

REPORT TITLE: Gloucestershire Pension Fund Update – Part 1 – Governance & Operations

Meeting:	Pension Committee
Date:	13 June 2024
Item Type:	For information
Purpose of Report:	<p>To update the Committee on matters relating to the governance of the Fund and provide details of ongoing and future business operational issues.</p> <p>The provision of this information to the Committee is important in ensuring the Committee in complying with its Governance responsibilities under the Public Service Pensions Act 2013.</p> <p>The recommendation is considered to be appropriate in the context of the obligations flowing from the Regulations.</p>
Recommendations or Actions Sought:	<p>That the Committee notes the update provided within this report and seeks from officers such clarifications or further assurance as they require.</p>
Background Documents:	<p>The Pensions Committee last received a Governance & Operations summary update at its meeting on the 29 February 2024. The report and related minutes can be found on the following link.</p> <p>Agenda for Pension Committee on Thursday 29 February 2024, 10.00 am (gloucestershire.gov.uk)</p>
Appendices:	<p>Appendix 1 – LGPS National Knowledge Assessment – 2024 update</p> <p>Appendix 2 – TPR General code of practice – Scheme Assessment</p> <p>Appendix 3 – Key Performance Indicators</p> <p>Appendix 4 – Business Plan 2023/24</p> <p>Appendix 5 – Governance Workplan</p>
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Introduction

This report updates the Committee on governance and operational matters arising since the previous Committee meeting, the updates in this paper relate to:

- Governance
 - Knowledge & Skills Assessment
 - Brunel
 - The Pensions Regulator – General Code of Practice
- Operations
 - Key Performance Indicators
 - Business Plan 2024/25
 - Governance workplan

Governance

Knowledge & Skills Assessment

In accordance with the Funds approved training strategy and training plan we repeated the 2022 National Knowledge Assessment (NKA) in 2024, to compare if progress had been achieved in developing the Committee and Board members knowledge in the intervening period.

The 2022 baseline was created by 16 LGPS funds and over 200 members participated in the 2022 National Knowledge Assessment of Pension Committee ('Committee') and Pension Board ('Board') members.

The results of our 2024 knowledge assessment are attached as appendix 1 to this report, provide a quantitative report of the current knowledge levels of the individuals responsible for running the Fund, aiding the development of more appropriately targeted and tailored training plans for both groups.

This report is also a key document in evidencing the Funds commitment to training – a key cornerstone to the good governance of the Fund.

The assessment consisted of 48 multiple choice questions across 8 key areas

- a) Committee Role and Pension Legislation
- b) Pensions Governance
- c) Pensions Administration
- d) Pensions Accounting and Audit Standards
- e) Procurement and Relationship Management
- f) Investment Performance and Risk Management
- g) Financial Markets and Product Knowledge
- h) Actuarial Methods, Standards and Practices

The most recent results for Gloucestershire Pension Fund would have placed the Fund 2nd out of 16 Funds in 2022.

The most recent results show an improvement from 2022, where the fund had an overall score of 58.54%, now scoring 61.58%.

The performance of the Board (average overall score of 63.89%) was stronger than that of the Committee (average overall score of 59.26%). This may reflect the fact that the Boards Independent Chair is the Head of Pensions at the Oxfordshire Pension Fund, who also completed the assessment.

The performance for the Committee and Board diverged the most in the Pensions Governance section, with the Board being 25.00% higher than the Committee.

The Committee performed strongest in the areas of Pensions Governance and Financial Markets and Product Knowledge.

The Board areas of strongest knowledge were Pensions Governance and Actuarial Methods, Standards and Practices.

An area we saw welcomed improvement on from 2022, was in engagement. The chart below shows the breakdown of the total number of participants from the Gloucestershire Pension Fund, as a proportion of those who could have responded.

Role	Participants	Possible Participants	Participation Rate
Committee	9	10	90.00%
Board	6	6	100.00%
Total	15		93.75%

Next Steps

From the results the following areas will be focussed on to delivery training over the next 12 months:

1. Pension Accounting & Audit Standards
 - a. the Fund moves through the audit process for 2023/24
2. Pensions Governance
 - a. the Fund reviews to new TPR code of practice
3. Actuarial Methods, Standards & Practices
 - a. as the Fund approaches the 2025 valuation
4. Pensions Administration
 - a. as the Fund reviews the new TPR code of practice

Other topics will be covered as they become relevant to agenda items that are being brought before the Committee and Board (i.e. Cyber Security)

Officers will look to embed the delivery of training sessions in an online learning environment and tackling topics in bitesize chunks. The use of short timely bulletins and newsletters will also look to be developed by officers throughout 2024.

Brunel

Brunel Pension Partnership has appointed Sally Bridgeland as Chair of its Board of Directors.

Sally joined the Board as Deputy Chair on 1 May, and will formally take over as Chair on 1 October, once Denise Le Gal's eight-year tenure as Chair comes to an end. Sally will be Brunel's second Chair.

Sally is an actuary with extensive executive, advisory and non-executive experience across pensions and investment, spanning the private and public sector. She has served as a non-executive director on the board of Impax Asset Management Group plc since 2015 and as Chair since 2020, a role which ends in the summer of 2024.

