Local Government Pension Scheme Advisory Board

Local Government Pension Scheme (LGPS) Peer Support Framework

[Peer Support | LGPS Board]

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Introduction

This framework sets out the general themes for a peer support event and aims to provide a consistent structure to use as a foundation to build a peer support around. The five themes cover a wide range of typical LGPS topics and each theme has the typical probes surrounding these themes but the probes are intentionally broad in scope to avoid a 'check list'. The probes are there to help peers prompt and structure conversations and offer standard ways of facilitating discussions during a peer support event, but they are illustrative and not a checklist.

1. Fund priorities and outcomes

This theme focuses on how the fund sets and delivers its priorities to achieve positive outcomes for members and employers. It considers whether priorities are clear, aligned with governance and regulatory expectations, and supported by appropriate monitoring to ensure long-term sustainability and effective decision-making.

Business planning and risk

1.1. How are the fund's strategic priorities, objectives and challenges set?

1.2. How are fund priorities translated and implemented into practical actions, plans or work programmes?

1.3. How does the fund review, refresh and monitor its priorities over time to ensure they remain relevant and achievable?

1.4. How does the senior LGPS officer ensure its priorities and planned outcomes for the year are supported by appropriate resourcing and budget given current capacity and resources?

1.5. How does the fund ensure their committees are prioritised and included in the business planning process?

1.6. Does the committee approve each year a multi-year business plan, or equivalent, which sets out the key projects / pieces of work to be delivered over the medium term (the next 3-5 years)?

1.7. What are the fund's arrangements to ensure the regular re-procurement of key service providers including (but not limited to): actuaries, independent person, administration software suppliers?

1.8. How are the fund's strategic priorities agreed and communicated across governance bodies (pension committee and board) and officers?

1.9. How does the fund assess whether its priorities are delivering meaningful outcomes for members and employers and how is this reflected?

1.10. How are the future regulatory and governance expectations reflected and factored in business planning?

1.11. Does the fund have a "strategic" risk register in place supported by an effective risk management framework and is it regularly reviewed and considered by the committee?

Budget

1.12. Does the budget identify the resources required to deliver the Committee's business plan, or equivalent?

1.13. How does the Local Pension Board feed into setting the budget required to support its operation?

1.14. How do delegation arrangements operate in practice between the senior LGPS Officer and Committee, including when decisions are needed to reallocate resources in response to operational pressures or emerging issues?

1.15. How does the committee approve the budget for the operation of the fund?

1.16. How does the senior LGPS officer and committees actively consider pressures arising from regulatory changes?

1.17. How does the senior LGPS officer ensure that resources are being deployed as efficiently as possible (taking into account cost and quality)?

Fund outcomes

1.18. How does the fund translate its priorities into measurable outcomes and how is progress reported.

1.19. How are governance outcomes monitored, reported and reviewed by the Committee and Board

1.20. How does the fund measure whether administration priorities are delivering improved service outcomes?

1.21. How does the fund demonstrate that its assurance arrangements are effective and contributing to improved risk management and decision-making?

2. Fund leadership, stakeholders and partnerships

This theme explores how effectively the fund is led, including the support, learning and development in place to enable strong leadership. It considers how the fund communicates and engages with stakeholders, and how well it works with key partners.

Fund leadership

2.1. How does the committee and pensions board have sufficient access to appropriate independent advice to support their decision making?
2.2. How are the responsibilities of the senior LGPS officer understood in practice?
2.3. How does the senior LGPS officer gain assurance that key statutory and operational duties are being met?
2.4. How does the senior LGPS officer engage with the administering authority's corporate leadership to escalate risks and secure support where needed?
2.5. How effective is the working relationship between senior LGPS officer and pension committee?

Key Stakeholders

2.6. How does the fund plan for communicating changes to its members, employers and other stakeholders?
2.7. How has the fund identified key person risks within its risk register, and identified suitable mitigations?
2.8. How does the fund engage with employers to help them understand their responsibilities?
2.9. What fund's arrangements are in place which allow scheme members and employers to easily interact with those administering the scheme on their behalf?

Asset Pooling

2.10. How does the fund interact with key partners (such as other partner funds in the pool and the pool itself)
2.11. How does the fund's participation in the pool make a positive and constructive contribution to the success of the pool?
2.12. What are the fund's processes to ensure oversight of the implementation of its investment strategy statement?
2.13. How does the fund participate in the pools governance arrangements?
2.14. How does the fund participate in oversight of the pooling arrangements?
2.15. How has the fund identified other key partnerships in which it participates whether established on a collaborative or a commercial basis?

3. Governance and culture

This theme focuses on how the fund's governance arrangements operate in practice and the culture that underpins decision-making. It considers clarity of roles and responsibilities, the effectiveness of oversight and assurance, and whether behaviours support constructive challenge, transparency and continuous improvement.

<u>Governance</u>

3.1. What are the fund's arrangements for having the relevant policy documents in place which set out the responsibilities of the committee and board and of the officers of the fund? Are they publicly available?

3.2. Are policy documents regularly reviewed with appropriate consultation with stakeholders?

3.3. How does the fund ensure data in the public domain is understood by members and employers on how the fund is run and how it is performing?

3.4. How does the fund ensure governance arrangements are supporting good member and employer outcomes?

3.5. How is the fund's Equity, Diversity and Inclusion (EDI) policy applied to ensure EDI principles are considered as part of knowledge and understanding?

3.6. How does the fund ensure there is appropriate representation of the various employer and scheme members when making appointments to the relevant pension committees and board?

