



## West Northamptonshire Council

### Pension Fund Committee

28/06/2023

### Mark Whitby – Head of Pensions

<b>Report Title</b>	<b>Governance and Compliance Report</b>
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#### Contributors/Checkers/Approvers

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#### List of Appendices

**Appendix A The Pensions Regulator dashboard checklist**

**Appendix B The Northamptonshire Pension Fund Policy/Strategy review cycle**

**Appendix C 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 Committee 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
- Scheme Advisory Board
- Annual revaluation date change
- Skills and knowledge opportunities

2.2 The report also provides details of any proposed immaterial amendments due to be made to policies or strategies as a result of Officer reviews.

### **3. Recommendation**

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- 3.1 The Pension Fund Committee is asked to:
- 1) Note the Governance and Compliance Report.
  - 2) Note the immaterial amendments to be applied to the policies in section 6.5.2.

### **4. Reasons for Recommendation**

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- To ensure adequate oversight of the issues impacting the Northamptonshire Pension Fund.
- To ensure that the Committee is aware of government consultations and responses provided.
- To comply with the CIPFA Skills and Knowledge Framework.
- To ensure good governance and compliance with the Local Government Pension Scheme Regulations and other relevant legislation and guidance.

### **5. Report Background**

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

### **6. Issues and Choices**

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#### **6.1 Pensions Dashboards**

##### **6.1.1 Pension Dashboard Programme (PDP)**

- 6.1.1.1 The Department for Work and Pensions (DWP) issued a written ministerial statement in early March providing an update on the timeline for connecting to pensions dashboards. The statement explains that the PDP will be unable to meet the connection deadlines set out in legislation, and the timeline will need to be revised. PDP is working with DWP to establish a new and achievable plan for delivery.
- 6.1.1.2 The framework for dashboards will remain unchanged, but DWP will legislate to provide new connection deadlines. Further information on the revised timeline will be made available following agreement on PDP's delivery plan.
- 6.1.1.3 Chris Curry, PDP's Principal confirmed that "Delivering the central digital architecture for pensions dashboards is a complex undertaking. DWP and the Money and Pensions Service remain committed to dashboards. Significant progress has already been made. However, we need to do more work to ensure the connection journey is stable and secure for industry, and that it's achievable ahead of mandatory connection. Industry has played a significant role in getting us to this point, whether as early participants, inputting on standards or continually feeding back on getting dashboards right. We will continue to work closely with industry to deliver dashboards that will transform retirement planning and create new opportunities for engagement with savers."
- 6.1.1.4 The full ministerial statement can be found [here](#).
- 6.1.1.5 Frequently asked questions on connection deadline can be found [here](#).
- ##### **6.1.2 The Pension Regulator's (TPR) update on dashboards**
- 6.1.2.1 TPR has confirmed that schemes affected by the announcement will receive a written communication to confirm the new deadlines when set. A sample communication can be found [here](#).
- 6.1.2.2 Updated guidance and a checklist has been published to help schemes focus on what should be done now to prepare for dashboard duties. The Northamptonshire Pension Fund progress against these requirements can be found in appendix 1.
- 6.1.2.3 A content toolkit will be developed with key messaging for administering authorities to use, as appropriate, in communications.

### 6.1.3 Pensions Administration Standards Association (PASA) dashboards guidance

6.1.3.1 On 29 March 2023, PASA released two new pieces of dashboards guidance to support the industry in preparing to deliver pensions dashboards: the first covering communications for savers and the second looks at matching without a national insurance number and possible match responses.

The what to say to savers guidance can be found [here](#) and the data matching guidance can be found [here](#).

## 6.2 McCloud Remedy

### 6.2.1 McCloud data issues guidance

6.2.1.1 The Scheme Advisory Board (SAB) published guidance in March to assist administering authorities with McCloud data issues.

6.2.1.2 The guidance sets out what options administering authorities may consider if they are unable to collect data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate. The guidance should be read in conjunction with the legal advice provided by Eversheds on McCloud data issues – this is referenced within the guidance document

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

### 6.2.2 Governments response to McCloud consultation

6.2.2.1 On 6 April 2023, the Department for Levelling Up, Communities and Housing (DLUHC) published their response to the consultation on amendments to the underpin.

6.2.2.2 The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgment and to ensure that it works effectively and consistently for all qualifying members. The consultation ended on 8 October 2020. Alongside the response, in collaboration with the Scheme Advisory Board, DLUHC published a factsheet summarising the remedy for members.

6.2.2.3 DLUHC expects to launch a further consultation this spring. The consultation will seek views on:

- issues that, because of the consultation responses, they have not yet made a final decision on (such as aggregation and flexible retirement),
- issues not included in the original consultation (such as compensation, interest and excess teacher service), and
- updated draft regulations.

6.2.2.4 DLUHC will finalise the regulations after considering the responses to the further consultation. These will come into force on 1 October 2023, with backdated effect to 1 April 2014.

6.2.2.5 The factsheet can be found [here](#) and the consultation documents can be found [here](#) (16 July 2020 amendments to statutory underpin).

## 6.3 Scheme Advisory Board

### 6.3.1 Statement on Freedom of Information Act requests on climate advice and data

6.3.1.1 On 30 March 2023, the Board published a statement on Freedom of Information (FOI) requests on climate advice and data.