Sally's impact as Chair at Impax was highlighted in 2023 when she won [Non-Executive Director of the Year \(FTSE AIM category\)](#) at the NED Awards in London. The award particularly recognised her leadership on sustainability, governance, diversity & inclusion, and stakeholder management.

Brunel has eight Board members, of whom five are independent and four are women.

Sally's experience as a trustee and non-executive director includes Investment Committee Chair at Nest, and Chair at Local Pensions Partnership Investments, the latter from its inception in 2015 to 2023. She currently serves on the Boards of two insurers, Pension Insurance Corporation and RSA, and as Chair at BelleVie Care.

She developed her particular aptitude for stakeholder relations across multiple roles, including an extended period working for Hewitt Associates (now Aon) in pensions and investment consulting research and innovation, and in her current role as Honorary Group Captain in 601 Squadron of the Royal Auxiliary Air Force, providing insights from business and finance to the senior leadership team at the Royal Air Force.

The Pensions Regulator (TPR) – General Code of Practice

As advised to the meeting of 29 February, the TPR has published its new General Code of Practice (the 'Code') which came into force on 27 March 2024.

The new Code covers all governance (including investment governance) and administration conduct and practices required of an LGPS fund. As part of TPR's goal to simplify its layout and make it easier for users to navigate, TPR has categorised the new General Code into five areas:

- The Governing Body
- Funding and investment
- Communications and disclosure
- Administration
- Reporting to TPR

Within each of these five areas are 51 modules, of which not all apply to the LGPS. There are new modules on Cyber controls and Pension scams which feature prominently in the new Code.

Part of TPR's remit for the General Code is to give practical guidance on legal obligations, and it's one of the main entities policing this compliance. Compliance with the Code is important to uphold the Fund's reputation and avoid fines or other remedial measures from TPR. Ultimately though, compliance with the Code is a positive opportunity to demonstrate effective decision making, oversight, processes and internal controls

Overall, the General Code provides Funds with a strong framework to assess existing fund compliance levels concerning the running of the Fund, managing advisers and service providers, risk management and, importantly, the administration of the scheme for members. If the Fund was subject to a visit from TPR, it would be in all these areas that it would expect evidence of compliance from the Fund.

As such, the Fund has carried out a high-level review of each module which was deemed to be relevant, utilising a model created by AON, who have supported the Fund previously in governance related activities such as the governance review.

Fund officers with support from AON assessed the Fund's compliance for each essential module the results of which are captured in appendix 2 to this report.

Green shows the fund is fully compliant with the requirements in the relevant module; amber indicates the fund is compliant with over 75% of the requirements in the module; red indicates the fund is compliant with less than 75% of the requirements

The initial results indicated against the essential modules; overall compliance is good. The specific questions that the Fund were deemed red relate to the outstanding activities of the governance workplan, which are due to be brought back to Committee in September 2024. This will resolve these specific areas of concern, but overall compliance in the module is still deemed positive.

Next steps

The assessment against the essential criteria will be repeated on the conclusion of the governance work plan and brought back to Committee in September 2024.

Once the assessment of the essential modules of the general code has been completed, the assessment against the good practice modules will be undertaken and a workplan, if required, will be agreed with Committee to embed best practice compliance with the general code.

As part of the Funds approved business plan for 2024/25, as full repeat assessment of compliance against all modules, essential and good practice within the general code will be undertaken in Q1 2025.

Operations

Key Performance Indicators

The key performance indicators (KPI's), which are attached as appendix 3 to this report are based on the revised interim targets as agreed by Committee in June 2023.

We have included a trend analysis, on a rolling 12 month basis, against the new KPIs as if they had been applied since April 2020. This analysis also now tracks the case volumes and this reflects a marked increase over the same period.

Progress continues to be made in improving the individual KPI performance levels, with all KPIs for the quarter achieving the revised target.

The resilience of the team is still being developed as we continue to focus on upskilling and onboarding new members of the administration team, with c38% of the team having less than 18 months service. We have seen successful recruitment in another 3 posts across different aspects of the team over the last quarter.

Business Plan 2024/25

The key tasks contained in the business plan for 2024/25 are all operating to target.

A detailed report against all items is attached as appendix 4 to this report.

Core projects tracking from 2024/25 business plan

Below is a brief tracking of the core projects identified in the 2023/24 business case.

1) TCFD reporting	Operating to target – report due by 1 December 2024	
2) Engage (previous referred to as Transformational Member Experience)	Operating to target – project planning phase commenced	
3) Employer Portal (i-Connect)	Operating to target – project planning phase commenced	
4) McCloud	Operating to target – software functionality being deployed	
5) The Pension Regulator – General Code of Practice	Operating to target – gap analysis against essential modules delivered in June 2024	

Governance Review

A detailed report on the tasks from the work plan agreed by Committee in September 2021 is attached as appendix 5 to this report.

The remaining activities, as outlined below are scheduled to be delivered in Q2 & Q3 2024 (by end of December 2024).

There is the potential that these remain items may form part of the TPR code of practice workplan. Officers will look to amalgamate the remaining Governance workplan items into the TPR code workplan if appropriate.

- Review the Funds Communications Policy
- Development of the Fund Business Continuity Policy & Plan
- Develop a Fund Cyber Strategy
- Develop a Fund Data Improvement Policy & Plan
- Development of Funds identity and branding
- Development of the Funds website