Agenda Item: 7

Cambridgeshire Pension Fund

Pension Fund Board

05 November 2021

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	To provide the Pension Fund Board with information on: 1) Ministry of Housing, Communities and Local Government 2) The Pensions Regulator – new code of practice 3) Skills and knowledge opportunities.
Recommendations	That the Pension Fund Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, E-mail: joanne.walton@westnorthants.gov.uk

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. Ministry of Housing, Communities and Local Government (MHCLG)

2.1 On 19 September 2021, the Government announced that the MHCLG will become the Department for Levelling Up, Housing and Communities (DLUHC).

3. The Pensions Regulator – new code of practice

3.1 On 17 March 2021 the Pensions Regulator (TPR) launched a consultation on its new code of practice which closed on 26 May 2021. The code of practice sets out how the Pensions Regulator expects trustees (in the case of the LGPS Pension Committee, Board Members, Section 151 Officers and administrators) to administer, govern and manage their respective pension schemes.

3.2 The draft new code consolidates (with updates and amendments) most of the existing 15 codes of practice including the public service code of practice 14 into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.

3.3 The new code of practice was expected to come into force in November 2021. However, due to the number of responses the Pensions Regulator has received to the consultation it is now expected that the code of practice will come into force in Spring/Summer 2022.

3.4 The Fund will have six months in order to become compliant with the code of practice from when it comes into force. An action plan will be produced to ensure compliance is achieved in that timescale.

4. Skills and knowledge opportunities – training events

4.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Local Pension Board to maintain the necessary skills and knowledge to undertake their role effectively.

4.2 In order to facilitate the acquisition of skills and knowledge for members of the Local Pension Board, appendix A lists the main events that are deemed useful and appropriate.

4.3 It was recognised that recent local elections have resulted in a significant change to the membership of the Pension Fund Committee and so an introductory training session was held on 21 June 2021 covering at a high level the knowledge requirements of being a Pension Fund Committee and Pension Fund Board member hosted by the advisers from the Fund's benefits and governance advisors, Aon and legal advisors, Squire Patton Boggs.

4.4 A series of more in-depth training sessions to cover the CIPFA Skills and Knowledge core modules (see appendix 1), again hosted by Aon, began on 1 July 2021 and concluded in September 2021.

4.5 Web links to all of the recordings of all these training sessions has been made available to all members of the Local Pension Board and Committee so that any missed sessions can be watched at a later date. Whilst the web links will remain live until 31 March 2022, it is hoped that all Board and Committee members will view all training sessions by the 31 December 2021 to ensure there is sufficient individual knowledge to be able to scrutinise and challenge decisions made by the Pension Committee at forthcoming meetings.

5. Relevant Pension Fund Objectives

To 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.

To 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.

To ensure that 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.

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

6. Risk Management

6.1 The Pension Fund Board are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Board is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

6.2 The risks associated with the Pension Fund Board not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively. (Green residual risk rating)
Failure to administer the scheme in line with regulations and guidance. (Green residual risk rating).
Failure to provide relevant information to the Pension Fund Board to enable informed decision making. (Green residual risk rating.

6.3 The Fund's risk register can be found on the Fund's website at the following link: Cambridgeshire Risk Register

7. Finance & Resources Implications

7.1 There are no financial or resource implications connected to the contents of this report is for information only.

8. Communication Implications

8.1 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.

8.2 Employers - All relevant items are communicated to scheme employers via website updates.

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 Not applicable

11. Alternative Options Considered

11.1 There are no alternative options to be considered.

12. Background Papers

12.1 Not applicable.

13. Appendices

13.1 Appendix 1 – Schedule of virtual training events.

Checklist of Key Approvals

Has this report been cleared by Head of Pensions? Mark Whitby – 25/10/2021