



Pension Board

Action Plans and Work Programme

Date: 20 October 2020

Key decision: No.

Class: Part 1.

Ward(s) affected: None specifically

Contributors: Director of Corporate Resources

Outline:

This paper presents updated action plans to the Board for addressing areas of partial and non-compliance to the Pension Regulator's Code of Practice and Scheme Advisory Board (SAB) guidance.

Recommendations:

The Board is asked to:

1. Review and agree to the plan as set out for the Board;
2. Review and comment on the plan as set out for the administering authority;
3. Agree to schedule an updated compliance check in early 2021; and
4. Review and agree to the updated forward work programme.

Timeline of engagement and decision-making

- April 2019 – Aon compliance review against the Pension Regulator's Code of Practice and SAB Guidance on the Creation and Operation of Local Pension Boards.

REASONS FOR URGENCY AND LATENESS

Lateness: This report was not available for the original dispatch due to staff resourcing issues.

Urgency: The action plans are a standing item on the Pension Board agenda and are important for setting the forward work plan of both the Board and the administering authority.

Where a report is received less than 5 clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972 Section 100(b),(4) the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special

circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

1. Summary

- 1.1. This report presents updated action plans to the Board for addressing areas of partial and non-compliance to the Pension Regulator's Code of Practice and Scheme Advisory Board (SAB) guidance, and a work programme for the next twelve months.

2. Recommendations

- 2.1. The Board is recommended to:
 - 2.1.1. Review and agree to the plan as set out for the Board;
 - 2.1.2. Review and comment on the plan as set out for the administering authority;
 - 2.1.3. Agree to schedule an updated compliance check in early 2021; and
 - 2.1.4. Review and agree to the updated forward work programme.

3. Policy Context

- 3.1. The overriding policy context for the Pension Board are the pension regulations and legislation that governs the Local Government Pension Scheme (LGPS) and the guidance on the creation and operation of local pension boards issued by the LGPS Scheme Advisory Board.

4. Background

- 4.1. At the meeting of the Board held in May 2019, officers presented Board members with the results of the Fund's first independent compliance review undertaken by Aon. The report identified areas of partial and non-compliance to the Pension Regulator's Code of Practice, as well as the Scheme Advisory Board's Guidance on the Creation and Operation of Local Pension Boards.
- 4.2. In order to address those areas of non-compliance, the Board requested that two action plans be drawn up detailing the steps to be taken to achieve compliance with the regulations, and a suggested timeframe for completing them.
- 4.3. The first drafts of these plans were presented to the Board at the last meeting in October 2019. The Board requested that updates to the plans and progress on implementation be reported at each subsequent meeting.

5. Action Plans

- 5.1. The action plan for the Administering Authority is attached at Appendix 1, and is mostly concerned with those actions the administering authority is required to complete to meet the requirements of the Pension Regulator's Code of Practice. The plan for the Pension Board is attached at Appendix 2, and comprises actions for the Board to undertake in response to the recommendations of the SAB Guidance.
- 5.2. Each plan outlines the requirements of the relevant regulation and the

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recommendations put forward by Aon to address non-compliance. Actions are mostly in direct response to those recommendations, with suggested due-by dates in line with likely quarterly Board meetings. Many of these actions remain outstanding since the Board last met, and as such the due dates have been rolled forward, where applicable, to realistic estimates of completion.

- 5.3. The original compliance check was undertaken in April 2019 and, in line with discussions at previous meetings, officers recommend that the Board agree a new compliance check is undertaken in early 2021 to gauge progress over the two year period. This review can be undertaken internally using the previously paid for reporting tool as provided by Aon; officers can return the model to Aon who will ensure it still meets with their internal standards, before returning it to us free of charge for our own continued use.
- 5.4. Aon also offer an alternative version of the model which will monitor the changes when the tool is updated, i.e. it will show where non-compliant items are now partially compliant, partially compliant are now compliant, etc. This will incur an as yet unknown additional cost, but officers will make the relevant enquiries and report back to members at the next meeting.

6. Work Programme

- 6.1. The forward looking work programme is attached at Appendix 3 for the Board's review, to be developed on an ongoing basis, and has been updated to reflect the revised action plans at Appendices 1 and 2.

7. Financial implications

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

8. Legal implications

- 8.1. The London Borough of Lewisham Pension Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with the Local Government Pension Scheme Regulations 2013 and other secondary legislation (together the "Regulations"). Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended) makes provision for the establishment of a Pension 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.
- 8.2. Members must comply with the requirements of the relevant legislation in fulfilling their roles on the Board.

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9. Equalities implications

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

10. Climate change and environmental implications

10.1. There are no direct climate or environmental implications arising from this report.

11. Crime and disorder implications

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

12. Health and wellbeing implications

12.1. There are no direct health and wellbeing implications arising from this report.

13. Background papers

13.1. The following papers are appended to this report:

- *Administering Authority Action Plan (October 2020)*
- *Pension Board Action Plan (October 2020)*
- *Pension Board Work Programme (October 2020)*

14. Report author and contact

14.1. David Austin, Director of Corporate Resources.

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