

Subject	Governance, Regulatory and Policy Update	Status	For Publication
Report to	Local Pension Board	Date	08 August 2024
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To provide Local Pension Board members with an update on current governance related activity and regulatory matters.

2 Recommendations

- 2.1 Board Members are recommended to:
- a. Note the updates included in this report.**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objective:

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The contents of this report are part of the arrangements in place to ensure good governance.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report relate to actions that will contribute to addressing risks around regulatory compliance.

5 Background and Options

- 5.1 This report provides updates on current activities and regulatory matters relevant to the Authority's overall governance framework.

Board Membership

5.2 The membership of the Board is now as follows:

Name	Date of joining	Nominated by/ Representing	Term of Office (to)
Employee Representatives			
David Webster	October 2019	Selected from active, deferred and pensioner members	June 2025 (2 nd Term)
Andrew Gregory	July 2019		September 2025 (2 nd Term)
Martin Badger	June 2024	Unison	June 2027 (1 st Term)
Sheldon McClure	August 2024	Unite	August 2027 (1 st Term)
Vacant	Vacant from June 2024	GMB	N/a [Currently vacant]
Employer Representatives			
Riaz Nurennabi (Chair)	August 2022	Sheffield Hallam University	November 2025 (1 st Term)
Cllr Ken Richardson	May 2022	Local Authority	May 2025 (1 st Term)
Cllr Linda Beresford	June 2024		June 2027 (1 st Term)
Nicola Gregory	January 2018	Academies	December 2026 (3 rd Term)
Debbie Carrington	June 2024	South Yorkshire Police	June 2027 (1 st Term)
Independent Adviser			
Neil Mason	August 2024	-	July 2027

5.3 Danny Gawthorpe, the former Unite union representative, stood down from the Board on 09 July due to a change in his role. We welcome Sheldon McClure to the Board to replace Danny as the Unite representative member from August 2024.

5.4 We also welcome other new members joining the Board since June – Martin Badger representing Unison, Cllr Linda Beresford from Rotherham MBC, and Debbie Carrington from South Yorkshire Police.

5.5 Work has been ongoing since November 2023 to try and secure a replacement representative from GMB in preparation for the expiry of the term of office of the previous representative, which came to an end in June. The Chair has now written to the GMB regional representative to seek an update and resolution for this vacancy.

Independent Adviser

5.6 Following a competitive recruitment process, Neil Mason has been appointed as Independent Adviser with effect from 1 August 2024. The appointment will be notified to the Authority at their September meeting.

Succession Planning

- 5.7 The process for succession planning for the Board continues to be developed with continuous monitoring taking place. Actions are planned to recruit replacements and provide advance notice of terms coming to an end to the Board.
- 5.8 Membership term end dates falling in 2025 are listed below and discussions will be held at a suitable stage regarding continuation of service for second or third terms where applicable as part of planning for any impact to the Board membership.
- Cllr Ken Richardson May 2025 (1st Term) elected member from Barnsley MBC; the seat will rotate to City of Doncaster Council next year.
 - David Webster June 2025 (2nd Term)
 - Andrew Gregory September 2025 (2nd Term)
 - Riaz Nurennabi November 2025 (1st Term)

Member Training and Development

- 5.9 The Members Learning and Development Strategy 2024/25 was approved at the Authority meeting on 06 June. It was agreed that core mandatory training will be completed every two years to ensure knowledge and skills are kept up to date.
- 5.10 To support this, a schedule to deliver the mandatory training requirements has been circulated to all members with the option of hybrid training sessions with officers on hand to support for anyone who would find this helpful. The first session took place on 12 July and a further two sessions are scheduled in August and September. The aim is to ensure all members will have completed the required training by 30 September 2024.
- 5.11 Following the success of last year's event, our second Member Development Away Day will take place on Thursday 28 November 2024 with a range of topics to be covered, including investment beliefs and strategy and pensions administration strategy. The event will be held in the centre of Barnsley at the DMC venue on County Way – full details will be circulated nearer the time.
- 5.12 Work is underway to develop individual training and development plans and a skills matrix for all LPB and Authority members. This will be implemented in the Autumn to pilot in the second half of this municipal year. In addition, the 12-month induction programme for new members is currently being embedded with new members who have joined since June 2024.
- 5.13 The table below provides the current position of compliance against the mandatory online training modules.

Target Date for Completion		Authority	LPB	Audit & Governance Committee Independent Member	Total Number	Percentage Compliant
	Total Number of Members	15	9	1	25	
15 July 2024	Module 1 - Committee Roles & Pensions Legislation	11	7	1	19	76%
	Module 2 - Pensions Governance	11	7	1	19	76%
	Module 3 - Pensions Administration	11	6	1	18	72%
15 August 2024	Module 4 - Pensions Accounting & Audit Standards	4	1	1	6	24%
	Module 5 - Procurement & Relationship Management	4	1	1	6	24%
	Module 6 - Investment Performance & Risk Management	4	1	1	6	24%
16 September 2024	Module 7 - Financial Markets & Knowledge	3	1	1	5	20%
	Module 8 - Actuarial Methods & Practices	3	1	1	5	20%
	TCFD Enhanced Module	1	1	1	3	12%

5.14 We last participated in the national knowledge assessment conducted by Hymans Robertson in February 2023. The results informed our member training programme in 2023/24 and 2024/25. Given the volume of changes to membership across the Authority and LPB since then, and as good practice to assess training needs on a regular basis, we will be asking members to complete the next national knowledge assessment which is due to be available later in 2024. The assessment will be closely aligned with the structure and content of the LOLA training.

