| **ACTION** | **HOW WILL THIS BE ACHIEVED?** | **HOW WILL SUCCESS BE MEASURED?** | **TIMESCALE** | **PROGRESS AT END SEPT 2015** | **PROGRESS AT END MARCH 2017** |
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| **Governance**  Implement the new governance requirements including creating and supporting the Local Pension Board | * Assessment of new legislation and regulatory requirements; * Creation of appropriate structures; * LPB members elected and Chair appointed; * LPB meetings to commence by 31 July 2015; * Comprehensive and ongoing training of PFC and LPB members | * Independent review of Fund governance; * LPB in place, undertaking relevant work plan; * Positive assessment of PFC skills, knowledge, and effectiveness. | LPB in place by 1 April 2015  Governance review by 31 December 2015  Confirmation of new structures by 31 March 2016  Ongoing member training | Pension Board operational  Governance review commenced but report may be after December due to resource requirements of the LLPP partnership and the need for proposals to address the changed relationships brought about by LLPP  More structured approach to member training initiated. | Pension Board Operational  A revised Governance Policy Statement was approved by the Pension Fund Committee in June 2016. This was necessary following the establishment of the Local Pensions Partnership, a number of consequential changes had been made to the terms of reference and delegated responsibilities of the Committee, the Investment Panel and officers, and these had been reflected in an updated Policy Statement.  LPP has Governance cohesion with shareholders and clients via:  Independence within the Group plus shareholder Non-Executives  Legal agreements including:  Shareholder agreement governing 3 way relationship. This also incorporates shareholder reserved matters.  Advisory and Management Agreement governs the investment delegation.  Service level agreement in relation to pension administration and all other interactions and assistance provided such as provision of risk reports  LCC internal audit and professional assurance provided. |
| Put in place an effective workforce planning and development approach to provide increased capacity to be innovative and the ability to support individuals to realise their potential | * LCPF workforce development policy created; * Skills audit and requirements assessed; * Training needs assessment; * Coaching and mentoring provision; * Succession planning arrangements; * On the job training and formal training where required. | * Workforce development policy in place and communicated to all stakeholders. * Integration with PDR requirements; * TNA undertaken for each officer; * Training plans in place with a variety of methods employed; * Career ladder in place;   •Mentoring sessions being held where appropriate. | Workforce policy and career ladder by 30 September 2015  TNA and training plans by 31 March 2016  Mentoring established and operating by 31 March 2016 | Limited progress on an overall strategic approach due to capacity constraints caused by LLPP work. However, on-going training and development is taking place as required. | The creation of LPP has resulted in staff being transferred from both LCC and LPFA. The company is committed to developing and managing people.  Those staff remaining with LCC receive appropriate training via attendance at Conferences, Technical workshops and in-house training |
| Review the effectiveness of Fund governance | * Assessment of decision-making processes * Policy and process review; * Links to compliance monitoring processes; | * Independent review including external audit and LPB; * Agreement and approval of revised processes; * Governance element incorporated into compliance monitoring. | Governance review by 30 September 2015  PFC approval by 30 November 2015  Compliance monitoring programme in place by 1 April 2015 | Governance review commenced but report may be delayed due to resource requirements of the LLPP partnership and the need for proposals to address the changed relationships brought about by LLPP  Compliance monitoring programme in place and first report made to Pension Fund Committee on 30th Sept 2015. | Work on governance and risk has been on-going especially in light of the new relationship with LPP.  PwC were appointed to review the revised governance arrangements and refresh the Fund's risk register. An updated risk register will be presented to the committee at its meeting in June. |
| Continue to explore the potential opportunities arising from collaboration with other Funds within both Local Government Pension Scheme, and wider Pension Fund community | * Take legal advice to create appropriate structure which is scalable; * Progress London Pension Fund Authority (LPFA) collaboration as first step on this journey. * Identify areas where collaboration may be beneficial. | * Approval of appropriate vehicles and governance for pooling and collaboration; * Demonstration of appropriate cost/ benefit analysis; * Ability for scaling to other interested parties. | Decision on LPFA collaboration by 31st July 2015  Depending upon above, creation of appropriate vehicle by 31 March 2016 | Initial decision taken on 2nd July 2015.  Progress on creating the new vehicles and achieving registration is in line with plan. | LPP has been established. Opportunities for further collaboration within LPP are subject to shareholder approval. |
