









Worcestershire Pension Fund Updated Position Statement: Good Governance 25 May 2022


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 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 [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). TPR expects to run a further consultation on the single code in summer 2022.



| Good Governance proposal | Current position | Identified actions (that are owned by # / with a target delivery date of #) |
|---|--|--|
| A. General | | |
| A.1 MCHLG will produce statutory guidance to establish new government requirements for funds to effectively implement the proposals below. ("the Guidance") | Awaiting the draft Guidance to review and benchmark | Prepare for the Guidance (MH / TBD) |
| 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 | Review the effectiveness of our Risk Register (MH / 17 09 2021) |
| 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>We publish a governance compliance statement as part of our annual reports</p> <p>The 23 March 2022 Pensions Committee approved our updated Governance Policy Statement</p> | <p>Benchmark our Governance Compliance Statement against Appendix 2 of the Phase 3 Report,</p> <p>(CF / 17 09 2021) ✓</p> <p>and once it is issued against the Guidance and peer funds annually</p> <p>(CF / TBD) ✓ 2021: benchmarked against 2021 annual reports / latest versions on website</p> |

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| B. Conflicts of interest | | |
| 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>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 sign the Record of Conflicts of Interest Declarations made</p> | <p>Using P10/33 of the Phase 3 Report produce a statement of possible conflicts of interest and ask Board / Committee members and Fund Officers to confirm their compliance before meetings.</p> <p>(CF / 17 09 2021)  form has been in use since 17 Nov 2021</p> <p>Review best practices employed at other funds (including private sector) to help identify possible conflicts and approaches in preparation for producing a policy</p> <p>(SH / TBD) for POG  and</p> <p>(RW / 11 11 2021) for LGPSC funds  At Joint Committee meetings for LGPSC conflict of interest is a standard agenda item.</p> <p>Publish conflicts of interest policy (CF / TBD) policy drafted and tabled for approval at the Pension Committee meeting of 28/06/2022</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 | Awaiting the draft Guidance | Prepare for publicising the Guidance and delivering training on it (MH / TBD) |
| C. Representation | | |

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|---|---|--|
| 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>Information about the Pensions Committee is available via our website</p> <p>The Pension Board's terms of reference are available via our website</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> | <p>Review whether the current position remains adequate annually using comparator funds' annual reports to benchmark practices</p> <p>(CF / 17 11 2021)  benchmarked against 2021 annual reports</p> <p>Publish representation policy (CF / TBD)  policy drafted and tabled for approval at the Pension Committee meeting of 28/06/2022</p> |
| D. Knowledge and understanding | | |
| 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>We deliver a one-hour informal welcome to the Fund for new members of our Board / Committee covering their role; where to find information; the required time commitment / knowledge expectations; what type of scheme the LGPS is; about our fund; and the range of material from previous training sessions (slides and video recordings) that is available for them to access</p> <p>We deliver a training session every couple of months for Board / Committee members and our senior team, agreeing</p> | <p>Review the current position with the Chairs of the Board / Committee annually</p> <p>(RW / 06 09 2021) </p> <p>Conduct knowledge assessment of key individuals (CF / 17 11 2021  TNA completed by 12 Board / Committee members and awaiting new structure for pensions administration being in place for officers with an interim action being for CF to match our draft officer knowledge assessment v CIPFA member training needs analysis by 06 09 2021)</p> |

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| | <p>with attendees what the next session will cover at the current session and an update on our training programme is tabled at most Board / Committee meetings</p> <p>Our officers attend various groups comprised of representatives from a number of LGPS funds, receive LGPC bulletins</p> <p>We develop the LGPS knowledge of our employers through monthly employer newsletters</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 | Our s151 officer's previous role was the most senior officer at another LGPS fund and our training sessions / Committee papers top this strong baseline position up | s151 to complete skills framework and personal competencies assessments and address within his CPD programme (MH / 17 09 2021) |
| 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 and Programme was tabled at the 23 March 2022 Pensions Committee meeting | <p>Review the current position with the Chairs of the Board / Committee annually</p> <p>(RW / 06 09 2021)  2021</p> <p>Note: Reviews should take account of the level and scope of training for officers, the latest external training available and the attendance records of elected members</p> |

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| 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 | Respond to CIPFA's and CIPP's expected guidance and consider peer / CIPFA / LGA review (MH / TBD) |
| E. Service delivery for the LGPS function | | |
| 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>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>Publish a matrix that meets the requirements and clarifies the role and responsibility of everyone involved in every stage of the processes we carry out during a member's administration lifecycle (MH / 17 11 2021) awaiting finalisation of the new structure for pensions administration</p> |
| E.2 Each authority must publish an administration strategy | We comply with this requirement | <p>Review our Pensions Administration Strategy annually, consulting our employers and benchmarking our strategy with comparator funds</p> <p>(CF / 28 02 2022) </p> |
| 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 | 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 is able to produce and what would be needed to produce the missing information |

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| | | (CF/ 17 09 2021)  identification. The Fund has purchased Altair Insights. |
| 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 Pensions Committee meetings | Review the effectiveness of our rolling Business Plan (MH / 17 11 2021) |
| 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 | Bring forward proposals to the 8 December Pensions Committee that seek to improve our service by ensuring that we have the resources in place to deliver the Worcestershire Pension Fund of the future, a fund resourced up for the challenges and projects ahead (MH / 08 12 2021)  all job descriptions have been drafted, and interviews for the Head of Pensions Administration post conducted |
| F. Compliance and improvement | | |
| 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 IGR reports to be assessed by a SAB panel of experts | We do not currently do this | Prepare for IGRs. The s151 Officer has raised this at Society of County Treasurers and CIPFA working groups and is keen to explore options early in 2022 (MH / 08 12 2021) awaiting more info |
| F.2 LGA to consider establishing a peer review process for LGPS funds | We do not currently do this | Prepare for the process and investigate external benchmarking like PASA (MH / 08 12 2021) awaiting more info |

Note: in the last column CF = Chris Frohlich; SH = Suzie Hawkes; MH = Michael Hudson; and RW = Rob Wilson