3.7. How does the committee effectively articulate its risk appetite?

3.8. How does the administration service deliver performance in line with the agreed performance standards?

<u>Knowledge and understanding</u>

3.9. Does the administering authority, as a minimum, publish records of attendance at training by members of the committee and pensions board either in the annual report or elsewhere?

3.10. How is training need identified and followed up when gaps are identified?

3.11. Does the fund have the necessary resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary knowledge and understanding?

3.12. How does the fund's deliver it's aims of the Training Strategy?

3.13. How does the fund demonstrate individual knowledge and understanding of each pension committee and board member?

3.14. How does the fund distinguish between operational knowledge and strategic oversight for committee and board members?

3.15. How does the fund assure itself that decision-makers understand their roles and responsibilities?

3.16. How are committee and board members maintaining the knowledge and understanding required to effectively oversee the fund's major projects, including their ability to scrutinise progress, assess risks, and make informed decisions?

3.17. How does the fund's appraisal process identify (and arrange to meet) the learning and development needs of staff?

Independent Person

3.18. Has the fund appointed an Independent Person in line with the new regulations and guidance?

3.19. How is the role of the Independent Person defined and kept distinct from officers and elected members?

3.20. How does the fund assure itself that the Independent Person has the capacity and support to fulfil the role effectively?

Conflict of Interest

3.21. How are conflicts of interest identified, recorded and managed across the fund's governance arrangements?

3.22. How does the fund manage potential conflicts arising from employer relationships, investment decision-making, independent person or advisory roles?

3.23. How confident is the fund that conflicts are understood and actively managed in practice?

3.24. How do you test that committee/board members understand the specific pension fund conflicts of interests?

Resourcing

3.25. Has the fund made arrangements for a senior LGPS officer who has overall responsibility of the fund?

3.26. Does the fund have flexibility within the administering authority's remuneration policies that is sufficient to be able to address specific recruitment and retention issues?

3.27. Where the administration function is outsourced, has the fund gained assurance that the provider has arrangements in place to ensure an ongoing supply of competent pensions administrators?

3.28. How does the fund ensure that business as usual can continue during a period of key person vacancy? What contingency arrangements are in place?

3.29. How are resource pressures, capacity risks and workforce planning issues escalated and addressed?

4. Fund performance and management

This theme considers how the fund manages and monitors performance across key areas, including investment, administration and governance arrangements. It looks at how information, assurance and performance data are used to support effective oversight, decision-making and ongoing improvement.

Investments

4.1. Does the fund have a clear process in place for monitoring the performance of its various investment mandates, which sets an appropriate division of duties between officers and members?

4.2. How does the pool report on the performance of its investments to the committee and to wider groups of stakeholders in an open and transparent way?

4.3. Does the fund's investment performance deliver returns sufficient to meet the requirements set out by the actuary in the latest valuation?

4.4. How does the fund set it's responsible investment beliefs?

Pooling arrangements

4.5. Does the fund have clear objectives which it wishes to deliver through its participation in its investment pool?

4.6. How does the fund ensure its pooling arrangement is delivering against both its own objectives and the broader collective objectives agreed with other partner funds?

4.7. How do other participants in the investment pool and any pool entity or key pool advisers know that the fund plays a positive and constructive role in the work of the pool?

4.8. What is the fund's plan for transitioning its assets into the relevant pool?

4.9. How does the fund justify for each mandate held outside the relevant pool which meets the requirements of the relevant statutory guidance?

Communication

4.10. Does the fund meet the regulatory targets to produce annual benefit statements and pensions saving statements on a consistent basis?
4.11. Is the fund annual report produced in a timely manner, meets relevant professional codes and guidance, and how is it actively used to inform stakeholders and support transparency and governance?
4.12. How are appeals, breaches, complaints and compliments monitored by the committee and board in order to provide additional insight into the quality of service?

Assurance

4.13. How are KPIs and assurance outputs used to inform decision-making?
4.14. What information does the fund use to monitor performance and governance effectiveness?
4.15. What is the fund's process for linking the funding requirements arising from the valuation process with its investment strategy and strategic asset allocation, including the fund's risk appetite? Is risk appetite clearly defined?
4.16. How well is the funding level being maintained to allow stability of contributions?
4.17. How does the fund respond when assurance issues are identified, including escalation, oversight and resolution?
4.18. How does the fund distinguish between activity (what it does) and outcomes (what it is trying to achieve)?
4.19. Are formal written agreements in place for services provided to the fund by the administering authority setting out levels of service to be provided and the costs of the services concerned
4.20. How does the fund use assurance activity (internal audit, external review) to inform governance improvement over the short and longer term?
4.21. How are decisions about change and improvement informed by evidence, performance data and risk?
4.22. How does the fund respond when delivery is off track or priorities need to be reset?
4.23. How is the fund preparing for the implementation of major projects, and how is data quality, readiness, and ongoing compliance being monitored and overseen by members and officers?

5. Capacity for improvement

This theme focuses on the fund's ability to deliver change and sustain improvement over time. It considers capacity, skills and resources, how improvement actions are prioritised and monitored, and whether the fund is well placed to respond to future challenges and regulatory change.

Independent Governance Reviews (IGR)

5.1. How does the fund ensure that it has the capacity to improve?

5.2. How confident is the fund that it has the capacity to deliver agreed improvements?

5.3. Has the fund planned its Independent Governance Review?

5.4. How prepared does the fund feel for an Independent Governance Review, and what are the main areas of confidence or concern?

5.5. Does the fund have sufficient capacity, skills and resilience to deliver its improvement plans alongside other statutory and operational pressures?

5.6. How is progress against improvement activity monitored and reported, and to whom?