| Continue to develop and implement an effective compliance and monitoring programme | * Finalisation of Compliance Manual; * Implementation of compliance monitoring programme including monthly, quarterly, and annual tests * Development of PFC reporting regime. | * Agreed Compliance Manual distributed to stakeholders; * Compliance monitoring programme in place and assurance reported/ actions planned. | Manual agreed by 31 March 2015  Monitoring programme from 1 April 2015  First assurance report to PFC June 2015 | Initial LCPF Compliance Manual in place.  Monitoring programme being undertaken.  First assurance report based on information to the end of June to PFC 30 Sept 2015. | Compliance monitoring commenced in April 2015 and has been on-going. This work is now undertaken by with LPP.  The Head of Fund still has a duty to ensure compliance and does this via information from and challenge of LPP. |
| Enhance current risk management processes | * Ongoing assessment of existing and new risks; * Improved horizon scanning; * Linking of risk register to compliance programme; * Development of trend analysis. | * Ongoing identification and updating of risk register; * Regular strategic planning and longer term perspective; * Transparency of risks and monitoring; * Enhanced reporting of risk reporting and internal control assurance. | Risk approach to be enhanced on an ongoing basis throughout 2015/16 | Limited enhancements made to the assessment and reporting processes, with a view to the fact that more fundamental change will take place when LLPP becomes operational. | The decision to pool the investment and administration operations of the fund within the Local Pensions Partnership (LPP) has changed the governance arrangements for the Fund and therefore the potential risks. The Head of Fund has reviewed these arrangements and engaged PwC to do detailed work in this area.  A draft risk register was submitted to Pension Fund Committee in December 2016. |
| **Asset and Liability Management**  Implement the recommendations of the Member Working Group on Responsible Investment | * Adherence to the UN Principles of Responsible Investment * Measurement of the quality of commitment to good governance of invested companies against a benchmark | * Sign off by the UNPRI organisation * Reporting of the benchmarking results to PFC and Fund stakeholders | * Initially by May 2015 and annually thereafter * September 2015 as part of the Fund's Annual Report, then annually | Organisation signed up to UNPRI.  Progress on benchmarking not as rapid as intended. | LPPI are actively involved in responsible investment and Quarterly reports are presented to the Pension Fund Committee. LCC became a signatory to the Principles of Responsible Investment in March 2015. New signatories have a grace period of 12 months before they are required to report formally on their activities against the principles via the detailed assessment framework.  LCC reported to PRI for the first time in March 2017.The PRI take a couple of months to review submissions, to ask questions/seek clarification and to grade the responses in order to provide a result for peer assessment. The outcome of this not yet known but is expected soon.  Although LCPF no longer directly owns equities a stewardship arrangement was agreed with LPP. This includes the requirement for adherence to the 6 Principles of Responsible Investment. As part of this during 2016/17 there was an emphasis on understanding risks from climate change resulting in an initial high level review of the Fund's investments in renewable energy and its exposure to fossil fuel companies. |
|  | Measurement of the environmental impact of the Fund's investments  Actively engage with the Local Authority Pension Fund Forum to further the Fund's RI objectives | * Member and officer attendance at LAPFF meetings in order to influence the Forum's agenda | * Regular attendance from June 2015. | The service will need to be procured and LCPF is supporting the procurement process for a national framework for these services.  Officers have begun attending the regular LAPFF Business Meetings.  The costs of the officer taking a lead in this area are being shared with LPFA. | LPP has a dedicated Responsible Investment Manager within its Investment Team. This role oversees shareholder voting, litigation and LPP's engagement with other investors and organisations on Responsible themes. LPP is linked into a range of groups and networks which enable insight into best practice and knowledge sharing. This includes LAPFF. |
| Develop a more structured approach to assessing the risks to the Fund posed by individual employers and identify appropriate asset allocations to reduce the risk to the Fund. | * Undertake formal covenant reviews for each employer in the Fund. * Review and assess the potential risks from the results. * Identify appropriate asset allocations for different risk categories of employer to feed into 2016 post valuation Investment Strategy update. | * Stratification of the whole employer base according to the risk posed to the Fund. * Allocation of each strata of employer to a specific asset mix. | * Covenant reviews completed by May 2016. * Revised asset allocations agreed alongside the valuation process by February 2017. | Data gathering for covenant reviews currently being undertaken.  PFC agreed to consult on use of results within the valuation at its September 2015 meeting. | Covenant reviews were completed for the employers in the fund. The results of this review were taken into consideration during the actuarialvaluation**.** |
