

# Scheme Advisory Board

## ANNEX to letter from SAB Chair to Luke Hall MP 11.2.2021

### Action Plan (extract from Board report of 8 February 2021)

The action plan consists of formal requests from the SAB to MHCLG and other bodies to implement the recommendations from the project together with actions for the SAB which are either dependant on or regardless of the outcome of those requests.

- Column 1 of the grid below sets out the recommendations listed in the final report from Hymans Robertson.
- **Column 2 shows the actions proposed for MHCLG either by way of regulation or statutory guidance.**
- Column 3 shows any associated work that would need to be undertaken by bodies other than MHCLG or SAB
- Column 4 shows work that would need to be undertaken by SAB dependant on MHCLG guidance/work by other bodies being completed and;
- Column 5 shows actions that SAB can undertake to further improve scheme governance and administration immediately, regardless of the actions of MHCLG and other bodies.

| Recommendation  | MHCLG  | Other bodies | SAB Dependant Actions | SAB Immediate Actions |
|---|--|--------------|-----------------------|-----------------------|
| <b>A.1</b> MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”). | Publish statutory guidance (SG) to include requirements set out below using either reg 2(3A) powers or a new regulation in section 3 |              |                       |                       |

### Scheme Advisory Board Secretariat

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The Board secretariat is provided by the Local Government Association

| Recommendation  | MHCLG  | Other bodies                                      | SAB Dependant Actions  | SAB Immediate Actions  |
|---|--|---|--|--|
| <p><b>A.2</b> Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund (“the LGPS senior officer”).</p>   | <p>Set requirement in scheme regulations</p>   | <p>CIPFA to refer to the role in their guides</p> | <p>Publish a guide to the named officer role</p>                         | <p>Letter to CIPFA confirming SAB’s recommendation to Minister</p>                         |
| <p><b>A.3</b> Each administering authority must publish an annual governance compliance statement (GCS) that sets out how they comply with the governance requirements for LGPS funds, as per statutory Guidance. This statement must be co-signed by the LGPS senior officer and S151.</p> | <p>Set requirement in scheme regulations and publish high level statutory guidance</p> |   | <p>Publish a guide to GCS, including best practice examples</p>          |  |
| <p><b>B.1</b> 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, with specific reference to key conflicts identified in the Guidance.</p>           | <p>Set requirement in statutory guidance at <b>A.1</b></p>                             |   | <p>Publish a guide to Col policies, including best practice examples</p> | <p>Survey AAs to identify extent of conflict of interest policies already in existence</p> |

| <b>Recommendation</b>   | <b>MHCLG</b>  | <b>Other bodies</b>  | <b>SAB Dependant Actions</b>  | <b>SAB Immediate Actions</b>  |
|---|---|--|---|---|
| <b>B.2</b> 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                  | Request that MHCLG clarify Fiduciary Duty in statutory guidance at <b>A.1</b> | CIPFA to make reference in their Knowledge and Understanding framework | Publish guide on statutory and fiduciary duty based on A1 guidance and further legal advice | Seek further legal advice in co-ordination with Administering Authorities and recommend any further action in this area |
| <b>C.1</b> 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 voting rights for each party.                          | Set requirement in statutory guidance at <b>A.1</b>                           |  | Publish a guide to representation based on requirements of SG                               | Survey AA's for analysis of current representation  |
| <b>D.1</b> Introduce a requirement via the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively. | Set requirement in statutory guidance at <b>A.1</b>                           | CIPFA to make reference in their Knowledge and Understanding framework | Publish a guide to relevant training including suppliers                                    | Investigate existing training in this area and publish results  |

| <b>Recommendation</b>  | <b>MHCLG</b>  | <b>Other bodies</b>  | <b>SAB Dependant Actions</b>                             | <b>SAB Immediate Actions</b>  |
|--|---|--|--|---|
| <b>D.2</b> Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.                               | Set requirement in statutory guidance at <b>A.1</b> | CIPFA to make reference in their Knowledge and Understanding framework | Publish a guide to relevant training including suppliers |   |
| <b>D.3</b> Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.                            | Set requirement in statutory guidance at <b>A.1</b> |  | Publish a guide to training plans                        | Survey AA's for existing training plans and publish for best practice |
| <b>D.4</b> CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.   |   | CIPFA to produce appropriate guidance and training                     |  | Letter to CIPFA setting out request                                   |
| <b>E.1</b> Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The | Set requirement in statutory guidance at <b>A.1</b> |  | Publish a Guide to Roles and Responsibilities Matrix     | Survey and publish existing delegation arrangements in AA's           |

| Recommendation  | MHCLG   | Other bodies                          | SAB Dependant Actions                      | SAB Immediate Actions   |
|---|---|---------------------------------------|--|---|
| matrix should reflect the host authority's scheme of delegation and constitution, and be consistent with role descriptions and business processes.  |   |                                       |  |   |
| <b>E.2</b> Each administering authority must publish an administration strategy.  | Set requirement in scheme regulations               |                                       | Publish a guide to administration Strategy | Obtain and publish examples of existing PSAs                              |
| <b>E.3</b> Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service   | Set requirement in scheme regulations or SG         | CIPFA to include in AR&A guidance     |  |   |
| <b>E.4</b> 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. | Set requirement in statutory guidance at <b>A.1</b> | CIPFA to publish appropriate guidance |  | Investigate and publish current arrangements for agreeing pensions budget |

| <b>Recommendation</b>   | <b>MHCLG</b>  | <b>Other bodies</b>      | <b>SAB Dependant Actions</b>                                     | <b>SAB Immediate Actions</b>   |
|---|---|--------------------------|--|--|
| <b>F.1</b> 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. | Set requirement in scheme regulations, and include in high level statutory guidance |                          | Establish panel of experts to review biennial governance reviews | Investigate the work of any similar bodies and consider potential structure and membership |
| <b>F.2</b> LGA to consider establishing a peer review process for LGPS Funds.   |   | LGA to consider proposal |  | Letter to LGA setting out request  |