

Pension Fund Committee

Date:	7 March 2024
Classification:	GENERAL
Title:	LGPS Projects & Governance Update
Report of:	Diana McDonnell-Pascoe Pension Project and Governance Lead, People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	None

1. Introduction

The purpose of this paper is to update the Pension Fund Committee on the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the City of Westminster Pension Fund (COWPF) Local Government Pension Scheme (LGPS).

2. Summary

The focus for FY24/25 will be on reviewing and improving our administration governance (and compliance with the new TPR general code of practice) with a view to working with the Head of Internal Audit to draw up a formal audit that we can benchmark against and measure our governance performance. We are close to a resolution on the decision for the Guaranteed Minimum Pension Project and once the Committee makes their decision, we will be implementing the GMP rectification fully. The McCloud project is continuing, and we are supporting Hampshire Pension

Services with ongoing work to get all the returns uploaded. The Pension Dashboard Programme has been reset and Civica are working with the internet service provider (ISP) to ensure connections can be made on time. The Pension Website Project has also been reset briefly as we need a content management strategy before we can move into user design however, we still intend to complete this project before the contract with Hymans Robertson expires in October / November 2024.

3. Projects

3.1. Guaranteed Minimum Pension Project

We have commenced the process of paying arrears to the fifty-one members who had been underpaid. The letters went out at the beginning of February and so far, we have had three queries which are being dealt with. I will update on any queries further, if needs be, at the next Pension Committee meeting.

I can tell the Committee that the legal advice we have received from our solicitor, Eversheds Sutherland (International) LLC, indicates that we may not withhold PI without the member's agreement and that the correct course of action is to correct the member records without mitigation.

I can also tell the Committee that after speaking with various officers from different pension funds at the LGPS Governance Conference in January 2024, several funds have gone with Option 4 which is to correct the members' records without mitigation. I am pleased to tell the Committee that we have had some modest collaboration with Shropshire Pension Fund and Nottinghamshire Pension Fund Officers during and post the Governance Conference which has informed our insight for this paper.

Therefore, my recommendation to Committee is that we proceed with the unmitigated record correction (Option 4) and in the event of a complaint or a appeal of hardship, we investigate each member's case as they present, and we discuss with them Option 3 which is to withhold PI with their consent. Each case will be evaluated on its own merit which will allow us to be thorough in our investigation, deliberation, decision, and reply.

3.2. McCloud

Hampshire Pension Services (HPS) are no longer pro-actively chasing employers and have referred outstanding returns to the Fund to obtain. Of the employers with outstanding returns, there are nine outstanding returns for each of the two pay periods and there are some unusable returns.

In the absence of data being received, they will look to estimate service based on pay held on the record.

HPS have fully uploaded:

- 2014-21 data – 22 returns (out of 37), five of which are the Funds largest employers.
- 2021-22 data – 20 returns (out of 36), two of which are for the Funds largest employers.

This is an ongoing project, and we will support HPS to complete it.

3.3. Pensions Dashboards Programme (PDP)

In a recent update from Civica, they explained that they are resuming work on their Internet Service Provider (ISP) solution following the PDP's reset. Initially they need to demonstrate their solution meets all the necessary standards and requirements, as set out by the PDP, and once this work is complete, they can then deliver the ISP software to Hampshire Pension Services.

3.4. Pension Website

The Pension Website has mostly completed the "Discovery" phase of the project. The outstanding task (which may take place at user design is to do with getting the views of young people). The reason behind the discovery phase taking a long time is simply that this is the first time the Fund has focused on how we disseminate and provide information for users to use i.e., focused on a communications

strategy. Because of this, we focused intensely on the user research phase to ensure we "discovered" as much as possible before going into design.

Although we commenced the design phase, it became obvious that we were going too detailed too quickly and that we needed a content management strategy first.

Therefore, we are now going to focus on getting some product management support from Digital and Innovation and content manager support from the user design team so that we can evaluate our content for retention, disposal, creation, or rewrite. Once that is complete, we can move into User Design and then website production. I will update further at the next Committee meeting.

3.5. LGPS Governance Conference 2024

Sarah Hay (Strategic Pension Lead) and I attended the LGPS Governance Conference in January, and it was a worthwhile experience as we were able to network with other Funds and hear from experts in the pensions sphere and other pensions-adjacent topics. We heard from the Pensions Ombudsman amongst others and had a very timely update on Cyber Security which was held by a government official in closed session effectively. We also heard legal advice/opinion (not binding) on the new Pension Regulator general code of practice and how it might affect Funds. There were also interesting panel discussions including one on governance with respect to Academies. Sarah and I intend that in FY24/25 we will focus heavily on reviewing and improving administration governance including risk management.

3.6. The Pensions Regulator (TPR) General Code of Practice 2024

On 10th January 2024, TPR laid a new general code of practice before parliament. The new code will replace ten of the existing codes of practice. These deal with the governance and administration of pension schemes. As part of our governance review in FY24/25 we will review compliance with the code.

3.7. External Audit

No update.

3.8. Internal Audit

The final Q4 internal audit meeting with Moira Mackie, Head of Internal Audit, took place on 22nd February 2024. At that meeting I discussed the new general code of practice and plans for improving governance in FY24/25. I will update the Committee at the next meeting on those plans.

After a comprehensive discussion, Moira indicated she was satisfied with our plans to improve governance and oversight and has requested we start with contract performance monitoring as there is a new framework in place within the Council that we will be using. Using this framework will allow Internal Audit to “score” us on our contract governance which is the start of us moving to score-based auditing as is planned for the future of auditing for the pension administration. It is my intention that the overall outcome for our internal auditing is that we can present score-based audit results to Committee and Board in the future.

Additionally, Mohibur Rahman, Head of Strategy and Performance, has agreed to mentor me to ensure we use best practice methods when setting up / improving our governance. As Mohibur works frequently with Moira, this is a good partnership for us to have.

We intend to have four quarterly internal audit reviews in FY24/25. Q1 in May, Q2 in July, Q3 in November and Q4 in February.