

**PENSION FUND COMMITTEE – 13 DECEMBER 2024**

**GOVERNANCE & COMMUNICATIONS REPORT**

**Report by the Executive Director of Resources & Section 151 Officer**

**RECOMMENDATION**

1. **The Committee is RECOMMENDED to:**
  - a) **Note the Fund's update on the Pension Regulator's General Code of Practice.**
  - b) **Note the results of the Hymans LGPS National Knowledge Assessment 2024.**
  - c) **Agree changes to mandatory training requirements for Committee members.**
  - d) **Note the proposed government proposals for fund governance as part of the 'Local Government Pension Scheme (England and Wales): Fit for the future' consultation.**
  - e) **Note the latest quarter's breaches for the fund.**
  - f) **Note the communications update.**

**General Code of Practice**

2. The Pensions Regulator have recently published the final General Code of Practice which replaces the Code of Practice 14 for the Local Government Pension Scheme (LGPS).
3. The new General Code of Practice consists of 51 modules which relate to 5 main areas:
  - i) Governing Body – 18 modules
  - ii) Funding and Investments – 2 modules
  - iii) Administration – 10 modules
  - iv) Communications and Disclosure – 11 modules
  - v) Reporting to TPR – 4 modules.
4. All funds within the Local Government Pension Scheme (LGPS) need to be compliant to the new General Code of Practice by March 2025. To this end, the Oxfordshire Pension Fund have developed a plan to ensure compliance against the 51 modules. A visual plan has been developed which shows progress against the key stages of the plan with a red/amber/green (RAG) rating to show the current status of each key stage of the plan. This plan can

be seen at **APPENDIX 1**.

5. Summary of the progress this quarter regarding the General Code of Practice:

- a) Modules and actions completed satisfactorily this last quarter include:
- (1) Review of other LGPS fund for updates on their GCOP compliance;
  - (2) Managing advisers and service providers (Contract monitoring);
  - (3) Recruiting to governing body;
  - (4) Governance of knowledge and understanding.
- b) A number of modules will require further work prior to being compliant:
- (1) Planning and maintaining administration;
  - (2) General principles for member communications;
  - (3) Reporting payment failures.

These three modules will be complete and green after the completion of a couple of minor actions.

The fund is very much on track to meet the March 2025 deadline of having reviewed all the required modules for the General Code of Practice.

### **Hymans LGPS National Knowledge Assessment 2024**

6. The fund took part in the Hymans LGPS National Knowledge Assessment 2024. The assessment, carried out in September 2024, provides a benchmark assessment of the knowledge and skills of our Committee and Board members. It also helps identify future training needs. The full results of the assessment can be found at **APPENDIX 2**.

7. A summary of the key outcomes of the assessment are as follows:

<p><b>Committee</b></p> <ul style="list-style-type: none"><li>• The Committee had a 100% participation rate and achieved an overall score of 70%</li><li>• Investment Performance and Risk Management and Pensions Governance have the highest levels of knowledge;</li><li>• Areas to focus any specific training on might be Actuarial Methods, Standards and Practices for the Committee;</li><li>• In general, the Committee's performance was strong. There are areas which could be improved on with focused training as outlined above.</li></ul>
<p><b>Board</b></p> <ul style="list-style-type: none"><li>• The Board had a 100% participation rate and achieved an overall score of 60.8%</li></ul>

- Committee Role and Pensions Legislation and Pensions Governance have the highest levels of knowledge;
- Areas to focus any specific training on might be Actuarial Methods, Standards and Practices for the Board;
- In general, the Board's performance was not as strong as the previous assessment. There are areas which could be improved on with focused training as outlined above.

8. On the whole, the fund have done very well and are ranked 7<sup>th</sup> out of 19 funds. The assessment has clearly identified areas of training needs, which will be addressed in the Training Plan for 2025/26.

### **Mandatory training requirements for Committee members**

9. Discussions took place at the last Committee meeting on the 6<sup>th</sup> September 2024 regarding changes to the mandatory training requirements for all committee members. The discussions were focussed on two proposals:
- a) Committee members and substitutes complete the pension fund induction training prior to attendance of a pension fund committee meeting;
  - b) All committee members must complete their mandatory training by the 31<sup>st</sup> December in the year they have become a committee member.
10. The proposed training requirements for pension fund committee members will be as follows:

- All Committee Members are required to
  - a) attend:
 

In their 1<sup>st</sup> year by the 31<sup>st</sup> December:

    - i. An induction on the Oxfordshire Pension Funds Policies prior to attendance of a Committee meeting, and either
    - ii. The 3-day LGA Fundamentals Course, or
    - iii. The 5 Core and 4 DB on-line modules of the Pension Regulators Trustee Toolkit

In each subsequent year

    - i. All pre-Committee training
    - ii. A minimum of 2 days' additional training
  - b) complete the annual Knowledge Assessment exercise run by Hymans Robertson; and

- c) maintain a score on the Knowledge and Assessment exercise consistent with their responsibilities as a serving member of the Pension Fund Committee or Pension Board as appropriate.
- Only named substitutes of the Committee are allowed where they have completed an induction on the Oxfordshire Pension Funds Policies.

