10.1. There are no direct legal implications arising from this report.

11. Crime and disorder implications

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

12. Climate change and environmental implications

12.1. There are no climate change or environmental implications directly arising from this report.

13. Appendices

Appendix 2 – Reporting and Monitoring Policy for Payment of Contributions

14. Report author and contact

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

Tony McGuinness, Interim Head of Financial Strategy, Planning and Commercial at Tony.McGuinness@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



LONDON BOROUGH OF LEWISHAM PENSION FUND

Reporting and Monitoring Policy for Payment of Contributions

Reporting and Monitoring Policy for Payment of Contributions

1. Overview of Code 6 - The Code of Practice

- 1.1. This code and supporting guidance sets out how managers of personal pension schemes should meet their obligations and duties to:
 - monitor the payment of contributions to be paid under direct payment arrangements
 - provide the necessary information to enable members to check contributions, and
 - report material payment failures to the regulator and to members within a reasonable period.
- 1.2. The code and supporting guidance are not intended to prescribe the process for every scenario, they do however provide principles, examples and benchmarks against which managers can consider whether or not they are reasonably complying with and have understood their duties and obligations.
- 1.3. To support increased engagement with members, managers should provide payment information that will enable the member to understand what has been paid to the scheme and by whom, and to identify whether contributions that fall to be paid to the scheme under the direct payment arrangement have been received by the scheme. This will enable members to take steps to resolve any payment problems with the employer at the earliest opportunity.
- 1.4. Managers running personal pension schemes should ensure they have in place commercially viable, proportionate and risk-based processes which enable identification of material payment failures, through effective monitoring of contributions that fall to be paid under direct payment arrangements. Where payment failures have been identified they should also take steps to resolve the failure and any disputes that arise about contributions.
- 1.5. The term 'payment failure' refers to a contribution payable under the direct payment arrangements which has not been paid in full on or before its due date. The term 'material payment failure' refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.

2. Monitoring contributions

- 2.1. Lewisham Council and some Non-SLA Schools – Pensions use an interface called I Connect. This transfers data extracted from payroll and writes it back to the pensions database, Altair, on individual member records. I Connect provides various reports containing information relating to monthly and cumulative pensionable pay, employee contributions and employer contributions. The file which holds the extracted data from payroll is held on SharePoint which all Pensions staff have access to.
- 2.2. Admitted and Scheduled Bodies and Non-SLA Schools – Employers who run their own payroll provide monthly returns in the form of a spreadsheet providing:
 - monthly and cumulative pensionable pay for the main section

- monthly and cumulative pensionable pay for the 50:50 section
- employee contributions
- employer contributions
- Details of any payments made in respect of an APC
- Details of any refunds issued through payroll

2.3. The returns are held on SharePoint which all Pensions staff have access to.

2.4. Lewisham Pension Fund requires all contributions are received by the 19th day of the month following the payroll period.

3. Scheme set up

3.1. All member contributions are deducted directly from their salary. Employer contributions are a percentage of a members pensionable pay and are calculated during the payroll process. Managers have read only access to payroll and can look up contribution data on individual payroll records.

3.2. Lewisham Council – The pension team use I Connect interface which transfers payroll data between payroll and pensions.

3.3. Admitted and Scheduled Bodies and Non-SLA Schools – The pensions team provides the return template to all employers. This contains the employer contribution rate due and the bandings for employee contributions. Notes accompany the spreadsheet to enable employers to understand what information they should provide. The completed spreadsheet is sent to pensions each month by email.

4. Monitoring the payment of contributions

4.1. The pension investment team reconcile the pension bank account monthly. The payments into the bank account are reconciled with the pension returns submitted by the Admitted and Scheduled Bodies and Non-SLA Schools to the pension administration team. The pension investment team update a payment monitoring spreadsheet.

4.2. A finance spreadsheet has been created to monitor the payment of all pension contributions into the scheme from the Admitted and Scheduled Bodies and Non-SLA Schools. The first section details the date the monthly spreadsheet was received by the pensions team and the amount of employee and employer contributions due. The second section details when payment was received in the pension fund bank account and the amount paid. On completion of the first and section sections, the third section automatically populates information detailing if the monthly return and payment was received on time or, if late, how many days it was late.

