

Local Pension Board

Date: 3rd May 2019

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	To provide the Local Pension Board with: 1) Information on Government Consultations affecting the Local Government Pension Scheme (LGPS); 2) Skills and knowledge opportunities.
Recommendations	That the Local Pension Board notes the content of the report.
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1. Background

- 1.1 This is a standing report that identifies issues concerning the governance of the Local Government Pension Scheme (LGPS) and also potential, new, amending and overriding legislation that will have an impact on how the Scheme is managed and on members' benefits.

2. Consultations

2.1 Fair Deal – strengthening pension protection

- 2.1.1 On 10 January 2019, the Government published a further consultation on the assimilation of its new Fair Deal policy into the LGPS. The consultation ran to 4 April 2019 and can be found at the following link:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection>

- 2.1.2 Features of the consultation included:

- Defining those scheme employers that would be directly impacted by the proposed changes
- Confirming the removal of the ability for contractors to offer the alternative of a broadly comparable scheme as a means of securing pension protection
- Confirming the transitional arrangements protecting those individuals whose pension protection was previously gained via early provisions;
- The proposed introduction of “deemed employer” status as an alternative option to “admitted body” status; and
- Introducing guidance to assist employers in understanding their responsibilities.

- 2.1.3 Officers drafted a response to the consultation following receipt of the views of the Fund's key advisers. The final response is included in appendix 2 of this report.

2.2 Consultation on implementation of late retirement factors

- 2.2.1 On 28th March 2019 the Ministry of Housing Communities and Local Government (MHCLG) released a closed group consultation on proposed changes to the late retirement increase factors and guidance. The consultation can be found at the following link:
<http://lgpsregs.org/schemeregs/consultations.php>
- 2.2.2 The proposals include a change in methodology as well as a change in factors which is intended to remove the 'cliff edge' that was a result of the last factor change in January 2017 for some members.
- 2.2.3 The consultation closed on 17 April 2019 and the response drafted by Officers can be found in appendix 3 of this report.

3. Skills and knowledge opportunities – training events

- 3.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pensions Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 3.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists the main events that are deemed useful and appropriate.
- 3.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

5. Risk Management

- 5.1 The Local Pension Board are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Local Pension Board is up to date with:
- New or amending legislation affecting the LGPS;
 - Relevant activities of the LGPS Scheme Advisory Board and the Pension Regulator that concern the governance of the (LGPS) on a national and local basis; and
 - Skills and knowledge opportunities.
- 5.2 The risks associated with Local Pension Board not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk No	Risk mitigated	Residual risk
7	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

5.3 The Fund's risk register can be found - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

6. Finance & Resources Implications

6.1 Not applicable.

7. Communication Implications

Training	All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.
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8. Legal Implications

8.1 There are no legal implications connected to the contents of this report.

9. Consultation with Key Advisers

9.1 There has been no requirement to consult with advisers over the content of this report.

10. Alternative Options Considered

10.1 There are no alternative options to be considered.

11. Background Papers

11.1 None.

12. Appendices

- 12.1 Appendix 1 List of training events/conferences.
- 12.2 Appendix 2 New Fair Deal consultation response
- 12.3 Appendix 3 Implementation of late retirement increase factors consultation response

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 23 April 2019

Appendix 1 – Internal/External training and events 2019-2020

Date	Event	Training Credits	Target Audience	Host/Website
17-18 January 2019	LGPS Governance Conference	4	Officers, Committee/Board members	Local Government Association https://www.local.gov.uk
13 February 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	In house ACCESS – appointment of operator
27 February 2019 (morning)	Chartered Institute of Public Finance and Accountancy (CIPFA) Spring Seminar	2	Officers only	https://www.cipfa.org/training/l/lgps-spring-officers-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
27 February 2019 (afternoon)	CIPFA Spring Seminar	2	Local Pension Board members only	https://www.cipfa.org/training/l/lgps-members-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
28 February – 01 March 2019	LGC Investment Seminar	4	Officers, Committee/ Board Members	https://investmentseminar.lgcplus.com Keeping the LGPS affordable and accessible through austerity and uncertain times.
13 - 15 May 2019	PLSA Local Authority Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Events-Local-Authority-Conference
26 June 2019	CIPFA & Barnett Waddingham Local Pension Boards' Annual Full Day Event	2	Local Pension Board members only	
2 – 4 July 2019	LAPF Strategic Investment Forum	4	Chairman of Pension Committee / Officers	https://www.dgpublishing.com/lapf-strategic-investment-forum/
3 - 4 July 2019	Heywood Class Group AGM	4	Officers	
10 – 12 July 2019	LGC Pension Fund Symposium	4	Officers	https://pensionfund.lgcplus.com

1 March 2019	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schroders.com/en/uk/pensions/events/training/schroders-trustee-training-2019-london-part-1-spring/ The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
22 March 2019	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schroders.com/en/uk/pensions/events/training/schroders-trustee-training-2019-london-part-2-spring/ The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
13 – 15 May 2019	PLSA Local Authority Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Events-Local-Authority-Conference
25 September 2019	Introduction to the LGPS	2	Officers, Committee/ Board Members	https://www.cipfa.org/training/i/introduction-to-the-lgps-20190925-london Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
3 October 2019	LGPC Fundamentals Training (Day 1/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
16 - 18 October 2019	PLSA Annual Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Annual-conference-and-exhibition
6 November 2019	LGPC Fundamentals Training (Day 2/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
19 – 20 November 2019	Pension Managers' Conference	4	Officers	http://www.swcouncils.gov.uk/nqcontent.cfm?a_id=339&tt=swra&eventStatus=list&eventAction=view&eventId=1271
4 – 6 December	LAPFF Annual Conference	4	Officers, Committee/ Board Members	http://www.lapfforum.org/events/lapff-conference
18 December 2019	LGPC Fundamentals Training (Day 3/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.