muse ADVISORY

20 years of independent thinking

Is your Fund ready for the Independent Governance Review?

Local Government Pension Scheme funds are now required to undertake an Independent Governance Review (IGR). Muse is perfectly placed to be your critical friend, guiding you through the process of your first review so that you get real value and it genuinely makes a difference.

Partnering with you to deliver good governance

We approach the IGR by building on what you have already developed, working in partnership with you to ensure your Fund's objectives for the IGR are met in line with the Statutory Guidance and the General Code. We go beyond compliance by applying learnings from our deep governance and risk expertise to identify what's best for your particular circumstances.

You will benefit from a meaningful review of what's working well, with practical suggestions on where changes or enhancements could improve your Fund's governance, decision making and efficiency further. Following the review, you will be confident your governance is fit for the future, know what works well and have identified possible areas for further improvement.

We'll provide appropriate challenge to assess that what's in place is right for the Fund's needs.

We're open and honest about our observations.

Bringing our expertise to your Fund

First and foremost, we are governance and risk experts. We have one of the largest independent teams in the industry specialising in pensions governance, with around 50 employees. We've worked with over half of the largest private sector schemes and multi-employer arrangements in the UK, alongside helping clients in the public sector.

Our experience in both the private and public sector is complementary in terms of the value it can bring to LGPS funds. Our governance reviews and recommendations are designed to help LGPS funds achieve your objectives.

- **Governance that adds value.** Developing governance and risk frameworks that meet regulatory requirements and add value is our specialism. Our work on the General Code and governance reviews has helped pension funds get the most out of their governance and risk management activities. There is a strong overlap with what's required in relation to good governance at the LGPS.

- **Independent thinking.** We're independent. We don't provide ongoing advice or services to funds in the LGPS, which means our advice is unconflicted. We bring a unique robustness and helpful challenge in the way we approach the IGR. Your Fund's and your members' interests are at the heart of how we work.

- **Governance and risk experts.** We know what good looks like and identify pragmatic recommendations. Our people bring their commitment and deep expertise in governance and risk management for the benefit of the LGPS, which is a sector we are deeply committed to and enjoy working with.

20-year track record in governance and risk management.

We know governance inside-out.

What does the IGR cover?

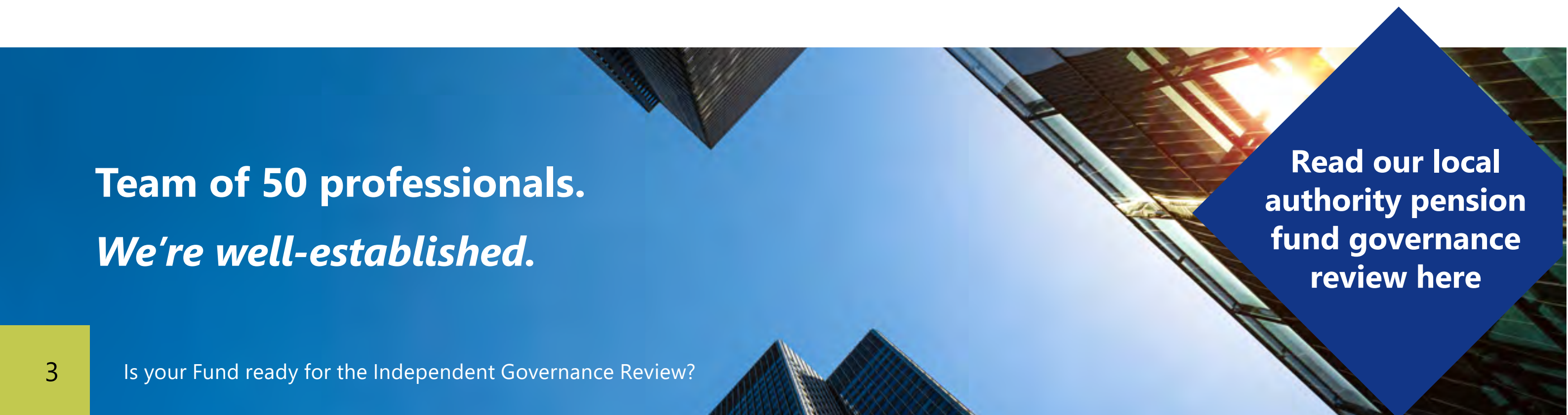
We know from our experience implementing the General Code, assessing Effective Systems Of Governance and delivering Own Risk Assessments that to provide demonstrable value, the IGR will be wide-reaching.

We work with each administering authority to agree the areas to review, considering other areas in addition to the minimum standards, and how we will review each area. We've outlined below what we typically consider in our reviews. This approach links strategic intent with operational activities to ensure we assess governance across the breadth of your Fund's operations.

