

Sixty second summary

LGPS Good Governance ready to launch



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DLUHC ministers are believed to have given approval to take forward the England and Wales Scheme Advisory Board's Good Governance recommendations. Although only applicable in England and Wales, the Scottish Scheme Advisory Board will consider whether the recommendations are appropriate to Scotland and will advise Scottish ministers accordingly.

Back in February 2021 the SAB submitted a series of [Good Governance recommendations](#) to, what was then, MHCLG for consideration. Drawing on 2 years' work and extensive consultation and discussion throughout the LGPS, the aim of Good Governance was described by SAB Chair Roger Phillips as a way "to further improve the high standards of governance and administration of the scheme on a consistent and measured basis that will better match the standards expected by the Pensions Regulator".

Various departmental changes and a lack of resource meant that news on Good Governance went quiet for a while. However, we now understand that there is ministerial approval to re-launch the project and bring the recommendations into law.

The recommendations have been accepted pretty much in full although a few refinements and tweaks might be expected during the consultation phase. One area that was discussed early in the good Governance process but not taken forward in the final report was a recommendation to clearly define the fiduciary duties that rest with LGPS pension committees exercising delegated powers. DLUHC have decided that this area remains out of scope.

Are there any new proposals?

One new area that DLUHC have decided to consult on is a requirement for LGPS funds to produce a workforce plan. The detail is light at the moment, but the idea is that the plan will help funds to ensure that they have the right people in place to meet the challenges of delivering the LGPS.

Typically, workforce plans involve analysing the existing skills, knowledge and talents within the workforce and considering how that will change over time due to retirements and people leaving for other reasons. The next step is to consider what the workforce will be required to deliver, bearing in mind that things like technology, customer needs and legal or technical requirements will change over time. By comparing the anticipated staff numbers and skills with the profile of the existing workforce, any gaps can be identified. The organisation can

then consider what recruitment, training or re-organisational steps can be taken to address those gaps. Like any strategy, the workforce plan will need to continually be monitored, reviewed and revised.

When is it all happening?

It is expected that the Good Governance requirements will be defined in regulation and supported by statutory guidance. Although timescales are far from definite, we could see draft regulation and enabling statutory instruments being consulted on by the end of this year meaning that the guidance consultation would follow early next year. That would make April 2023 the most likely date for any changes to come into force.

What should funds do next?

The consultation phase of Good Governance is likely to be a lively one, and we would encourage all LGPS funds to make their views known. In anticipation of this, funds may wish to reacquaint themselves with the original reports, which are all available on the [SAB's website](#).

In addition, funds might wish to consider preparing for some of the likely recommendations, particularly where changes might take some time. This would include changes to staffing and structures or anything which might require amendments to the council's constitution.

We would also suggest that funds take the opportunity to review and update their key policies. You can read more about that topic in our recent [60 Second Summary](#) as part of LGPS risk management.

Finally, it may be useful to consider how your fund might benefit from a workforce plan. Some work on this subject will help to inform future consultation responses and help DLUHC frame the legislation in a way that is genuinely beneficial to the LGPS.

If you wish to discuss preparing your fund for Good Governance please speak to your usual Hymans Robertson contact or email [Ian Colvin](#).