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Committee	Pensions Committee
Date and Time	4 December 2026
	Public

Governance update
LGPS

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Service Area:	Pension Fund - Finance
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1. Purpose of Report

1.1 This report provides information regarding regulatory breaches arising from 1 April to 30 September 2026 (Q2) that have been recorded in the breaches log.

1.2 This report will also inform the Committee of any stage 1 or stage 2 appeals which have been received under the internal dispute resolution procedure (IDRP).

1.3 Fund officers have a review cycle for fund policies, policies that have been reviewed in the last quarter are listed for the Committee's approval.

2. Recommendations

The Committee is asked to:

2.1 Note the content of Appendix A; breaches recorded from 1 April to 30 September 2026 (Q2). (Appendix A)

2.2 To note and approve the updates to the following fund policy:

- Training Strategy

Covered under a separate exempt report:

- Cyber Security Policy

3.Key risks and Opportunities

3.1 Poor or inconsistent monitoring of breaches may result in incomplete or inaccurate employer data remaining unresolved. This could delay the calculation or payment of member benefits, require additional corrective work and weaken assurance that the Fund and scheme employers are meeting their statutory responsibilities. The quarterly breaches log, monthly employer monitoring and escalation of persistent failures provide an opportunity to identify recurring causes and target support or training.

3.2 Late payment of employee and employer contributions may affect cash-flow planning and the timely investment of monies due to the Fund. Repeated late payment may also indicate weaknesses in an employer's payroll or governance arrangements and could reduce member and employer confidence. Contribution breaches are therefore monitored monthly and persistent or material cases are escalated in accordance with the Fund's breaches arrangements.

3.3 Failure to complete statutory or regulatory work within required timescales may expose the Fund to regulatory scrutiny, reputational damage and additional remediation costs. The McCloud breach reported for the period demonstrates the importance of clear recovery plans, defined completion dates and continued oversight of mitigating action.

3.4 The principal opportunity is to use trend analysis from the breaches log, IDRP outcomes and governance reviews to strengthen controls, prioritise resources and prevent recurrence.

4.Financial Implications

4.1 Robust internal controls are in place to monitor compliance by the Fund and scheme employers, reducing the likelihood of regulatory breaches, avoidable correction costs and any financial penalties imposed by The Pensions Regulator. Late contribution payments can also result in delayed investment of cash and additional officer time in monitoring, escalation and recovery.

4.2 The governance work described in this report may require expenditure on independent recruitment, external consultancy support for the Independent Governance Review and officer capacity to update strategies, constitutional arrangements and training records. Any such expenditure will be managed through existing Pension Fund budgets and the Fund's normal procurement and financial control arrangements. No additional unbudgeted financial commitment is sought through this report.

5. Legal and HR implications

5.1 The Pension Fund must comply with the Local Government Pension Scheme Regulations 2013, the Pensions Act 2004 and other statutory and regulatory requirements governing scheme administration. This includes operating the Internal Dispute Resolution Procedure, maintaining effective arrangements for identifying and recording breaches, and reporting a breach to The Pensions Regulator where the statutory materiality test is met.

5.2 non-compliance could lead to regulatory action, financial penalties, member complaints or appeals, corrective work and damage to confidence in the service. The monitoring, escalation and governance arrangements outlined in this report support the Administering Authority in demonstrating effective oversight and timely remedial action.

5.3 The governance and training changes may affect the responsibilities and development requirements of Committee members, Board members, the LGPS Senior Officer and relevant officers. These requirements will be supported through clear role descriptions, induction, training needs assessments, training plans, attendance monitoring and proportionate escalation where requirements are not met. There are no direct staffing changes arising from this report.

5.4 Legal, governance, human resources and procurement advice will be obtained where required in relation to amendments to the Council's constitution, recruitment and appointment of the Independent Person, commissioning of an Independent Governance Review and implementation of any consequential changes to roles or procedures.

6. Equality and Diversity Implications

6.1 The matters in this report are principally concerned with regulatory compliance, dispute resolution and governance and do not propose changes to member benefits or eligibility. No direct adverse equality impact has been identified.

6.2 Effective monitoring of breaches and operation of the IDRP support fair and consistent treatment by identifying administrative failures and providing members with a formal route to challenge decisions. Communications, complaints handling and governance processes should remain accessible, with reasonable adjustments and alternative formats provided where required.

6.3 When implementing the Governance Strategy, Training Strategy and associated appointment or review processes, the Fund will apply the Council's equality, inclusion and accessibility requirements. Participation in training, governance and recruitment activity will be monitored, and any identified barriers will be addressed through proportionate action.

7. Climate Change, Biodiversity and Environmental Implications

7.1 Climate Change, Biodiversity and Environmental implications are not included in this report.

8. Recording Breaches

8.1 Section 70 of the Pensions Act 2004 imposes a requirement on the following persons to report a breach of law:

- a trustee or manager of an occupational or personal pension scheme
- a member of the pension Board of a public service pension scheme
- a person who is otherwise involved in the administration of such an occupational or personal pension scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

8.2 A breach must be reported to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that a legal duty relating to the administration of the scheme has not been/or is not being complied with, and where the failure to comply is likely to be of material significance to the Pensions Regulator.

8.3 Any breaches of the Local Government Pension Scheme (LGPS) or other relevant legislation by either the fund or a scheme employer is recorded in a breaches log.