Independent Governance Review

- **Business planning and performance delivery**
- **Effective system of governance**
- **Leadership**
- **Meetings and decision making**
- **Risk management and internal controls**
- **Communications**
- **Fund operations and operational resilience**

IGR area	Requirements
Business planning and performance delivery	• Review objectives and confirm Governance Strategy remains fit for purpose • Review business plan and how budget and current/ planned activities align to the Governance Strategy and objectives • Consider/ review key performance indicators to measure progress and confirm that the Governance Strategy is being implemented effectively
Effective system of governance	• Review and confirm system of governance is compliant and enables effective scheme operations, oversight and stewardship • Review how the pension function is resourced and structured to support effective governance of the Fund, taking into account the requirements and duties associated with the LGPS • Review composition of the Pensions Board and Pensions Committee to ensure they are appropriately resourced for the needs of the Fund • Review and confirm that policies are implemented and monitored in practice, providing evidence • Review how the Investment Strategy Statement, Funding Strategy Statement and Administration Strategy are prepared and implemented
Leadership	• Consider behaviours of those in leadership positions and their behavioural effectiveness • Assess ways of working of decision makers and those providing key support • Review the knowledge, understanding, skills and competencies in place and how training and skills needs are analysed
Meetings and decision making	• Review how policies set out in the Governance Strategy with regards to meetings and decision making are followed • Review that meeting records are appropriate • Consider the effectiveness of meetings and decision-making processes at Committee level • Review access to and use of professional advice
Risk management and internal controls	• Review that risks are identified and risk exposure is understood, through appropriate evaluation and monitoring, across all areas of risk to the Fund • Review the control framework • Review risk governance structure • Review risk reporting
Communications	• Review that member communications are compliant with required regulations and fit for purpose for the needs of the Fund's members • Review that employer communications support informed decision making, encourage engagement and provide feedback to improve services and manage employer risk
Scheme operations and operational resilience	• Review how key aspects of the Fund's administration are managed and overseen, e.g. record keeping, data quality, timely and accurate pension payments • Review how the administering authority participates in the governance structures of the investment pool, monitors the pool's performance and the extent to which the collective pool oversight process meets the administering authority's requirements • Review contract management and oversight of providers • Review how changes to providers are made and the quality of ongoing governance in place to manage relationships • Consider the robustness of incident response and contingency plans



How do we approach the project?

We've developed a tool for LGPS funds that captures all of the information relevant to the IGR on policies, procedures, ways of working, risk management and operational processes. This provides you with an effective audit trail and the ability to conduct benchmarking for future reviews, so you can assess the impact changes and improvements have on your governance, operations and decision making over time.

We take a structured approach to ensure we cover all the requirements of the Statutory Guidance, General Code and other relevant regulations/ guidance, to support the Senior Officer to fulfil their responsibilities and make best use of your time. A key aspect of the work is evidence to support the assessment. This comes from a variety of review elements; desk-based review, speaking to key people within the authority and who oversee the Fund, understanding and observing ways of working and being able to see how policies and processes are implemented in practice.

We will do as much work as we can remotely to suit you, using an online questionnaire, virtual meetings and technology, as we know how busy you are. We've summarised the steps we follow below.

Independent Governance Review Process

1 Project setup, planning and logistics

- We will provide a plan of work with timeframes and inputs required from you and other key parties, so that there is common agreement on how the review will proceed

2 System of governance review

- We will review how your governance documents and arrangements work in practice to best support the way you work and make decisions

3 Risk management and control framework review

- We will review your risk management practices so that you know you are managing the right risks for your circumstances in the right way for you

4 Leadership, management and oversight effectiveness review

- We will assess how the pension function is managed, Pension Board and Pension Committee oversight and that the administering authority meets its responsibilities
- We will review your operational and behavioural effectiveness as managers, leaders and governors of your Fund

5 Analysis of findings and IGR report

- We will provide our objective findings in a visually-appealing and easy-to-read report, with clear recommendations that make sense to you and can be actioned

6 Presentation of report and action plan

- We will provide you with an opportunity to reflect on what we find, so that you can prioritise actions to fit within your business planning cycle

Meet our team

Our team has a broad and deep level of practical experience from different pensions backgrounds; governance and risk consulting, in-house pensions management, effective trusteeship, leadership and business management.

Meet some of our experts in governance and risk management.

Amanda Cullen,
Senior Consultant

Claire Wallis,
Consultant

Hana Bailey
Senior Consultant

Peter Shaw,
Principal

Reece Eley,
Junior Consultant

Rosanne Corbett,
Director

Pamjit Virdi,
Senior Consultant

Contact us to see how we can help with your IGR review - rosanne@museadvisory.com