

West Northamptonshire Council

Pension Committee

12/10/2022

Mark Whitby – Head of Pensions

Report Title	Governance and Compliance Report
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Contributors/Checkers/Approvers

MO	Jennifer Affie on behalf of Catherine Whitehead	22 September 2022
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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 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 Regulations 2022
 - Scheme Advisory Board – Annual Report
 - Academy Guarantee
 - Skills and knowledge opportunities

3. Recommendations

- 3.1 The Pension Committee is asked to note the contents of this report.

4. Report Background

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

5. Issues and Choices

5.1 Pensions Dashboards Regulations 2022

- 5.1.1 The proposed Pensions dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. A legal duty has been placed on pension providers to provide information to the dashboards.
- 5.1.2 There have been several sets of draft regulations and consultations issued during 2022 on the finer technical detail of establishing and connecting to a Pensions Dashboard and part of which was at what point the LGPS (and all other Public Sector Pension Schemes) would be required to connect to and supply data to a Dashboard
- 5.1.3 In July 2022 an announcement was made that the LGPS would not be required to connect to a Dashboard at the initial staging date of April 2024 as this would not allow the LGPS funds sufficient time to undertake all the remedial work required of the McCloud remedy which can only begin from October 2023. The LGPS now has a staging date of 30 September 2024 to connect to a Pensions Dashboard and a date of 1 April 2025 to make scheme member data available on the Dashboard.
- 5.1.4 In light of this information and detail arising from the regulations and consultation responses a detailed report of the work that needs to be undertaken by the Fund to meet the staging date and to be able to provide data to the Dashboard, was commissioned from the Fund's Governance Advisors, Aon. This report will enable a detailed project plan to be devised to meet the required deadlines.
- 5.1.5 The Local Government Pensions Committee (LGPC) response to the consultation can be found in full [here](#) . The Pension Committee will be kept up to date with developments regarding the Pensions Dashboard.

5.2 Scheme Advisory Board – Annual Report

- 5.2.1 On 13 June 2022, the Scheme Advisory Board published its annual report for 2021. The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. The report collates information supplied by the 86 administering authorities, as at 31 March 2021.
- 5.2.2 The main highlights from the report are:
- Total membership increased by 1.08% to 6.226 million.
 - Total assets increase by 23.4% to £342 billion.
 - Local authority net return on investment from 1 April 2020 to 31 March 2021 was 20.56% (which was reflective of market conditions).
 - A positive cash flow was maintained overall (including investment income).
 - Over 1.8 million pensioners were paid.
 - Total management charges increased by £196 million (12.9%) primarily driven by a rise in investment management charges, while administration, oversight and governance costs remained broadly stable.
- 5.2.3 The full report can be found here [LGPS Scheme Advisory Board - Scheme Annual Report \(lgpsboard.org\)](https://lgpsboard.org).

5.3 Academy guarantee

- 5.3.1 In 2013, the Government introduced the academy guarantee. The guarantee provides that in the event of an academy closing, any outstanding liabilities will not revert to the LGPS Fund.
- 5.3.2 Following a reassessment, the Government confirmed on 21 July 2022 in a written ministerial statement that it will continue to provide the academy guarantee.
- 5.3.2 Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.

5.4 Skills and knowledge opportunities

- 5.4.1 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 Pension Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 5.4.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix A lists the main events that are deemed useful and appropriate.
- 5.4.3 If members of the Pension Committee 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 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](#)

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.