



West Northamptonshire Council

Pension Fund Board

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Mark Whitby – Head of Pensions

Report Title	Governance and Compliance Report
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List of Appendices

Appendix A – Skills and knowledge training schedule

1. Purpose of Report

- 1.1 This is a standing report that identifies issues and developments relevant to West Northamptonshire Council's management and administration of the Northamptonshire Pension Fund.

2. Executive Summary

- 2.1 This report provides the Pension Fund Board with information on the following significant current issues which have an impact on the governance, management and administration of the Northamptonshire Pension Fund.
- Pensions Dashboards
 - The McCloud Remedy
 - The Pensions Regulator
 - The Pensions Ombudsman
 - Impact of The Edinburgh Reforms on the LGPS
 - CARE Revaluation Consultation
 - Skills and knowledge opportunities

3. Recommendations

- 3.1 The Pension Fund Board is asked to note the Governance and Compliance Report

4. Report Background

- 4.1 This report provides an update on developments and issues that impact the LGPS that members of the Pension Fund Board need to be aware of to fulfil their responsibilities to the Fund's key stakeholders.

5. Issues and Choices

5.1 Pensions Dashboards

5.1.1 Current position

- 5.1.1.1 In early March the government announced its intention to legislate to amend the staging timescales (connection deadlines) to allow more time for technological system work enabling dashboards to be delivered. This project reset will affect all scheme deadlines and further clarification of the revised deadlines is being awaited along with guidance on how the Fund should continue to prepare.

5.1.2 Approach to governance of the standards

- 5.1.2.1 Prior to the project reset announcement the Pensions Dashboard Programme (PDP) recently published its approach to the governance of the standards. This sets out how PDP developed the standards, outlines their scope and describes how they will go about setting and managing any future changes.

- 5.1.2.2 The content of the standards is structured as follows –

- Standards and guidance that participants will implement, this includes data, design, reporting and technical
- Standards and guidance for connecting to the ecosystem, this includes security, service, connection, operations.

- 5.1.2.3 The full approach to governance of standards can be found [here](#).

5.1.3 Consultation on regulatory framework for dashboard operators

- 5.1.3.1 On 1 December 2022, the Financial Conduct Authority (FCA) published a consultation on the regulatory framework for dashboard operators. Under these proposals, operators will be able to offer savers additional services that have the potential to improve pension outcomes. These could include investment advice (including robo-advice) or guidance, modellers, calculators and other similar tools. Before doing so, operators will need to meet rigorous conduct standards.

- 5.1.3.2 The consultation was primarily aimed at firms that are considering operating a pensions dashboard service and who will need to get the new regulatory permission in order to enter this new market but is also of interest to pension providers who are required to supply pension information to the pension dashboard service for members to view.

- 5.1.3.3 The consultation closed on 16 February 2023.

5.1.4 PDP publishes consumer protection video

- 5.1.4.1 In the context of pensions dashboards, consumer protection is the action to minimise consumer harm, including redress for consumers if things do go wrong. It covers the design and operation of the ecosystem, compliance with regulations, rules and standards, as well as the way in which consumers will use dashboards.

- 5.1.4.2 The PDP is responsible for providing the central digital architecture, ie the elements that make dashboards work and the overall ecosystem design. PDP is also setting the security, technical and design standards that define how users' data may be securely shared within the ecosystem and displayed. This is to ensure compliance with the UK General Data Protection Regulation (UK GDPR).

- 5.1.4.3 PDP recently published an explainer video on consumer protection. The video explains what protections will be in place to ensure dashboards are safe and secure. The video can be found on consumer protection page of PDP's website [here](#).