| Completion of the 2016 Actuarial Valuation and identification of changes, if any, required in the Investment Strategy | * Provision of data to the Actuary at individual member level. * Agreement of key assumptions with the Actuary by the PFC * Engagement with employers on an ongoing basis throughout the process, but particularly as results become available. * Review of Investment Strategy in light of results. | * Maintenance of stable contribution rates. * Actuary's assessment of the quality of the data provided. * Adoption of revised Investment Strategy by PFC | * Provision of data from April 2016. * Agreement of assumptions by PFC to be in line with Actuary's timetable. * Feedback of results from September 2016. * Revised Investment Strategy to PFC Feb / March 2017. * Implementation of revised Rates and Adjustments Certificate from April 2017. | Planning commenced and initial consultation on the framework and key assumptions agreed by the PFC in September 2015. | The actuarial valuation 2016 has been completed and the Funding Strategy Statement was approved at December Pension fund committee.  The Investment Strategy is currently being reviewed by the Investment Panel an update on this review will be presented to Pension fund committee in September. |
| Review and update of the 5 asset class investment strategies in order to ensure that they remain relevant to both the needs of the Fund and deliverable within market constraints. | * Formal review of progress against and the continuing relevance of each strategy by the Investment Panel. * Commissioning of revised strategies by the Investment Panel. * Consideration and approval of revised strategies by PFC. | * Approval of proposals for change by PFC. * Achievement of target returns (and levels of volatility) by investments selected under the strategies. | * Infrastructure Strategy for formal approval June 2015. * Equity and Private Equity to go to PFC during 2015/16 * Property and Credit Strategies to go to PFC during 2016/17. * Infrastructure to go to PFC following review during 2017/18. | A consolidated strategy reflecting the fact that assets will largely be held within the LLPP structure will need to come to the PFC in quarter 1 of 2016 | The Investment Strategy Statement was approved in November 2016 taking into account the approved asset allocations with LPP. Detailed implementation of the Strategies has been delegated to Local Pensions Partnership Investments Limited. |
| Development and implementation of a Liability Management Strategy | * Agreement by Investment Panel and PFC on the degree to which the Fund should seek to manage its liabilities. * Adoption and implementation of approved strategy, including the appointment of any fund managers required. | * Adoption of agreed strategy by PFC. * Impact on the scale of the Fund's risk exposure specifically to:   + Long term interest rates   + Inflation | * Strategy agreed by the end of the 2015 calendar year. * Implementation during 2016/17. * Initial review at end of 2017/18. | Preparatory work on this continues. There is a need to consider whether, in the light of the change in actuarial approach for the 2016 valuation it would be better to delay this work until after the valuation. | There is no strategic allocation to asset liability management. LPP will need to develop proposals for submission to the Investment Panel before approval is sought from the Committee. |
| **Administration**  Review and ensure compliance with the new TPR Code of Practice for Public Sector Pension Schemes | Undertake GAP analysis  Act on results | Via a public statement of compliance. Target 100% compliance with the relevant regulations.  No reported breaches of law | 31 March 2016 | Report will be made to the Local Pension Board at a meeting in 2016 | Report considered by Local Pension Board January 2016 which identified no areas of non-compliance |
| Develop and implement a member and employer self-service strategies | Introduce email/online processes in all areas of casework  Develop website and employer e-solutions  Develop self-service functionality within the Altair system | Demonstrable transference of transactional activity to the employer and to the member. Set targets to measure % shift | 31 March 2017 | Formal strategies will follow from the creation of LLPP. However, in the short term encouraging take up of on line facilities through ordinary communication channels means that ?% of members interact with the Fund electronically | 2015/16 Annual Administration report indicates 45,000 members registered for self-service.  New "publish" facility implemented to enable better e-communication of member specific information via the self-service facility.  LPP Strategic Approach will be developed for full implementation from April '18 |