Internal Audit - Progress on Agreed Management Actions

5.15 The latest progress update on agreed management actions arising from audit reviews was provided to the July meeting of the Audit & Governance Committee and is attached at **Appendix A**. The table in the appendix shows progress updates in regard to actions that are still ongoing and details of seven actions that have been fully completed since the last update report.

New Government and King's Speech

- 5.16 The new Government has appointed the following to ministerial positions relevant to pensions and the LGPS.
- Ministry of Housing, Communities and Local Government (MHCLG):
Secretary of State: Angela Rayner MP
Minister of State: Jim McMahon MP (with responsibility for LGPS policy)
 - Parliamentary Secretary at both HM Treasury (HMT) and Department for Work and Pensions (DWP): Emma Reynolds MP.
 - HMT:
Chancellor of the Exchequer: Rachel Reeves MP
Economic Secretary to the Treasury: Tulip Siddiq MP
 - DWP:
Secretary of State: Liz Kendall MP
- 5.17 The Chair of the Scheme Advisory Board (SAB) has written to welcome Jim McMahon to his role as Local Government minister and to request a meeting to discuss priorities. The letter is published on the SAB's website [here](#). The letter highlights the aim to understand and remedy the gender pensions gap, make changes around survivor benefits and implement the Good Governance recommendations given the progress already made in these areas. Climate risk reporting requirements and the "full pooling" target of 1 April 2025 are also mentioned as a priority to clarify for the LGPS.
- 5.18 The King's Speech on 17 July included the announcement of a Pension Schemes Bill. The initial proposals for this bill do not appear to have significant impact for the LGPS directly. The proposals include:
- a. Automatic consolidation of multiple small DC pension pots.
 - b. Ensuring trust-based DC schemes meet a standardised value for money test.
 - c. Ensuring trustees of occupational schemes offer a range of retirement income solutions to scheme members.
 - d. Creating superfunds for closed legacy Defined Benefit (DB) schemes.
 - e. Confirming that the Pensions Ombudsman is a "competent court" and that schemes will no longer have to take Ombudsman decisions to the courts to be enforced.
 - f. Amending end-of life rules to allow eligible members within the Pension Protection Fund and Financial Assistance Scheme to receive a lump sum payment at an earlier stage.
- 5.19 A National Wealth Fund bill was also announced, which will align the UK Infrastructure Bank and the British Business Bank "to invest in the new industries of the future". The National Wealth Fund (NWF) has a working group who will explore opportunities for investment which includes representatives from the Brunel Pension partnership and Universities Superannuation Scheme, as well as former Bank of England governor Mark Carney.
- 5.20 Following the speech, the Government announced a pensions review. Outlining that the review will be aimed at boosting UK investment, increasing pension pots and tackling perceived waste in the pensions system. This work will cut across key departments with HMT, DWP and MHCLG involved to ensure the review examines the whole breadth of the UK's pension landscape. Emma Reynolds MP will lead the review alongside the Chancellor of the Exchequer and Jim McMahon MP as the Minister responsible for the LGPS. The review will take place in two phases: the first phase will focus on investments while the second phase, starting later in the year, will consider

the further steps required to improve pension outcomes including assessing retirement adequacy.

- 5.21 The LGPS is a target of this review, with a stated aim ‘to make it an engine for UK growth’. The review appears to be taking forward the actions started by the previous Government to accelerate pooling, as reference is made to the (new) Government considering mandating of pooling if there is not enough progress by March 2025. Further consolidation will also be considered as part of the review, with the aim to reduce the £2bn spent each year across the LGPS in fees.
- 5.22 After the review was announced, an industry roundtable was held at Downing Street and the Chief Executive of our Border to Coast pool, Rachel Elwell, was one of the attendees invited to discuss the detail of the review. She said:
 “Our focus is on delivering a strong and sustainable LGPS to enable it to pay the pensions of the 6.6 million local government workers in an affordable and sustainable manner. Through the commitment and support of our Partner Funds, Border to Coast has developed innovative and cost-effective investments, while cutting Private Market fees by almost 30%. We welcome the opportunity to work with the Government on a co-ordinated review to consider how the LGPS can continue to deliver for hard-working members, generate even greater value to local taxpayers, and deliver productive investment in the UK”.

Response to Ministerial Letter

- 5.23 As separately notified to members, the Authority has written to the MHCLG on matters raised by Simon Hoare MP, then Minister for Local Government, in his letter to Local Government Pension Scheme Funds in May 2024. The Authority’s letter is published on our website at: [News & information \(sypensions.org.uk\)](https://www.sypensions.org.uk) and was circulated by e-mail to Board members.
- 5.24 Border to Coast Pensions Partnership has also sent a response to MHCLG on behalf of the 11 partner funds. Their letter is available on their website at: [Ministerial response: A shared vision for the LGPS - Border To Coast](#).

6 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	There are no direct financial implications arising from this report. Allowances for members, fees for the independent adviser and training costs are already incorporated in the LPB Budget for the year.
Human Resources	None.
ICT	None.
Legal	None.
Procurement	None.

Jo Stone

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Background Papers	
Document	Place of Inspection