8.4 Breaches recorded for scheme employers from 1 April to 30 September 2026 (Q2) are detailed in Appendix A. Most of these breaches concern late data submissions, or payment on contributions. Each breach is monitored per employer on a monthly basis and persistent breaches are escalated accordingly. The chart now shows that the red breach has been reported to the Pensions Regulator for the fund for 1 April to 30 September 2026 (Q2). This relates to the work for McCloud that was not completed by 31st August 2026. The report provides information on the area of work not completed and mitigating factors and the timescale for completion of work outstanding. (Appendix B)

8.5 No breaches have been recorded on behalf of the Pension Committee and Pension Board in the period 1 April to 30 September 2026 (Q2).

9. Internal Dispute Resolution Procedure

9.1 Regulations 72 to 79 of the Local Government Pension Scheme Regulations 2013 set out the formal dispute procedure. The complaints procedures official name is the Internal Dispute Resolution Procedure (IDRP).

9.2 The fund has received 2 stage one appeals under IDRP for the period 1 April to 30 September 2026 (Q2).

9.3 One appeal has been dismissed, and the second is currently being reviewed.

10 Training Strategy

10.1 Following legislative changes, the Training Policy has now become the Training Strategy with the following key changes:

- Introduces formal annual Training Needs Assessments (TNAs) and ongoing monitoring of knowledge and skills gaps.
- Strengthens induction requirements for new Committee and Board members, with clearer expectations and timescales.
- Establishes clearer roles and responsibilities, particularly for the LGPS Senior Officer in overseeing training compliance and delivery.
- Enhances monitoring, reporting and record-keeping arrangements, including attendance tracking and annual reporting to the Committee and Board.
- Introduces a new focus on skills and behaviours, alongside technical pensions knowledge, to support effective governance and decision-making.
- Adds provisions for managing non-attendance and training non-compliance.

10.2 The revised Strategy strengthens the Fund's training framework, improves compliance with statutory expectations, and provides greater assurance that Committee and Board members maintain the knowledge and skills required to discharge their responsibilities effectively.

10.3 The requirements of the Board and Committee to have relevant knowledge to assist in their duties is included. National Knowledge Assessment will be sent out to capture areas where further training needs to be delivered. Training plan to be created for this over the next 12 months. Each member responsible for recording their training. Attendance will be reviewed by both Chairs to ensure all members are complying with training requirements.

10.4 The Committee are asked to note and approve the updated strategy.

11. Fit for the Future – Good Governance Requirements

11.1 Based on the Government's Good Governance reforms, LGPS administering authorities must implement a range of new governance requirements from 2026. The reforms stem from the Scheme Advisory Board's Good Governance Review and have now been incorporated into the Local Government Pension Scheme governance framework**.**

11.2 The Chart below breaks down the requirements for the fund to implement and suggested actions that need to be taken and the work that has been completed so far.

Requirement	What Funds Need to Do	Suggested Actions	Work completed
Appoint an LGPS Senior Officer	Designate a senior officer with overall responsibility for the administration, governance and investment functions of the fund.	• Update governance documents, delegations and reporting arrangements. • Ensure the role is reflected in the fund's constitution and governance framework.	LGPS Senior Officer already in place
Update Constitution and Governance Arrangements	Governance structures must clearly define the responsibilities of the Pension Committee, Local Pension Board, Section 151 Officer and LGPS Senior Officer.	• Amend the constitution and terms of reference. • Review Schemes of Delegation. • Update governance policies and committee reporting lines.	Updates to the constitution are being prepared and will be presented in a report to full council in December.
Appoint an Independent Person	Funds that delegate pension functions to a committee or officer must appoint an Independent Person to provide professional challenge and oversight.	• Develop role specification. • Undertake recruitment process. • Amend Committee Terms of Reference to include the appointment. • Establish remuneration and tenure arrangements.	Person Specification and role description issued with closing date 16 October. Post to be filled by end of December
Undertake Independent Governance Reviews (IGR)	Each fund must participate in an independent governance review at least once during each valuation cycle (effectively every three years).	• Procure an independent reviewer. • Complete first governance review. • Publish findings and improvement plan where required. • Establish periodic review timetable.	Assessing providers available using the LGPS Frameworks for Consultancy support

Governance Strategy	Replace the existing Governance Compliance Statement with a Governance Strategy.	• Review existing governance documents. • Develop and publish Governance Strategy. • Include governance structure, responsibilities and decision-making arrangements.	Reviewed and updated with requirements from new regulations now inserted. Waiting for guidance from SAB before being brough to the Board and Committee in March
Training Strategy and Knowledge Requirements	Pension Committee members, Local Pension Board members, LGPS Senior Officer and relevant officers must demonstrate appropriate knowledge and understanding.	• Create or update Training Strategy. • Establish training plans and training logs. • Assess competency gaps.	Reviewed and updated with requirements from new regulations now inserted. Brought to Board for comment Nov. To be approved by committee in December
Conflicts of Interest Policy	Funds must maintain a formal conflicts policy covering all governance participants.	• Review current arrangements. • Develop conflict declaration procedures. • Include monitoring and escalation processes.	Reviewed d by Board May 2026 and approved by Committee June 2026
Administration Strategy	Every administering authority must maintain a Pension Administration Strategy.	• Review existing strategy. • Ensure compliance with new guidance. • Update employer responsibilities and performance standards.	To Be reviewed ready for March 2027 Board and committee meetings

Background Papers

Governance Report September 2026

Appendices

Appendix A – Breaches Q2 1 April to 30 September 2026
Appendix B – Training Strategy 2026