| Consider collaborative opportunities and work towards building capacity for the future | Work in partnership with likeminded Authorities  Attract new business | Organisational structure and capacity in place  New business secured | 31 December 2016 | Partnership process through LLPP is targeted for April 2016.  Merseyside Fire and Rescue Service added as a new client from April 2015. Proposals made to 2 other potential clients. | LPP has already been successful in gaining new business with Kent Fire Authority and discussions with a London Borough are at an advanced stage.  LPP has also been awarded a place on the national framework for Police Pension Administration.  This shows progress in all 3 current market segments |
| Review employer compliance with Pension Administration Strategy Statement | Implement monitoring process. Measure and report results to PFC | % Employer compliance | 31 December 2015 | To be reported to Local Pension Board and PFC in Quarter 1 of 2016. | Information is reported to the Head of Fund on a regular basis as part of the performance review process for decision as to whether any action is necessary. |
| Undertake systematic analysis of appeals | Implement case review process | Year on year reduction in 1st and 2nd stage appeals | 1 April 2017 | Work not yet commenced | A case review process analysing the numbers and the type of disputes being received is undertaken.  As part of the process of review of stage 2 disputes for the Appeals officer any procedural issues identified are followed up, following the conclusion of the determination, with the organisation concerned.  The aim for year on year reductions in appeals at both stage 1 and 2 has not occurred with the number actually rising. Primarily this is down to the increased number of ill health cases being received. There is an increased awareness of members to the appeal process together with more transparency over the ill-health decisions given to the member giving more cause for appeal. |
| Review basic financial control processes surrounding pension fund administration and pensioner payroll. | Undertake GAP analysis  Act on results | Full Assurance from internal and external auditors. | 1 April 2016 | Work on-going. No recommendations from either set of auditors which require action.  Full formal review will be required prior to implementation of LPP. | Ongoing continuous improvement work ongoing, but as indicated no significant issues raised by auditors. Steps taken when LPP was created to ensure that Fund Officers approve the release of both the payroll and immediate payment runs |
| Develop and implement an Employer engagement strategy | Promote the use of online and email communication and information sharing, making online self-service the norm and the employer website area the first port of call for employers. | Demonstrable increase in employers using online services.  Increased member awareness of pension benefits  Increase in proactive employer engagement | April 2017 | Formal strategy will follow from the creation of LPP. However, in the short term encouraging take up of on line facilities through ordinary communication channels means that many employers interact with the Fund electronically | The strategy which will be based on the approach previously taken by LCPF will be developed by LPP during 2017 for implementation alongside the new operating model for the administration business from April 2018 |
|  | Support Scheme employers, providing publicity and information toolkits, to enable employers to fulfil their responsibility to communicate and share information with members in relation to the Scheme.  Actively engage with employers on Funding and investment issues |  |  |  | Significant engagement undertaken by Fund Officers as part of the valuation process with logistical support from LPP. |
| Develop and implement a Member engagement strategy | Promote the use of online and email communication and information sharing, making online self-service the norm and the website the first point of contact for members.  Take a multimedia approach to communication and engagement in recognition that different styles and methods of communication suit different stakeholders | Demonstrable increase in online self- service activity.  Increase in web contact/reduction in telephone contact  Increase in customer satisfaction | December 2017 | Formal strategy will follow from the creation of LLPP. However, in the short term encouraging take up of on line facilities through ordinary communication channels means that ?% of members interact with the Fund electronically | As with employer engagement LPP will develop a strategy over the coming year based on the approach used by LCPF. This will be fully rolled out from April 2018. |
| Undertake systematic analysis of customer feedback | Implement formal process for review of complaints and compliments  Set targets for customer satisfaction and measure | Year on year reduction in complaints/increase in compliments  Targets achieved | March 2017 | Additional detail being reported to Local Pension Board and further work planned in response to their deliberations. | A complaints and compliments log is maintained. This is reported in the Annual Administration report which is submitted to the Committee and the local Pension board. |