

Worcestershire Pension Fund Updated Position Statement: Good Governance

August 2023

This position statement has been prepared to summarise progress on how we are taking forward the LGPS Scheme Advisory Board's (SAB) Good Governance workstream in preparation for statutory guidance being issued. The numbering relates to the recommendations in the November 2019 Hymans Robertson Phase II [report](#) 'Good governance in the LGPS'. We are also closely monitoring [The Pensions Regulator's plans](#) to combine 10 of its 15 existing codes of practice (including [CoP 14: Governance and administration of public service pension schemes](#)) into a new, single, combined and expanded (to incorporate climate change, cyber security, (ESG) stewardship of investments, administration and remuneration policies) modular document that identifies the legal duties of pension funds, provides advice on how to meet them and incorporates changes introduced by the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018 (the governance regulations).

Good Governance proposal	Current position	Identified actions (that are owned by # / with a target delivery date of #)
A. General		
A.1 DLUHC will produce statutory guidance to establish new government requirements for funds to effectively implement the proposals below. ("the Guidance")	Awaiting the draft Guidance and monitoring news about it, such as to expect a new requirement to produce a workforce plan	
A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for the fund ('the LGPS senior officer')	Our Chief Financial Officer is so named	

<p>A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS fund as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer</p>	<p>We publish an annual Governance Compliance Statement as part of our annual reports</p> <p>We have benchmarked our Governance Compliance Statement against Appendix 2 of the Phase 3 Report</p> <p>The 22 March 2023 Pensions Committee approved our updated Governance Policy Statement following the annual review of the existing (2022) version</p>	<p>CF / TBD</p> <p>Benchmark our Governance Compliance Statement against the Guidance once it has been issued and in the meantime against peer funds' statements annually, re which the 2022 peer fund benchmarking has been completed</p>
<p>B. Conflicts of interest</p>		

<p>B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential, and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance</p>	<p>Our 2022 Policy on Conflicts of Interest was re-approved for 2023 at the 22 March 2023 Pensions Committee meeting, following an annual review of the 2022 version</p> <p>Elected members' (not officers') conflicts of interest are declared at the start of each Pensions Committee and Pension Board meeting.</p> <p>All attendees of a Pensions Committee and Pension Board meeting are asked to sign the Record of Conflicts of Interest Declarations made</p>	
<p>B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB</p>	<p>Awaiting the draft Guidance</p>	
<p>C. Representation</p>		

<p>C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party</p>	<p>Our 2023 Policy on Representation was approved at the 22 March 2023 Pensions Committee meeting, following an annual review of the 2022 version</p> <p>Our annual reports, our Investment Strategy Statement and para K of appendix 1 of the Worcestershire County Council constitution contain information about representation</p>	
D. Knowledge and understanding		
<p>D.1 Introduce a requirement in the Guidance for the key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively</p>	<p>Our 2022 Training Policy and programme, was re-approved for 2023 at the 22 March 2023 Pensions Committee meeting, following an annual review of the 2022 version</p> <p>We have produced a Training Plan that summarises the training work that we plan to progress in 2023 /2024</p>	
<p>D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding</p>	<p>We have a new s151</p>	<p>CFO / TBD</p> <p>New s151 to complete skills framework and personal competencies assessments and address within CPD programme</p>

<p>D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements</p>	<p>We have a Training Policy and Programme and review it annually: at the 22 March 2023 Pensions Committee meeting the 2022 version was re-approved for 2023, following an annual review of the 2022 version</p> <p>We have produced a Training Plan that summarises the training work that we plan to progress in 2023 /2024</p>	
<p>D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for S151 officers to consider including LGPS training within their training qualification syllabus</p>	<p>Awaiting guidance</p>	
<p>E. Service delivery for the LGPS function</p>		
<p>E.1 Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with the descriptions and business processes</p>	<p>The Worcestershire County Council constitution and our annual reports contain information about roles and responsibilities, and we have job descriptions for every officer's role</p> <p>The s151 Officer also delegates to the Head of Finance (Corporate) matters requiring a purely County Council decision affecting the Fund to ensure no conflict of interest arises</p>	<p>CFO / TBD</p> <p>Publish a matrix that meets the requirements. This action will commence once we have a settled structure in place</p>

E.2 Each authority must publish an administration strategy	We comply with this requirement, and at its 22 March 2023 meeting the Pensions Committee approved an updated version, following an annual review of the 2022 version	
E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of the service	These are included in our annual reports and the quarterly Business Plans tabled at all Pensions Committee meetings and all Pension Board meetings	CF/ TBD Continually work with the Pension Board to check and develop our KPIs and seek out benchmarking, identifying in the first instance what KPIs from Ps 17-18 / 33 of the Phase 3 Report the Fund can produce and what would be needed to produce the missing information. The Fund has purchased Altair Insights, and we have recruited a Governance Lead to progress this action
E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year	Rolling Business Plans are tabled at all Pensions Committee meetings and all Pension Board meetings	

<p>E.5 Each administering authority must give proper consideration to the utilisation of pay and recruitment policies, including appropriate market supplements, relevant to the needs of their pensions function. Administering authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function</p>	<p>We are completing a restructure that has included regrading most posts</p> <p>Our recruitment and staffing levels are not constrained by Worcestershire County Council, and we are able to use market forces adjustments</p>	<p>CFO / TBD</p> <p>We are continually reviewing our structure and recruiting to the vacant roles in the pensions administration structure</p>
<p>F. Compliance and improvement</p>		
<p>F.1 Each administering authority must undergo a biennial Independent Governance Review (IGR) and, if applicable, produce the required improvement plan to address any issues identified</p> <p>IGR reports to be assessed by a SAB panel of experts</p>	<p>We do not currently do this</p>	<p>CFO / TBD</p> <p>Prepare for IGRs. Awaiting more info</p>
<p>F.2 LGA to consider establishing a peer review process for LGPS funds</p>	<p>We do not currently do this</p>	<p>CFO / TBD</p> <p>Prepare for the process and investigate external benchmarking like PASA. Awaiting more info</p>

Note: in the last column CF = Chris Frohlich