

**Appendix D**

**Key Policy Documents**

Board and Committee members should be familiar with the following key documents

1.	Member booklets, announcements and other key member and employer communications, which describe the Fund’s policies and procedures (including any separate AVC guides) including documents available on the Fund’s website	
2.	<p>Any relevant policies of the Administering Authority and/or Pension Committee, for example policies on:</p> <ul style="list-style-type: none"> <li>• conflicts of interests</li> <li>• record-keeping</li> <li>• data protection and freedom of information</li> <li>• internal dispute resolution procedure</li> <li>• reporting breaches</li> </ul>	
3.	The Administering Authority’s governance compliance statement (as required by regulation 55 of the Regulations)	
4.	The Administering Authority’s funding strategy statement (as required by regulation 58 of the Regulations)	
5.	The Administering Authority’s pension administration statement (as required by regulation 59 of the Regulations)	
6.	The Administering Authority’s discretionary policy statement (as required by regulation 60 of the Regulations)	
7.	The Administering Authority’s communications policy statement (as required by regulation 61 of the Regulations)	

8.	The Administering Authority's Investment Strategy Statement (as required by regulation 7 of the Investment Regulations)	
9.	The Administering Authority's internal controls risk register (for the purposes of section 249B of the 2004 Act)	
10.	The Fund's actuarial valuation report and rates and adjustment certificate (as required by regulation 62 of the Regulations)	
11.	The Fund's annual report and accounts (as required by regulation 57 of the Regulations) including any summary report (as required by regulation 56 of the Regulations)	
12.	Any accounting requirements relevant to the Fund	
13.	Any third party contracts and service level agreements	
14.	Any internal control report produced by third party service providers and investment managers	
15.	The Fund's standard form of admission agreement and bond and related policies and guidance	

## Knowledge and understanding of the law relating to pensions

### 1. Background and Understanding of the Legislative Framework of the LGPS

- Differences between public service pension schemes like the
- LGPS and private sector trust-based schemes
- The historic role of the Independent Public Sector Pensions Commission (IPSPC) and its recommendations within the *Hutton Report*
- Key provisions of the 2013 Act
- The structure of the LGPS and the main bodies involved including the Responsible Authority, the Administering Authority, the Scheme Advisory Board, the Local Pension Board and the LGPS employers
- An overview of local authority law and how Administering Authorities are constituted and operate
- LGPS rules overview (including the Regulations, the Transitional Regulations and the Investment Regulations)
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- Latest changes to scheme rules

### 2. General pensions legislation applicable to the LGPS

An overview of wider legislation relevant to the LGPS including:

- Automatic Enrolment (Pensions Act 2008)
- Contracting out (Pension Schemes Act 1993)
- Data protection (Data Protection Acts 1998 and 2018)
- Employment legislation including anti-discrimination, equal treatment, family related leave and redundancy rights
- Freedom of Information (Freedom of Information Act 2000)
- Pensions sharing on divorce (Welfare Reform and Pensions Act 1999)
- Tax (Finance Act 2004)
- Institutions for Occupational Retirement Provision) (IORP Directive)

### 3. Role and responsibilities of the Local Pension Board

- Role of the Pension Board
- Conduct and conflicts
- Reporting of breaches
- Knowledge and understanding

- Data protection

#### **4. Role and responsibilities of the Pension Committee**

- Ensure the Fund operates in accordance with the LGPS regulations
- Adopt Fund specific policies and monitor compliance
- Set Investment Policy and review performance
- Ensure Triennial Valuation is carried out
- Set the pension administration strategy
- Approve the Statement of accounts and annual report
- Ensure the Council discharges its obligation to other scheme employers
- To make representation to government concerning proposed changes to the LGPS if they choose to do so

#### **5. Role and responsibilities of the Administering Authority**

- Membership and eligibility
- Benefits and the payment of benefits
- Decisions and discretions
- Disclosure of information
- Record keeping
- Internal controls
- Internal dispute resolution
- Reporting of breaches
- Statements, reports and accounts