5.2 McCloud Remedy

5.2.1 Teachers Pension Scheme McCloud remedy and the LGPS

- 5.2.1.1 The implementation of the McCloud remedy in the Teachers' Pension Scheme (TPS) means that some teachers will be retrospectively eligible for the LGPS for the period from 1 April 2015 to 31 March 2022.
- 5.2.1.2 The Department for Education (D f E) is in the process of identifying affected members. Officials from D f E will, in some cases, need to confirm the employment status of members during the remedy period with their employer.
- 5.2.1.3 Affected TPS members are those with a part time employment in addition to a full-time employment who are being rolled back into the legacy scheme as part of the McCloud remedy.

5.2.2 Treasury Direction

- 5.2.2.1 On 14 December 2022, HM Treasury (HMT) made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They come into force on 19 December 2022 and apply to England, Northern Ireland, Scotland and Wales.
- 5.2.2.2 The Directions set out how certain powers in the Public Service Pensions and Judicial Offices Act 2022 must be exercised. The Act gives relevant government departments powers to rectify McCloud discrimination.
For the LGPS, the Directions apply to the following powers in the Act:
 - Section 82: an administering authority's power to pay compensation
 - Section 83: the power to make regulations compensating members by paying additional LGPS benefits
 - Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy, and
 - Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.
- 5.2.2.3 The making of the Directions now allows relevant departments to start consulting on regulations exercising these powers.

5.2.3 Update on McCloud data issues guidance

- 5.2.3.1 LGA have produced guidance to assist administering authorities with McCloud data issues. The guidance sets out what options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate.
- 5.2.3.1 The Scheme Advisory Board issued guidance on 3 March 2023.
- 5.2.3.2 The McCloud data issues scoping group was set up to inform this guidance. The group has met three times and includes representatives from:
 - each of the regional pension officer groups
 - LGA
 - actuaries
 - Department for Levelling Up, Housing and Communities
 - Department of Communities
 - Scottish Public Pensions Agency, and
 - the Government Actuary's Department.

5.3 The Pensions Regulator (TPR)

5.3.1 Joint regulatory strategy update

- 5.3.1.1 On 7 December 2022, TPR and the Financial Conduct Authority published an update to their 2018 joint regulatory strategy. The strategy sets out how the two bodies work together to tackle issues in the pensions sector.

5.3.1.2 The 2018 joint regulatory strategy, has tackled the real risk of people not having the level of income they expected in retirement. The future outlook is to now we build on this work to enhance and protect savers' outcomes.

5.3.1.3 The update outlines their progress on the strategy's regulatory objectives and next steps in light of their new respective strategic priorities. The update sets out eight ongoing workstreams covering:

- productive finance
- value for money
- regulatory framework for effective stewardship
- pension scams strategy
- defined benefit (DB) transfer advice
- D B schemes and transfer activity
- pensions dashboards
- supporting consumer decision-making.

5.3.1.4 The full updated strategy can be found [here](#).

5.3.2 New version of transfer guidance

5.3.2.1 On 12 January 2023, TPR published a new version of the Dealing with transfer requests guidance, with updates made to the 'Direct members to mandatory guidance from MoneyHelper' section.

5.3.2.2 The guidance assists pension schemes when applying the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

5.3.2.3 When telling members they must receive guidance about scams from MoneyHelper, schemes should provide a link to book online or by telephone. The guidance now makes it clearer that members must use this link to book a MoneyHelper safeguarding guidance appointment. Otherwise, they may accidentally book a Pension Wise appointment or obtain general MoneyHelper advice.

5.3.2.4 The guidance also asks pension schemes to advise members who are transferring multiple pensions to wait until they have requested all transfers before booking their MoneyHelper safeguarding guidance appointment. This will avoid them having to book more than one.

5.3.2.5 The full guidance can be found [here](#).

5.3.2.6 The Northamptonshire Pension Fund has integrated the link into the relevant transfer letters to ensure compliance with this change.

5.3.3 TPR appoints new chief executive

5.3.3.1 TPR has appointed Nausicaa Delfas as its new chief executive. She will take over from Charles Counsell who will remain in post until March 2023. Ms Delfas joins TPR having held senior positions with the Financial Conduct Authority and the Financial Ombudsman Service.

