



LOCAL PENSION COMMITTEE – 6 SEPTEMBER 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose

1. The purpose of this report is to inform the Committee of any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice.

Background

2. The Pension Regulator's (TPR) code of practice on governance and administration of public service pension schemes requires that administrators need to record and members be kept aware of 'risk management and internal controls'. The code states this should be a standing item on each Pension Board and Pension Committee agenda.
3. In order to comply with the code the risk register and an update on supporting activity is included on each agenda.

Risk Register

4. The updated Risk Register is attached as Appendix A to this report. Progress updates have been made to risks 1, 2, 4, 11, 12 and 14. The rating of risks 1 and 2 has reduced to reflect the progress made in the Guaranteed Minimum Pension and system implementation projects.
5. A new risk (5) has been added relating to the McCloud age discrimination case. The remedy for the case is likely to have a significant financial and administrative impact.

Identified Risks of Concern

6. There are currently no identified risks of concern.

Training

7. At its meeting on 5 July 2019, the Committee received a draft Training Policy and each Member was asked to complete a Training Needs Assessment questionnaire. 10 of the 13 committee members completed the questionnaire, officers will endeavour to collect the remaining assessments. The summarised results of the questionnaire are attached as Appendix B to this report.
8. The Training Policy will be taken to the Local Pension Board in September, for comment before returning to the Committee in November for approval. The Board will also be asked to complete the Training Needs Assessment questionnaire.
9. From the 10 responses received there are varying levels of training required between each of the members. There are several training topics that the majority of members expressed either “no knowledge” or “limited knowledge”. These topics are listed in the table below:

Code	Training need
G1	General pensions legislative framework in the UK, for example defined benefit, defined contribution, tax treatment and auto-enrolment
G2	The roles and powers of the UK Government in relation to the LGPS
G9	Awareness of the Pensions Regulator’s Code of Practice for public sector pension schemes
G13	Accounting and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice
G18	An understanding of how breaches in law are reported
F7	Where an employer leaves the Fund, how the promised pensions liabilities are paid for
F8	How employer outsourcings and bulk transfers are dealt with
A1-10	Overview of key administration topics

10. The eight topics listed above will be picked up initially by group training, most likely to be held straight after a committee meeting. Where appropriate this will be delivered by a combination of officers, Fund providers (e.g the actuary, investment advisers, investment managers) and external bodies (e.g. Local Government Association, Pensions and Lifetime Savings Association.)
11. Where individual members have expressed a training requirement that is not represented within the whole committee it will be picked up on a one to one basis.
12. The Pension Regulator provides a series of e-learning modules that will be used to supplement face to face delivery, particularly for new Committee members. Some of the topics will arise naturally as committee agenda items, for example the triennial valuation. Presentations and reports for the committee meeting will also form part of member training.

13. To make relevant material more accessible, officers are building an 'information pack' that will be provided to each member and contain information key to their role on the Committee. A draft contents page is attached as Appendix C to this report.

Recommendation

14. The Local Pension Committee is asked to: -

- a. approve the revised risk register of the Pension Fund
- b. note the work being done to develop the training for members of the Committee and Board.
- c. Comment on the draft information pack contents

Appendices

Appendix A - Risk Register

Appendix B - Training Needs Assessment questionnaire

Appendix C - Draft information pack contents

Equality and Human Rights Implications

None

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