- 6.3.1.2 The Board is aware of the increasing prevalence of information requests about responsible investment policies. These may come from interested scheme members or activist groups and can be “round robin” requests that are made to all administering authorities with a view to collating information across the scheme and making comparisons between authorities’ responses.
- 6.3.1.3 As public authorities, there are duties on all administering authorities to be open and transparent about their policies and actions. However, the resources available to deal with requests are not unlimited and there will be occasions where cost, commercial sensitivity or other considerations will outweigh the public interest in releasing information.
- 6.3.1.4 Further guidance on this is available from the Information Commissioner’s Office and can be found [here](#).
- 6.3.1.5 Support in how to respond to these requests, especially if they become onerous or vexatious, should be sought from the authority’s legal and FOI advisers.
- 6.3.1.6 If the new climate reporting duties had been brought in by the Government, as consulted on last year, from 1st April 2023 then that may have helped authorities currently considering the request from Carbon Tracker by putting, or at least having a plan to put, a large amount of information into the public domain which may have helped address some of the requests for information that are being received. Despite the delays in DLUHC concluding that consultation, the Board would recommend that all funds consider having a proactive publication scheme in place for climate data, and their stewardship activities, to minimise the volume of ad hoc requests that they have to field.
- 6.3.2 Gender pensions gap report
- 6.3.2.1 The Gender Pay Gap Information Regulations 2017 put a requirement on employers with more than 250 employees to publish differences in pay between men and women.
- 6.3.2.2 On 29 March 2023, the Board published a report on the gender pensions gap in the LGPS from the Government Actuary’s department.
- 6.3.2.3 Research into the extent of the gender pensions gap was undertaken by the Government Actuary’s Department at the Board’s request using data from the 2020 scheme valuation and the report provides an initial overview of the gender pensions gap in the LGPS.
- 6.3.2.4 This has shown that the difference between men and women as to their accrued benefits in the Local Government Pension Scheme is 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme (in favour of men). The data also showed that the average pension in payment for a woman was £4,285 while for a man it was £8,466.
- 6.3.2.5 These initial findings do need to be interpreted with some caution, The LGA pay gap analysis excludes all schools staff (and any other staff not directly employed by a Local Authority), while the gender pensions gap analysis includes data held on non-teaching staff working in schools, academies, further education colleges, some higher education institutions and many other non-Local Authority employers who can be employed under different terms and conditions.
- 6.3.2.6 The Board will do further work to understand the data and investigate causes, as well as considering possible next steps.
- 6.4 Annual revaluation date change
- 6.4.1 In March 2023, the Department for Levelling Up, Housing and Communities’ (DLUHC) published its response to the consultation on changing the annual revaluation date. On the same day, they laid the LGPS (Amendment) Regulations 2023, effective on 31 March 2023.

6.4.2 Subsequently, details of the changes were circulated by the Local Government Association (LGA) which also included examples. The documents can be found here and the timeline regulations will be updated in due course.

6.5 Northamptonshire Pension Fund Policy/Strategy updates

6.5.1 In March 2023 the Pension Fund Committee agreed for all policies and strategies to be reviewed by the Committee on a three year cycle (unless stated otherwise) with Officer reviews to be conducted on an annual basis or as deemed necessary.

6.5.2 Since the approval the following non material amendments are due to be applied:

Policy/Strategy	Review reason	Amendments made
Administering Authority Discretions.	Officer review due.	1) Clarification applied to the wording of ‘Whether to pay the whole or part of a child’s pension to another person for the benefit of the child’. 2) Reference to ‘a child’ amended to ‘an eligible child’. 3) Clarification applied to delegated authority on Voluntary Scheme Pays. 4) Employer Services Manager updated to Employer Services and Communications Manager.
Anti-Fraud and Corruption Policy.	To align with the West Northamptonshire Anti-Money Laundering Policy.	1) The ‘Responsible Officers’ section has been updated to include the Money Laundering Reporting Officer (MLRO) and deputising arrangements. 2) Link to the West Northamptonshire Council Anti-Money Laundering Policy.

6.5.3 The updated policies/strategies will be published on the Pension Service website following the noting of these changes.

6.5.4 The Policy/Strategy review cycle following the approval of the new three-year Committee approval approach is in appendix B.

6.6 Skills and knowledge opportunities

6.6.1 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.

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

6.6.3 If members of the Pension Fund Committee would like to attend any of the events listed in appendix 3, please contact a member of the Fund’s governance team who will make the necessary arrangements if an invitation has not already been sent.

6.6.4 In addition, individual login details have been issued to access the new LGPS Online Learning Academy platform. Members are encouraged to ensure they are able to sign in and navigate the platform. In July, members will be asked to approve timescales and requirements as part of the Training Strategy.

## **7 Implications (including financial implications)**

### **7.1 Resources and Financial**

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

### **7.2 Legal**

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

### **7.3 Risk**

7.3.1 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.

7.3.2 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.

7.3.3 The risks associated with the Pension Committee 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](#)

### **7.4 Relevant Pension Fund Objectives**

7.4.1 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.

## **7.5 Consultation**

7.5.1 The Fund is kept updated with developments and consultations via various sources such as the Local Government Association, The Pensions Regulator and Scheme Advisory Board. No consultation was required for this report.