

Pensions Board: 16 January 2019

Report title: Lambeth Pension Fund – Governance Review Update

Wards: All

Portfolio: Councillor Andrew Wilson: Cabinet Member for Finance

Report Authorised by: Jackie Belton: Strategic Director, Corporate Resources

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Report summary

As part of the governance and oversight of the pension fund, a regular review and update to the governance framework, policies and procedures is essential to ensure that it is compliant with latest legislation, regulations and good practice. The Lambeth Pension Fund recently undertook a review of its governance arrangements and the recommendations together with a detailed action plan were presented to the Pension Committee and Pension Board in 2018.

This report provides an update of progress on the action plan (Appendix One) since it was last presented to the Pension Board in October 2018.

Finance summary

There are no financial implications arising from the recommendations within this report.

Recommendations

Pensions Board & Pension Committee

1. To note the update and action plan included as Appendix One.

1 Context

- 1.1 The governance policy statement requirement is made under the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2005.
- 1.2 Regulations require each administering authority to publish a statement setting out the authority's policy on pension fund governance, including issues concerning the representation and participation of key stakeholders on pension committees/boards.
- 1.3 Regulation 55 of the Local Government Pension Scheme (LGPS) Regulations 2013 requires administering authorities to prepare a written governance compliance statement. Governance is defined as the leadership, direction and control of organisations to ensure they achieve their aims and objectives. In public service organisations particularly, these processes need to be clear and open to scrutiny.
- 1.4 Since the last review in 2014 there have been several major changes within the LGPS. The significant progress made by Government and indeed all of the Funds with regards to Pooling. Further the Scheme Advisory Board now plays an active part and overall are responsible for the stewardship and management of the LGPS. Internally there have been staff and departmental re-organisations that need to be taken into account.
- 1.5 Taking the above major changes which affect the LGPS presents Funds with a whole new way of thinking about their strategy and management going forward, The Fund therefore commissioned AON Hewitt to undertake a further detailed review which was completed in March 2018.
- 1.6 Following feedback from Members at the March 2018 Committee meeting where AON presented the outcome of their findings, officers met with Aon to go over the recommendations that were presented. As such a detailed action plan with a timeline for delivery was presented to the Committee and Board in autumn 2018.

2 Proposals and Reasons

Update since last Board Meeting in October 2018:

- 2.1 The action plan (Appendix One) has been updated detailing the progress on the recommendations made and actions.
- 2.2 Progress on the key areas with recommendations are detailed below:
- 2.3 **Governance Structure:** A clear delegation to officers is now in place. The list of delegations can be viewed in the following link; <http://www.lgpsregs.org/resources/guidesetc.php> (refer to subject on 'Discretions'). A log of delegated decisions in respect of delegated matters as and when they arise is also in place (Appendix Two).
- 2.4 **Knowledge and Skills:** A training plan for the Pension Committee and Board is in place which also covers areas on administration and governance as recommended (Appendix Three). A Pension Committee and Board training Log is also maintained.

