

## Draft Worcestershire Pension Fund Position Statement: Good Governance

## Appendix

This position statement has been prepared to summarise how we are taking forward the LGPS Scheme Advisory Board's (SAB) Good Governance workstream in preparation for draft 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 SAB's Responsible investment guidance workstream.

<b>Good Governance proposal</b>	<b>Current position</b>	<b>Identified actions</b>
<b>A. General</b>		
A.1 MCHLG will produce statutory guidance to establish new government requirements for funds to effectively implement the proposals below. ("the Guidance")	Awaiting draft guidance to review and benchmark	Prepare for guidance
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	No further action needed
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	We publish a governance compliance statement as part of our annual reports	Benchmark our governance compliance statement against the guidance and peers annually
<b>B. Conflicts of interest</b>		
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	Elected members' (not officers') conflicts of interest are declared at the start of each Pensions Committee meeting	Review best practices employed at other funds (including private sector) to help identify possible conflicts and approaches in preparation for producing a policy
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on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB	Awaiting draft guidance	To ensure that all those involved in the management of the LGPS are aware of this position statement and consider training and guidance to Fund members.

<b>Good Governance proposal</b>	<b>Current position</b>	<b>Identified actions</b>
<b>C. Representation</b>		
<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>Information about the Pensions Committee is available via our website  The Pension Board's terms of reference are available via our website  Our annual reports, our Investment Strategy Statement and para K of appendix 1 of the Worcestershire County Council constitution contain information about representation</p>	<p>Review whether the current position remains adequate annually using comparator Funds to benchmark practices.</p>
<b>D. Knowledge and understanding</b>		
<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>We use a knowledge and skills questionnaire for new elected members and key officers, using them to form action plans as to how gaps can be resolved.  Our elected members' training programme is tabled at most Pensions Committee meetings.  Our officers participate in training provided by the LGA, attend the annual LGPS conference, are on the distribution list for LGPC bulletins and develop the LGPS knowledge of our employers through monthly employer newsletters.</p>	<p>Update the knowledge and skills questionnaire for all members.  Review whether the current position remains adequate annually through a gap analysis and draw up appropriate training plans to address.</p>

<b>Good Governance proposal</b>	<b>Current position</b>	<b>Identified actions</b>
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	Our s151 officer's previous role was the most senior officer at another LGPS fund and skills framework completed 18 months ago	s151 to also complete skills framework assessment and address within his CPD programme.
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	Our current training policy was tabled at the 22 June 2018 Pensions Committee meeting	Review annually with Pension Board the current policy. The review should take account of the level and scope of training for officers, the latest external training available and the attendance records of elected members
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	Awaiting guidance	To respond to CIPFA and CIPP, expected guidance and consider peer / CIPFA / LGA review
<b>E. Service delivery for the LGPS function</b>		
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	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.	To publish a matrix that meets the requirements of the guidance and clarifies the role and responsibility of everyone involved in every stage of the processes we carry out during a member's administration lifecycle
E.2 Each authority must publish an administration strategy	We comply with this requirement	To conclude our 2020 annual review of our Pension Administration Strategy by taking account of all employer feedback to our proposed changes resulting from our consultation.  To benchmark our strategy for completeness and innovation with comparator funds to continual develop.

<b>Good Governance proposal</b>	<b>Current position</b>	<b>Identified actions</b>
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 Pensions Committee meetings	To use this information to allocate resources between processes and to re-engineer processes.  To continually work with the Pension Board to check and develop our KPIs and seek out benchmarking.
E.4 Each administering authority must ensure their committee 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	Quarterly Business Plans are tabled at Pensions Committee meetings	To review the effectiveness of our Business Plans
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	Our recruitment and staffing levels are not constrained by Worcestershire County Council and we are able to use market forces adjustments	To seek out what information, for example from CIPFA benchmarking, is available about pay in the LGPS
<b>F. Compliance and improvement</b>		
F.1 Each administering authority must undergo a biennial independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts	We do not currently do this	Prepare for guidance but are keen to explore peer review as noted in F2 below, and will seek to explore options if guidance is not forthcoming quickly.
F.2 LGA to consider establishing a peer review process for LGPS Funds	We do not currently do this	Prepare for guidance and investigate external benchmarking, like PASA