

WIRRAL COUNCIL

PENSIONS COMMITTEE

17 JULY 2017

SUBJECT:	MERSEYSIDE PENSION FUND – COMPLIANCE STATEMENT – TPR CODE OF PRACTICE NO.14
WARD/S AFFECTED:	ALL
REPORT OF:	MANAGING DIRECTOR, DELIVERY
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members on Merseyside Pension Fund's assessment of compliance against the Pension Regulator (tPR) Code of Practice No.14 in relation to the key areas of governance and administration, identified by the regulator as crucial in demonstrating effective stewardship of the Scheme.
- 1.2 This assessment is intended to provide assurance to committee in their capacity as the statutory body responsible for delivering the effective and efficient governance and administration of Merseyside Pension Fund.
- 1.3 The appendix to the report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In April 2015, tPR issued a Code of Practice for public service pension schemes. The Code of Practice sets out the legal requirements for public service pension schemes and standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
- 2.2 To stress test compliance against the code, Officers established a traffic light based model to undertake a self-assessment in adherence to the code – this was presented to the Pension Board for comment at its meeting in June 2016.

The outcome of the assessment indicated that there were no areas of significant concern, but a number of issues emerged with an amber rating which necessitated improvements in the following areas;

- Record Keeping
- Maintaining contributions
- Providing Information to members
- Internal dispute resolution (IDRP)

2.3 Subsequent to completion of the Fund's initial self-assessment against the code, tPR have issued a compliance monitoring programme in September 2016 - breaking down the code into consolidated tasks, thus simplifying the Fund's previous self-assessment model.

Self-Assessment Update

2.4 In conducting an annual review of compliance against the code, utilising the revised tPR's self-assessment guidance it is apparent that the actions implemented over the last twelve months have succeeded in uplifting the rating from amber to green in relation to:

(a) Maintenance of contributions as:

- Information from a number of sources has been consolidated within the accounting systems in order to monitor timely receipt of contributions.
- The Pension Administration Strategy (PAS) is being updated from April 2018 and includes greater detail regarding reporting procedures and penalties for failures to submit financial returns and contributions.
- Procedures have been formalised to record actions undertaken to resolve issues in circumstances of late payment of contributions and support provided to employer to complete accompanying financial returns.

(b) Resolving Internal disputes by:

- Improving the Fund's engagement with employers ensuring adherence to the statutory duty to manage the IDRP framework, the Fund reviewed the process raising awareness of the requirement for employers to notify the Fund's Appeals Officer of all Stage 1 IDRP applications and determination outcomes.
- Creating a bespoke IDRP notification form to assist employers in advising the Fund of any stage 1 appeals detailing the necessary information for statutory recording purposes. The form allows

disclosure of relevant details without identifying the appellant or any particular sensitive case details.

- 2.5 Although there have been significant advances over the last twelve months in relation to record keeping and communicating with members, there remains scope for further improvement as both areas have been assessed as retaining their amber rating.

The proposed developments required to target full compliance are noted within the self-assessment document, attached as exempt Appendix One.

- 2.6 Officers will keep both the Pension Committee and Pension Board apprised of progress achieved against the identified areas of improvement in relation to record keeping and communicating with members.
- 2.7 Feedback on the evaluation of the Fund's self-assessment against the nine pillars of effective administration and governance is welcomed, to demonstrate objectivity of the process to the Fund's stakeholders.

3.0 RELEVANT RISKS

- 3.1 The Fund has a legal duty to comply with legislation and statutory best practice particularly with regard to data quality, failure to do so will result in the risk of failing to pay the right benefits to the right people at the right time and censure from the Pension Regulator.

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 In order to strengthen compliance with the tPR Code of Practice, the Fund is increasing the extent to which it uses Information Technology to offer an enhanced service to both members and employers; whilst also delivering operational efficiencies and securing improvements in data quality.

8.2 Fund Officers have a planned activity programme to work with employers to ensure that appropriate systems are in place to provide the requisite assurances around data quality.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

No equality impact assessment is required

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 RECOMMENDATION

13.1 That Committee note the Fund's self- assessment against the tPR Code of Practice and the developmental work required to attain full accreditation in relation to record keeping and member communications.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 There is a requirement for Members of the Pension Committee to be kept up to date with legislative developments as part of their stewardship role of the LGPS.

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APPENDICES

Appendix 1- TPR Compliance Report

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date
Pensions Committee	June 2016