

<b>PENSION BOARD</b>			
<b>REPORT TITLE</b>	Work Plan and Compliance		
<b>KEY DECISION</b>	No	<b>Item No:</b>	5
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Head of Corporate Resources		
<b>CLASS</b>	Part 1	<b>Date:</b>	23 October 2018

## 1. PURPOSE

- 1.1. The purpose of this report is to set out a suggested forward work plan for the Board, based on the suggested annual work programme put forward by CIPFA in their 2018 “Guide for Local Pension Boards”, and to recommend the commissioning of a compliance review.

## 2. RECOMMENDATIONS

- 2.1. Members are asked to agree to the following recommendations:

- To procure a compliance analysis of the scheme with regards to its administrative and governance obligations, as per section 3.4;
- To delegate the procurement of that service to officers, using the Board’s available budget, with a Single Tender Action report to be signed off at Executive Director level, as per section 3.5; and
- To review and discuss the work plan in terms of the items and suggested review dates put forward, before agreeing on the outline annual plan.

## 3. WORK PLAN AND COMPLIANCE CHECKLIST

- 3.1. Section Five of the Public Service Pensions Act 2013 requires that administering authorities of the Local Government Pension Scheme provide for the establishment of a Board, with responsibility for assisting the scheme manager in relation to:

- Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and
- Such other matters as the scheme regulations may specify.

- 3.2. In order for the Board to carry out this role an annual work programme has been devised which, following feedback from the draft work plan brought to the Board in March 2018, identifies key operational and strategic items for the Board to review based on the 2018 CIPFA issued guidance “The Guide for Local Pension

Boards”, which considers the requirements of the Pensions Regulator Code of Practice and guidance issued by the Scheme Advisory Board. Included at Appendix 1, the work plan lists all documents and policies that the Board should be familiar with and should regularly review, and suggests periods of review that run concurrent, where possible, to the annual administrative and accounting cycle, and also consider the planned order of business in the forthcoming year for the Pensions Investment Committee (PIC).

- 3.3. Members have previously requested an analysis of compliance to the relevant legislation and codes that govern the administration and governance of a pension scheme, and for this analysis to feed into the Board’s work plan. Further research has revealed that there is no freely available resource to standardise this process and accurately link the scheme’s compliance to a set of pre-defined objectives.
- 3.4. However, officers have ascertained that many other LGPS schemes have procured the services of Aon Hewitt to produce a compliance checklist which analyses compliance against the regulator’s code of practice under clearly defined criteria, listing the evidence available and any follow up actions required. As an independent review, any inherent risk associated with a self-assessment of compliance is removed, and the Board then has access to a framework it can regularly revisit and update. Appendix 2 shows an example of the completed checklist for the London Borough of Enfield which includes a summary result dashboard system before the detailed analysis against the code of practice.
- 3.5. Officers therefore request that the Board agree to officers approaching Aon Hewitt to discuss carrying out a compliance review, with a view to obtaining a quote. The Board’s remaining budget for the financial year is £9,650, but should the cost of the works exceed this officers suggest that last year’s budget is also made available (as none was used) to bolster the available funds to £19,650. If agreed, officers request that the decision to procure their services is delegated to officers, with a Single Tender Action report to be completed and signed off by the Executive Director for Resources and Regeneration, as per the Council’s procurement procedures.
- 3.6. The results of any compliance review will of course feed into the work plan, which should in any case be treated as a flexible, live document, subject to change as necessary.
- 3.7. Most items in the work plan will be cyclical in nature, whilst others will be standing items on the agenda, but Board members are encouraged to raise additional issues for consideration at future meetings where such issues would give them assurance of Fund compliance with the Regulations.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1. There will be a cost involved in the procurement of an organisation to carry out a compliance review of the Fund; at present this cost is unknown, although it is expected to be within the Board’s available budget.

#### **5. LEGAL IMPLICATIONS**

- 5.1. Members must comply with the requirements of the relevant legislation in fulfilling their roles on the Board.

- 5.2. Should the decision to procure go ahead, the Council's Contract Procedure rules must be followed and relevant justification provided to the Executive Director for Resources and Regeneration for negotiating with a single tenderer.

## **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 – Work Plan

Appendix 2 – Example Compliance Checklist

## **FURTHER INFORMATION**

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

David Austin, Head of Corporate Resources on 020 8314 9114 or at [david.austin@lewisham.gov.uk](mailto:david.austin@lewisham.gov.uk)

Robert Browning, Principal Accountant – Treasury & Pensions on 020 8314 6274 or at [robert.browning@lewisham.gov.uk](mailto:robert.browning@lewisham.gov.uk)