

REPORT TO:	PENSION BOARD 13 October 2022
SUBJECT:	Progress on implementing findings of Governance Review
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury

1 RECOMMENDATIONS

- 1.1 To note the outstanding actions to be taken forward as a result of the findings from the various Governance Reviews as detailed in section 3.4 of this report.
- 1.2 To note the progress achieved in addressing the findings of the Governance Reviews of 2019 and 2021.

2. EXECUTIVE SUMMARY

- 2.1 The Pension Board are asked to note the latest agreed list of outstanding recommendations as presented to the Committee on 11 October 2022 and detailed in this report.
- 2.2 This report updates the Board on the progress made in completing recommendation actions to August 2022.

3. DETAIL

- 3.1 A governance review carried out by AON, the Fund's governance advisors, was commissioned by the Fund and its findings were reported in September 2019. It was envisaged that completion of the actions identified would be delivered over a 3 year period. A follow up review was carried out in June 2021. A list of recommendations from both of these reviews and from a meeting between the Chairs of the Pension Board and Committee, The Head of Pensions, The Pensions Manager and the Fund governance advisers AON on 3 February 2022 was formulated.
- 3.2 At their 7 July 2022 meeting the Pension Board were asked to consider these recommendations and whether to request that the Committee amend the work programme in respect of any of the items.
- 3.3 The Chair expressed that he and the Board were very impressed and pleased with the progress made on the recommendations of the Governance Reviews and that the next steps were to consolidate all the findings of the reviews into an action plan.

3.4 Officers have consolidated all of the findings and detailed these findings and recommendations in the Governance Review Action Plan which is attached as Appendix A. The Pension Board are asked to note the outstanding actions to be taken forward as detailed below:

Non-Pension Officer Actions

- That the Chair of the Local Board write to the Chief Whips of current party groups to draw attention to the report's concerns about lack of continuity on the Committee and the Council representatives on the Board and that the outgoing Chair write in similar vein after the May 2022 municipal elections
- Democratic Services to keep Pension Officers informed of changes to Board and Committee membership in a timely way
- Relevant individuals within the appropriate teams in the Council are reminded of the responsibility placed on members of the Committee and Board.
- That the Committee recommends that the Council looks at appointing members to the Committee and the Board for a period of 4 years within the electoral cycle
- To create a Head of the Pension Fund position, accountable directly to the Pension Committee and the S151 officer for all aspects of the Fund including governance, investment and pensions administration

Constitutional Actions

- To create a Fund wide Conflicts of Interest Policy covering Committee, Board and Senior Officers and incorporating work with the LCIV
- That a small annual allowance should be paid to Pension Board members to reflect the increasingly onerous skills and training requirements.
- To include LCIV relationships structures in the constitution
- To appoint non-council employer representatives to the Pension Committee
- Update Part 3 of the Constitution is updated to be consistent to avoid any confusion around the responsibilities of the Pension Board.
- Clearly documented Scheme of Delegation – to include greater detail regarding the delegation to the Director of Finance Investment and Risk and Section 151 Officer in the next update to the constitution
- To review voting rights of categories of Committee members

Resourcing

- To review the operation of procurement and recruitment for the Fund
- That the administering authority should proactively consider the use of third party suppliers to increase the resources available to the Fund ;
- The Board requested a report on Procurement and Recruitment to the Fund in July 2023;
- That the Board receive a report on resourcing twice a year
- The Board requested that the Pension Team performed an options appraisal for payments of benefits and the Pension Administration Team.

Finance and Business Planning

- That the Fund Annual Report and Accounts be reported to the Pension Committee prior to being reported to the General Purposes and Audit Committee ;

- To report when the 2019/20 pension fund report and accounts have been signed off by audit
- To compile a 3-year financial plan covering admin, fund management and other overhead costs ;
- Review structure and content of the business plan, including a three year financial plan, ensuring compliance with CIPFA guidance

Website

- That the Committee receive a report on compliance with the Aon report on publication of the Funds policies and documents by September 2023
- Consider adding additional information from Code of Practice paragraph 96 about the Pension Board and Pension Committee members onto the Fund website

Policy and Process

- To review the Breaches of the Law Policy
- To review the Investment Strategy Statement- to include compliance statement against the Myners Principles
- To review the Administration Strategy
- To review the Communications Policy
- To create a Data Improvement Plan
- To review the Governance and Compliance Policy
- To review the IDR procedure to include details on what is exempt (as per section 50(9) of the 1995 Pensions Act.
- To create a Record Management Policy
- Regularly review knowledge and skills requirements as a standing agenda item for Board and Committee meetings
- Report on meeting administration and process

Projects

- That the Committee will carry out a check on how the Fund complies with the recommendations of the Good Governance and where work will be required to ensure compliance by March 2023
- That the Committee is provided with an evaluation against the new TPR Code requirements in due course and will address areas of partial compliance and non-compliance in a timely manner

3.5 Members' attention is drawn to the significant positive actions already embedded in practices and progress made by officers in delivering the recommendations of the original review in 2019 and the latest review, as well as the updated recommendations list, and should note that officers continue to work to address the remaining points covered by both reviews.

3.6 This latest review rated areas of practice considered as:

positive – meets legal requirements, national guidance and good practice;
 neutral – meets legal practice, in the main, but could be improved to meet good practice or national guidance; negative – requires improvement as it does not

appear to meet legal requirements or practices we consider key to good governance.

- 3.7 Eleven elements in the latest governance review were highlighted as positive.
- 3.8 Three elements were rated as negative. As at August 2022, 33% of the negative rating actions have been completed and a further 67% are in progress, making a total of 100% of actions having been progressed.
- 3.9 Thirty-eight elements were rated as neutral. 21% of neutral items are constitutional and are being taken forward as part of an overall review of the constitution. The Board and Committee are receiving a report on proposed constitutional changes in October 2022.
- 3.10 As at August 2022, of the remaining neutral items 43% have been completed and a further 30% are in progress, making a total progressed of 73%.
- 3.11 Of the original points on the 2019 Governance review, as at August 2022, 80% of the actions have been completed and a further 17% are in progress, making a total of 97% of actions either completed or in progress.
- 3.12 The updated recommendations list had 28 items categorised as follows:

The updated recommendations list has 23 items for pension officers to take forward. This includes 4 constitutional items that are being taken forward as part of an overall review of the constitution. The Board and Committee are receiving a report on proposed constitutional changes in October 2022.

Of the remaining 19 items 26% have been completed, 35% are in progress, making a total of 61% of these items having been progressed, and 22% are still to be actioned. However, of that 22%, 9% are not due to be completed until at least March 2023.

- 3.13 The Board are asked to note the latest agreed list of outstanding recommendations as presented to the Committee on 11 October 2022 and detailed in this report and to note progress in completion of actions

4 CONSULTATION

- 4.1 Officers have prepared this report in line with previous recommendations of the Pension Fund's advisers Aon in.

5 DATA PROTECTION IMPLICATIONS

- 5.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Matthew Hallett on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None

APPENDICES

Appendix A: Governance Review Action Plan