

# Newham Pensions Board Business Plan April 2022- March 2023

## Introduction and background

This is the Business Plan for the London Borough of Newham Pension Fund Local Pensions Board (“Pensions Board”).

The Pensions Board oversees the administration of the Newham Pension Fund on behalf of the Administating Authority. Decisions made on the investment of the fund is carried out by the Newham Pension Committee.

The Pensions Board was established in accordance with changes to the Public Service Pension Act 2013 (PSPA13) statutory pension scheme that is connected with it.

The Pensions Board is supported by officers of the London Borough of Newham Administering Authority (“Administrator”), by the appointment of an Independent Chair, and by assurance statements and information provided by external service providers to London Borough of Newham Pension Fund (“Fund”). The costs of the Pensions Board’s operations are charged to the Pension Fund and is included in the Fund budget.

The Business Plan is an important document, which sets out the aims and objectives of the Pensions Board over the coming year, its core work and how these objectives will be achieved.

This Business Plan is reviewed frequently (at least annually), and progress against objectives is monitored in every meeting. New priorities that might arise can be introduced at each meeting and new actions identified where progress has not been as expected.

The achievement of the objectives and key tasks are reviewed at the end of each year and reported to the Newham Pensions Committee (“Pensions Committee”).

## **Statutory Responsibilities**

The role of the Pensions Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- Seeking assurances that due process is followed with regard to Pensions Committee decisions.
- Considering the integrity and soundness of Pensions Committee decision making processes.
- Assist the London Borough of Newham Administering Authority as Scheme Manager.
- Seek assurance that administration performance is in compliance with the Administration Strategy.
- Secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS.
- Secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator (“Regulator”) in such other matters as the LGPS regulations may specify.
- Secure the effective and efficient governance and administration of the LGPS for the Fund.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pensions Board or person to be appointed to the Pensions Board does not have a conflict of interest.

## **Accountability**

The Pensions Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Regulator.

The Pensions Board will also help ensure that the Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator. The Pensions Board holds the officers accountable by overseeing the work they carry out in administering the pension scheme.

The Pensions Board is accountable to the Scheme Manager, to the Regulator, and to the scheme employers and members it represents.

## Objectives

The Pensions Board's main objectives are set out below:

Governance: Act solely in terms of public interest, with integrity, objectivity, accountability, openness, honesty and with leadership, and seek to ensure these are followed by all those involved in the Fund's administration.

Compliance: Seek to understand statutory framework of regulations and guidance, and ensure all aspects are complied with.

Administration: Seek to ensure that proper procedures and controls are in place and are followed, and that performance expectations are met.

Communication: Seek to ensure that standards of reporting and clear communications are maintained and improved.

Efficiency: Seek to ensure improvements are being made in all processes.

Effectiveness: Seek to ensure that the Pensions Board is making an effective contribution to the governance of the Fund through planning and performance assessment.

Risk management: Seek to ensure that investment and non-investment related Fund risks are being identified, monitored and mitigated through appropriate procedures and controls.

Knowledge and understanding: Seek to ensure that all Pensions Board members build and maintain a suitable level of knowledge and understanding. The Pensions Board will seek to ensure that proper advice is being taken and considered in all aspects of decision making

Responsiveness: Seek to ensure that the Pensions Board considers and responds to consultations, surveys and requests for information effectively.

The means by which the Pensions Board can deliver these objectives are set out in the sections below.

## Budget

The Pensions Board agrees an annual budget approved by the Pensions Committee. Provisional sums are included to allow the Pensions Board to cover costs for training, independent advice and any related costs. All costs are chargeable to the Pension Fund.

The allocated budget is £5000.

## Key focus areas and tasks for the Pensions Board

### 1. Business Planning and Performance

- Agree programme of work, budget and resources for the coming year and monitor progress at each meeting.
- Undertake a self-assessment of performance for the year.
- Agree a report each year on the activities of the Pensions Board for inclusion in the Fund Annual Report.

### 2. Adherence to regulations

- Review the Pension Fund Annual Report and Accounts for content and compliance.
- Review statutory policy statements on a periodic basis.
- Monitor and review changes to regulations and guidance at Pensions Board meetings.
- Receive and review reports on the LGPS exit cap and McCloud judgement to understand the impact on employees, the Fund and any Administrative implications.

### 3. Governance activities

- The Pensions Board should meet an appropriate number of times a year, at least quarterly.
- Review decisions of the Pensions Committee.
- Review management and monitoring of the Pension Fund risk register. The risk register should cover all potential Investment and non-investment Administration risk areas. The administrator should take a holistic view to risks and understand how they are connected.
- Monitor audit reports and assurances on internal controls.
- Monitor and oversee responses to surveys and consultations.