11. The relevant fund policies and county council constitution documents will be amended accordingly based on the changes agreed by the pension fund committee.
12. The Pension Fund Committee are asked to agree the proposed changes to mandatory training requirements for Committee members.

**Proposed government changes to fund governance as part of the ‘LGPS: Fit for the future’ Consultation**

13. On the 14<sup>th</sup> November 2024, the government launched a new nine week consultation titled, ‘Local Government Pension Scheme (England and Wales): Fit for the Future’. The consultation is discussed within an earlier agenda item for this Pension Fund Committee meeting, however this report highlights the key proposals with regards to fund governance.

- In summary the government’s proposals are:
  - New requirements on Administering Authorities (AAs) to:
    - appoint a senior LGPS officer who has overall delegated responsibility for the management and administration of the fund
    - participate in a biennial independent governance review and, if applicable, produce an improvement plan to address any issues identified.
    - prepare and publish a governance and training strategy (replacing the governance compliance statement), including a conflicts of interest policy, and
    - prepare and publish an administration strategy
    - improve accessibility of annual reports
  - New requirements on knowledge and training for those involved in the management of LGPS funds
- In addition to these proposals, the government is considering one further change, to require AAs to appoint an independent adviser.

14. The committee are asked to note governance proposals outlined in the consultation.

## Breaches for the period July to September 2024

15. There are various legislative and regulatory requirements for Pension Funds regarding breaches which include the Pensions Act 2004, the UK General Data Protection Regulation (UK GDPR) and now the new General Code of Practice.
16. The following table shows the number of breaches in the last quarter – July to September 2024.

Breach Type	2023/4		2024/5		Total
	Oct-Dec (Q3)	Jan-Mar (Q4)	Apr-Jun (Q1)	Jul-Sept (Q2)	
Contribution - GCOP	16	8	18	21	63
Data - GCOP	42	30	32	35	139
Other - GCOP	1	0	0	1	2
Data - GDPR	1	2	1	1	5
<b>Total</b>	60	40	51	57	209

Escalations in Q2					
Type of Breach	Contribution (GCOP)	Data (GCOP)	Other (GCOP)	Data (GDPR)	Total
Number escalated	4	1	1	0	6
Number resolved	4	1	0	0	5
Number carried over to next quarter	0	0	1	0	1

### Code of Practice Breaches

A breach is recorded every time a contributions payment or data return is submitted after the 19<sup>th</sup> of the month following payroll. A breach is also recorded when an employer fails to provide member data or information to the administration team in line with the escalation policy.

All contribution and data breaches, including the 5 which were escalated to the Team Leader, have been resolved.

The 'Other' GCOP breach relates to the delay in issuing Firefighters' Pension Scheme annual benefit statements (ABS) to members who are eligible for the remedy in the McCloud/Sargeant cases. This affected 213 active members and 177 deferred members. All members who were affected were sent letters to confirm their ABS would be issued by 31 October 2024. All actives bar 35 members were issued statements by 31 October 2024. The remaining 35 ABS are not issued as we are awaiting guidance from the LGA/GAD or information from other authorities. The software for the deferred ABS is due to be delivered in late November 2024. Members will be notified of this further delay by letter by the end of November and statements issued by 31 January 2025. This breach

has been escalated to the Head of Pensions. The TPR is already aware of the delays in the FPS annual benefit statements and a breach has been reported to TPR.

### **Data Breaches**

One data breach occurred in Q1, which was assessed and closed by the Information Management Team. This breach was not materially significant and as such was not reported to either The Pensions Regulator or the Information Commissioner.

### **Communications Update**

17. The annual Employer Forum meeting has been scheduled for 12 February 2025 as a webinar-style online event. The event will provide an update on 'hot topics' and Fund performance to our employers' senior-level staff. Committee members are welcome to attend and invites will be circulated in due course.
18. The Communications Team is collaborating with Shropshire and Clwyd Pension Funds to produce a series of short talks for Pensions Awareness Week in September 2025 in a bid to boost member engagement. The aim is to provide LGPS-focussed information to complement the events organised by the Pension Geeks and Pension Attention campaigns.
19. The Communications Manager has now returned from an extended period of absence and the usual calendar of events for employers and members will recommence in early 2025.

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