4.3. The payments monitoring spreadsheet provides the amount of any variances between the amount due as per the monthly returns and the amount paid.

5. Taking action to resolve overdue contributions

- 5.1. The pension Investment team reconcile the payment of pension contributions monthly. Any variances or late payments to be queried with the employer by the pension Investment team by email, copying in the pension administration team and making comments on the monitoring spreadsheet.
- 5.2. Pensions Administration Team to action any responses from the Employer where this requires member records to be updated. In cases of no response a chase email to be sent by the Investment Team after one month and then a second chaser the following month.
- 5.3. If still no response by month three the case is referred to the Pensions Administration Manager who will contact the Employer by telephone and email and work with the Pension Investment Manger to resolve the issue.
- 5.4. If no response by six months overdue the Pension Investment Manager will report it to the Head of Financial Strategy, Planning and Commercial or the Director of Finance.

6. Providing information to members

- 6.1. Each member is sent a Statutory Notification on joining the LGPS. This includes details of the date of joining the scheme, job title, hours worked and contribution rate. It provides an explanation of pensionable pay and links to forms they need to complete such as a New Starter form and A Death Grant Expression of Wish form. It also provides our website address and a link to our secure online portal MSS. Right of appeal information is also provided as well as our privacy notice.
- 6.2. Contribution rates are also detailed on the members payslip (Lewisham) which informs them of any changes to their contribution rate.
- 6.3. Annual benefit statements (ABS) are sent to all active members and deferred members. This provides an estimate of pension benefits as at the 31st March and also a projection to NPA. Notes accompany the ABS explaining how pension benefits are calculated and details of any regulation changes.
- 6.4. Newsletters are sent to members to inform them of regulation changes as and when required.

7. Reporting material payment failures

- 7.1. A material payment is a payment that is more than one month's normal pension contributions for an organisation.
- 7.2. If no payments have been received from an Admitted or Scheduled Bodies or Non-SLA Schools for six months the case will be referred to the Director of Finance.
- 7.3. Once a material late payment is overdue by more than seven months it will be reported to the Pension Regulator, the employer and the member within four weeks of the end of the seven month period.

7.4. The Pension Regulator will be advised by email, see note 8.

8. Method of reporting to the regulator

8.1. Any breaches will be reported to the Pension Regulator by email.

8.2. Contact details are listed below:

The Pensions Regulator
PO Box 342
Runcorn
Phone: 0345 600 2475 Monday to Friday – 8am to 6pm
Email: cande@autoenrol.tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

APPENDIX

Lewisham Pension Board - Work Programme – March 2024

	OPERATIONAL	Officer leading	Qtr 1 March 2024	Qtr 2 June 2024	Qtr 3 Sept 2024	Qtr 4 Dec 2024
1	Audited Pension Fund Statement of Accounts	TM				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 	TM				X
3	Monitoring of Investment Performance: <i>see Hymans Robertson Performance Reports reported to PIC</i>	TM		X	X	X
4	Progress Reports on the Arrangements for Pooling	TM	X		X	
5	Risk Register	TM/SA		X		X
6	Data improvement plan update including the pension dashboard	SA	X	X	X	

	STRATEGIC Policies, where available, can be found at the following site: https://www.lewishampensions.org/resources/	Officer leading	Qtr 1 March 2024	Qtr 2 June 2024	Qtr 3 Sept 2024	Qtr 4 Dec 2024
7	Policy for Reporting Late Payment of Contributions	SA/TM	X			
8	Terms of Reference and Membership of the Board Should be reviewed at least annually, and then published on the website	TM		X		
9	Administration Strategy <i>(To be created)</i>	SA	X	X		
10	Annual Business Plan	TM		X		

Agenda Item 9

PENSION BOARD			
REPORT TITLE	Pensions Board – Dates of Future Meetings		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Chris Flower – Treasury and Investment Manager		
CLASS	Part 1	Date:	11 March 2024

1. Dates of Future Meetings

18 June 2024

24 September 2024

10 December 2024