## Administration Procedures and Performance

- Review a report on scheme administration at each meeting.
- Monitor notifiable events, recording, and reporting of breaches.
- Monitor key performance indicators
- Monitor recording of complaints and progress on IDRPs cases
- Monitor movement in membership numbers

- Receive and review periodic reports in respect of performance related to internal and external Operations. Action being taken to improve performance, if required, to be included.
- Monitor data quality and integrity, and progress on improvement plans. Receive data quality assurance from service providers.
- Monitor timeliness of receipt of contribution payments and any recovery action required
- Review operation of key internal procedures and controls related to third party contracts
- Review the implementation of a Pension Administration Strategy (PAS), which sets out responsibilities, and consequences of not complying with duties to the Fund. The PAS should stand up to challenges from employers.
- Monitor the implementation of LPPA's new Pension Administration system and the roll out of members' self service
- The Board will continue to look at ways of assisting employees and others to make judgements about the value of being members of the Pension Fund.

#### 4. Investment and Funding

- Review funding and investment decisions made by committee to assess compliance with regulations and guidance
- Review the valuation process for compliance and good practice.
- Review the investment strategy statement and funding strategy statement to assess compliance with regulations and guidance
- Challenge officers and request additional data where required to improve Boards knowledge and ability to effective review decisions and reports in line with the latest regulation and guidance.

#### 5. Communications

- Monitor disclosure of information in line with statutory requirements, including annual benefit statements.
- Review communication for content and clarity such that information sent is clear, precise and free from jargon.
- Review communications with employers
- Monitor developments in alternate media for communication e.g. Fund/scheme website/portal
- Consider more effective links to scheme members
- Monitor senior oversight of communications sent to members and prospective members.
- Update of the relevant Pension Web pages, highlighted in 2021-22, work to be completed in 2022-23.
- Measure the effectiveness of scheme communication with members, e.g. measuring website traffic and running surveys.

- Monitor the scheme's progress in ensuring all employees and those with low incomes are informed and educated about the Scheme.
- Review the impact of cost of living crisis on membership numbers and ensure communication is circulated to highlight the benefits and offering of the scheme.
- Have oversight of the update to the council website to maximise information available to current, deferred and potential members and stakeholders of the fund.
- Challenge and oversee the roll out and impact of the new administration system for Members and Employers, especially member self-service.

## 6. Record keeping:

- Review membership reporting and reconciliation processes.
- Monitor data quality is reviewed regularly. The quality of member data should be understood by the Administration team and the Pensions Board. It should be recorded and tracked to ensure common and scheme specific data is of good quality. An action plan should be implemented to address any poor data found.
- Monitor the introduction of a robust data improvement plan.
- Challenge the Administrator about how the member data is held and handled.

## 7. Cyber security

- Monitor and review risks posed to data and assets held by the Fund so steps can be taken to mitigate the risks. This should be reflected in the risk register.
- Challenge the Administrator to consider physical security as well as protection against remote attacks.
- Where cyber security is maintained by Newham Council rather than the Administrator, challenge the Administrator that the Fund's requirements are met.
- Challenge the Administrator to increase awareness of cyber security processes used by third party providers, such as the custodian and external investment managers, that handle Fund assets or data.

## 8. Pensions Board members training and engagement

- Pensions Board members are required to have an appropriate level of knowledge and understanding in order to carry out their role.
- Appropriate training for Pensions Board members to be provided and clear expectations set around meeting attendance.
- Individual Pensions Board member training and training needs should be assessed and clearly recorded.
- Where possible training for the Pension Board can be included with the Pension Committee.
- Processes should be in place to deal with an ineffective Pensions Board member by either the chair of the Pensions Board or the scheme manager. Pensions Board members should be fully engaged and challenge parties where appropriate.

## 9. Glossary

<b>Public Service Pension Act 2013 (PSPA13)</b>	An Act to make provision for public service pension schemes; and for connected purposes
<b>Administering Authority</b>	The Administering Authority is responsible for maintaining and investing its own Fund for the LGPS. This means the Administering Authority is responsible for making all decisions relating to the operation of the Fund
<b>IDRP</b>	IDRP stands for Internal Dispute Resolution Procedure. It is the procedure which allows actual and potential plan beneficiaries to raise a complaint with the plan's trustees about matters relating to that plan.
<b>Pension Administration Strategy</b>	Strategy which outlines the processes and procedures allowing the administrator and employers to work together in a cost effective way to administer the LGPS
<b>LGPS</b>	Local Government Pension Scheme
<b>Newham Pension Fund</b>	This structure provides pensions for employees
<b>Newham Pensions Committee</b>	The main role is to oversee the investment of pension members contributions
<b>Newham Pension Board</b>	This oversees the administration of the Newham Pension Fund
<b>Investment strategy statement</b>	LGPS regulations require administering authorities to prepare and maintain an ISS. The ISS outlines the Fund's investments objectives and investment beliefs, identifies the risks the Fund faces and outlines how these risks are controlled/mitigated
<b>MHCLG</b>	Ministry of Housing, Communities & Local Government
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy
<b>ESG</b>	Environmental, social and Corporate Governance considerations as part of Investment Strategy
<b>PACE</b>	LPPA led project to implement new Pension Administration system.