#### **6. Knowledge of Stakeholders of the Pension Fund**

- Consultation, communication and involvement options relevant to stakeholders

#### **7. Funding and Investment**

- Requirements for triennial valuation
- Rates and adjustment certificate
- Funding strategy statement
- Bulk transfers
- Permitted investments
- Restrictions on investments
- Statement of investment principles
- CIPFA guidance
- Appointment of investment managers
- Role of the custodian
- Myners principles
- Investment pooling
- Pensions accounting and auditing standards
- Risk management

## **8. Role and responsibilities of Scheme Employers**

- Explanation of different types of employers
- Additional requirements for admission bodies
- Automatic Enrolment
- Deduction and payment of contributions
- Special contributions
- Employer decisions and discretions
- Redundancies and restructuring (including the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)
- TUPE and outsourcing (including Fair Deal and the Best Value Authorities Staff Transfers (Pensions) Direction 2007)

## **9. Tax and Contracting Out**

- Finance Act 2004
- Role of HMRC
- Registration
- Role of 'scheme administrator'
- Tax relief on contributions
- Taxation of benefits
- Annual and lifetime allowances Member protections
- National Insurance
- Contracting out (Pensions Scheme Act 1993)
- Impact of abolition of contracting out in 2016
- VAT and investments

## **10. Role of advisors and key persons**

- Officers of the Administering Authority
- Fund actuary
- Auditor
- Lawyers
- Investment managers
- Custodians
- Administrators – in house and third party
- Procurement of services
- Contracts with third parties
- Monitoring and management of performance of outsourced providers

## **11. Key Bodies connected to the LGPS**

An understanding of the roles and powers of:

- Courts
- Financial Services Authority
- HMRC
- Information Commissioner's Office
- Money and Pensions Service
- Pensions Ombudsman
- The Pensions Regulator (including powers in relation to Local Pension Boards)
- The Department for Levelling Up, Housing and Communities (DLUCH)
- The Scheme Advisory Board (SAB)

## **Supplementary information on Pooling**

### **Investment Pool**

- Broad understanding of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants within the pool.
- Appreciation of the regulation, best practice and guidance related to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.
- Appreciation of the boundaries under financial services law and where carrying on investment activities requires FCA authorisation.
- Understanding of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangements; in particular reporting requirements, influence and accountability.
- Understanding of the statement of investment principles or investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives.

### **Pensions accounting and auditing standards**

- Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report.
- Awareness of the role of both internal and external audit in the governance and assurance process.

### **Understanding public procurement**

- Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.
- A general understanding of the main public procurement requirements of UK and EU legislation.

### **Supplier risk management**

Awareness of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.

### **Investment pool**

Awareness of the nature of the relationship with the investment pool parties and an understanding of:

- the extent of influence over the investment pool operator and oversight committee
- the terms for terminating a pooling agreement; and
- guidance on the requirement to pool investments.

## **Investment performance and risk management**

### **Total fund**

Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.

### **Performance of advisors**

Awareness of the Myners principles of performance management and the approach adopted by the committee.

### **Performance of the committee**

Awareness of the Myners principles and the need to set targets for the committee and to report against them.

### **Performance of support services**

Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.

### **Performance of the investment pool**

- Awareness of the Investment Regulations and the requirements for monitoring investments.
- Understanding of the administering authority and pension committee investment strategy requirements of the investment pool and how to effectively monitor the delivery of the investment strategy

## **Financial markets and products knowledge**

### **Investment strategy**

- Awareness of the risk and return characteristics of the main asset classes (equities, bonds, property).
- Understanding of the role of these asset classes in long-term pension fund investing.

### **Financial markets**

- Understanding of the primary importance of the investment strategy decision.
- A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.
- An awareness of the limits placed by regulation on the investment activities of local government pension funds.

### **Investment pool**

- Appreciation of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.
- Understanding of which assets and investments may sit outside of the investment pool, and their nature and characteristics.

### **Valuations**

- Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.
- Awareness of the importance of monitoring early and ill health retirement strain costs.
- A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.

### **Outsourcing**

A general awareness of the relevant considerations in relation to outsourcing and bulk transfers.