5.4 The Pensions Ombudsman (TPO)

5.4.1 Deputy Pensions Ombudsman

5.4.1.1 On 9 December 2022, the chair of TPO announced that Anthony Arter will remain at TPO as part time Deputy Pensions Ombudsman. Anthony's term as Pensions Ombudsman ended on 15 January 2023.

5.4.2 New Pensions Ombudsman appointment

5.4.2.1 Domonic Harris is the new Pension Ombudsman from 16 January 2023 as appointed by the Secretary of State, with a term of five years.

5.5 Impact of The Edinburgh Reforms on the LGPS

5.5.1 On 9 December, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. In the statement, the Chancellor also confirmed that the Government will consult on:

- new guidance to the LGPS on asset pooling in early 2023
- requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

5.6 CARE Revaluation Consultation

5.6.1 The Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation on 10th February 2023 to change the date that revaluation is applied to CARE benefits in the LGPS, in order to better align the inflation proofing arrangements with the Pension Input period used for assessing pensions growth against annual allowance. The Northamptonshire Pension Fund submitted a technical response following consultation with the Chair of the Pensions Committee.

5.6.2 The change subsequently came into force on 31st March 2023 and considerations are being made in respect of software updates that need to be applied, communicating the change to members in line with disclosure regulations and remedial work that will need to be undertaken. Scheme literature and the website will also need to be reviewed to ensure it reflects the correct position.

5.6.3 The changes will not affect members who were already deferred or in receipt of a pension since before 1st April 2022 as their benefits now increase by Pension Increase orders rather than Treasury revaluation, and the changes proposed by this consultation have no impact on Pensions Increase or the date on which it applies.

5.6.4 Members who are affected (those who have been active at any point during 2022/23) won't see any change to the benefits they receive on retirement. The only area in which a change will be seen is in the calculation of pensions growth to assess against the annual allowance, and this will be beneficial for those members affected by the annual allowance due to bringing the revaluation date in line with the Pension Input Period.

5.7 Skills and knowledge opportunities

5.7.1 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 Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.

5.7.2 Officers have been exploring the possibility having access to a LGPS Online Learning Academy platform to ensure that there is a continuous solution that members can access in a flexible way which remains fit for purpose as the content is regularly updated and this has been discussed at previous meetings.

5.7.3 The Northamptonshire Pension Fund has access to the platform for Committee and Board members as well as for key Officers. The online platform is now the core mandatory training requirement from the previous modules delivered/produced in 2021 by Aon and section 11 of the Training Strategy (delivery of training) will be updated accordingly as agreed by the Pension Committee in March 2023.

5.7.4 A demonstration of the platform was delivered on 6 March 2023 to assist with the adoption of this approach with links to the recordings circulated.

5.7.5 In addition, in order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Board, appendix 1 lists the main events that are deemed useful and appropriate.

- 5.7.6 If members of the Pension Fund Board would like to attend any of the events listed in appendix A, please contact a member of the Fund’s governance team who will make the necessary arrangements if an invitation has not already been sent.

6 Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 There are no resources or financial implications arising from the report.

6.2 Legal

- 6.2.1 The Fund has consulted with its Governance advisors, Aon, to understand the legislative requirements to comply with Pensions Dashboards regulations.

6.3 Risk

- 6.3.1 The Constitution Section 4.8 para 1.3 states that the Pension Committee has “Authority to develop and maintain a skills and knowledge framework for all Pension Committee and Investment sub-committee members and for all officers of the Fund including;

- (i) Determining the Fund’s knowledge and skills framework;
- (ii) Identifying training requirements;
- (iii) Developing training plans; and
- (iv) Monitoring attendance at training events.

- 6.3.2 This report ensures on-going compliance with the above and that the Pension Committee 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.

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

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

The Fund’s full risk register can be found on the Fund’s website at the following link:

[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

- 6.4.1 The following objectives as per the Business Plan have been considered in this report –

- 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.

6.5 Consultation

6.5.1 Not required.