- 2.5 **Policies & Documents:** There was a recommendation for certain policies and documents to be refreshed and brought up to date. Since then the following have been reviewed and updated. The remaining policies and documents are due to be reviewed in line with the set timescales as laid out in the action plan.
- Governance Compliance Policy
 - Communications Policy
 - Administering Authority Discretions Policy
 - Training Log to include Board members.
- 2.6 Preparations are also underway to carry out a comprehensive evidence check review against TPR's code of practice. This is an extensive piece of work which will span over 2019.
- 2.7 **Business Planning:** A summary business plan spanning over three years has been drafted and will be presented at the next Pension Board meeting.
- 2.8 **Risk Management:** It was acknowledged that the Risk Management Policy and Risk Register needs to place more focus on administration and communications related risks to tie in better with CIPFA's guidance on managing risk and with these being presented to the Pension Board on a quarterly basis. The current Risk Register spans across all areas of pension fund management which includes administration and communication risks. The Risk Management Policy will be reviewed as part of the evidence check review against TPR's code of practice.
- 2.9 **Pensions Administration Review:** A review of the activities within the Pensions Administration Team was also undertaken to assess key processes and to identify areas for improvement in order to meet the more recent increasing demands on performance and compliance with legislation and TPR guidance. Many of the team's activities are working well however recommendations were made that would increase efficiency. The key areas raised were namely;
- The operation of the Pensions Administration Team.
 - The creation of key procedures guide.
 - The utilisation of the pension administration system (Altair) taking full advantage of its functionalities.
- 2.10 The Current Pensions Administration structure has recently been reviewed and proposed changes to allow the team to operate more effectively are being progressed in line with the Council's Organisational Change Policy. Additionally, all key procedure guides and training manuals are stored in a central repository within SharePoint and a project is underway to enable the utilisation of the pensions administration system to be used more efficiently.
- 2.11 **Records and Data:** One of the biggest risks to the Fund is the transfer of data from employers to the Administration Team and several efforts to ensure 'clean' data is provided have been taken. The data provided by employers and held within the pensions administration system is the key component to undertaking the triennial valuation effectively. This is therefore the area where measures have been put in place to reduce data errors or omissions. It was recommended that a data improvement plan should be put in place. A draft data improvement plan is in place and staff are currently engaged in activities to ensure that data is reviewed and cleansed where appropriate.
- 2.12 **Communication:** Whilst there is a Communications Policy in place there were recommendations to increase engagement of the Lambeth Pension Fund website and the self service module within Altair (Member Self Service) which allows scheme members to view their own details and carry out

estimates themselves. There have been targeted campaigns to increase the awareness of the above and ongoing reference is also made to scheme members whenever they make general enquiries to the pensions office. The number of website visits have tripled over the last six months and Member Self Service registrations are also steadily increasing.

3 Finance

- 3.1 There are no financial implications arising from the recommendations within this report. The Pension Fund meets all fees and there are no additional financial implications for the Council. There might be additional costs with regards to implementing some of the recommendations. Committee will be updated as and when they occur.

4 Legal and Democracy

- 4.1 The Lambeth Pension Fund is run in accordance with the Local Government Pension Scheme Regulations 2013 enacted along with other Regulations under the Superannuation Act 1972 and the Public Service Pension Act 2013 and is for the benefit of Council employees and outside organisations, which have entered into an agreement with Lambeth to provide pensions for their staff.
- 4.2 There are no additional comments from Democratic Services.

5 Consultation and co-production

- 5.1 Members of the Pension Committee and Pension Board have been consulted on the Governance Review.

6 Risk management

- 6.1 Action has been taken to mitigate any risks in relation to the items mentioned in this report and where applicable, are contained within the risk register.

7 Equalities impact assessment

- 7.1 None.

8 Community safety

- 8.1 None.

9 Organisational implications

9.1 Environmental

None for the purpose of this report.

9.2 Staffing and accommodation

None for the purpose of this report.

9.3 Procurement

None for the purpose of this report.

9.4 Health

None for the purpose of this report.

10 Timetable for implementation

- 10.1 None.

Audit trail				
Consultation				
Name/Position	Lambeth directorate/ division or partner	Date Sent	Date Received	Comments in para:
Councillor Andrew Wilson, Cabinet Member for Finance	Corporate Resources	21.12.18	03.01.19	
Jackie Belton, Strategic Director, Corporate Resources	Corporate Resources	21.12.18		
Christina Thompson, Director of Finance and Property	Corporate Resources	21.12.18	21.12.18	
Hamant Bharadia Assistant Director of Finance	Corporate Resources	20.12.18	02.01.19	
Andrew Pavlou Legal Services	Corporate Resources	21.12.18	24.12.18	
David Rose, Democratic Services	Corporate Resources	21.12.18	03.01.19	4.3

Report history	
Original discussion with Cabinet Member	N/A
Report deadline	03.01.19
Date final report sent	03.01.19
Part II Exempt from Disclosure/confidential accompanying report?	N/A
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	N/A
Background information	N/A
Appendices	Appendix One – Action Plan Appendix Two – Delegations Decisions Log Appendix Three – Training Plan 2018/19