

WIRRAL COUNCIL

PENSION BOARD

14 JULY 2015

SUBJECT:	POLICY ON COMPLIANCE WITH THE PENSIONS REGULATOR
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR OF TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Board Members that the changes introduced by the Public Service Pension Act 2013 provide for clearer governance and extend the work and the oversight of The Pensions Regulator (TPR) to the LGPS.
- 1.2 The aim of the TPR is to implement and monitor a robust and consistent set of principles to ensure the correct payment of benefits, timely receipt of contributions and the publication of clear information by pension administrators under agreed industry standard policy and practice.
- 1.3 Merseyside Pension Fund has a large and diverse employer base, including councils, colleges, and academies and admitted bodies. This presents a significant challenge in achieving and maintaining high quality data due to different IT systems, levels of staff knowledge and technical expertise amongst the employers.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Pensions Regulator published Code of Practice 14: Governance and Administration of Public Service Pension Schemes in January 2015, to assist schemes in achieving and maintaining high quality administration – this took effect from April 2015.
- 2.2 The code sets out the legal requirements, gives practical guidance and expected standards for those responsible for the operations and management of public service pension schemes.
- 2.3 It also raises awareness of the knowledge and understanding required of local board members and how potential conflicts of interest should be managed.

2.4 The Code provides direction on the following areas:

Governing your scheme

Knowledge and understanding required by pension board members
Conflicts of interest and representation
Publishing information about schemes

Managing risks

Internal Controls

Administration

Scheme record-keeping
Maintaining contributions
Providing information to members

Resolving issues

Internal dispute resolution
Reporting breaches of the law

2.5 It is noteworthy that the code assists those who administer pension schemes to fulfil their legal duties. Although it is not a statement of law, it outlines the expected standards which courts will consider when determining whether legal requirements have been fulfilled.

2.6 The code of practice can be accessed via the link below:

<http://www.thepensionsregulator.gov.uk/docs/draft-code-14-governance-administration-public-service-pension-schemes.pdf>

2.7 TPR has launched an online e-learning programme aimed at those who are involved in the management of public service pension schemes, including Scheme Managers and Local Pension Board members. The programme covers the following seven modules:

- Conflicts of interest
- Managing risk and internal controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing Information to members and others
- Resolving internal disputes
- Reporting breaches of the law

The learning module can be accessed from the following link on:

<https://education.thepensionsregulator.gov.uk/login/signup.php>

- 2.8 As the programme is aimed at all public pension schemes, it is not anticipated that undertaking this e-learning course alone would satisfy the 'Knowledge and Understanding' requirements for members of Local Pension Boards in the LGPS.
- 2.9 As a result of the increasing focus by the TPR on administration quality, the Pensions Administration Standards Association (PASA) has been created from within the industry to set meaningful administration standards, and assess compliance with those standards.
- 2.10 The ultimate objective is to implement a framework that evidences the quality of service delivery to the TPR, and the scheme members.
- 2.11 TPR compliance and enforcement policy**
- 2.12 Following the expansion of TPR's statutory duties to public sector pension schemes, it has now published a Compliance and Enforcement Policy.
- 2.13 The policy sets out TPR's regulatory strategy in light of their statutory obligations, with a primary focus on educating and enabling schemes to improve standards of governance and administration, and to comply with legal requirements.
- 2.14 The policy also sets out the TPR's available options for enforcement in circumstances of non-compliance; which range from compliance notices, monetary penalties and criminal prosecution.
- 2.15 These enforcement powers can be applied to scheme managers, members of pension boards or employers.

The Compliance and Enforcement Policy can be accessed from the following link

<http://www.lgpsregs.org/images/TPR/CEPolicyPSPSs.pdf>

3.0 RELEVANT RISKS

- 3.1 The key objective of the above Code of Practice and Policy framework are to assist the Fund in meeting its administration responsibilities with a focus on mitigating risk.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not relevant for this report

5.0 CONSULTATION

- 5.1 Not relevant for this report

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None associated with the subject matter.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 At the time of writing, the funding arrangements have not been finalised for the additional oversight work conducted by The Pensions Regulator.

9.0 LEGAL IMPLICATIONS

9.1 None associated with the subject matter.

10.0 EQUALITIES IMPLICATIONS

- Has the potential impact of your proposal(s) been reviewed with regard to equality?

Not relevant for this report

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising from this report

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report

13.0 RECOMMENDATIONS

13.1 That members note the Code of Practice and Policy framework outlined in the report.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 There is a requirement for the Pension Board to be kept up to date with legislative developments as part of their governance responsibilities.

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