



Report for:	Pensions Committee 10 th September 2015	Item number	
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Title:	The role of the Pensions Regulator in LGPS
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Report authorised by :	Assistant Director – Finance
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Lead Officer:	George Bruce, Head of Finance – Treasury & Pensions George.bruce@haringey.gov.uk 020 8489 8621
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Ward(s) affected: N/A	Report for Non Key Decision
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1. Describe the issue under consideration

- 1.1 The Pensions Regulator has published a code of practice titled “Governance and administration of public service pension schemes”. This note discussed the implications of the code of practice and proposed actions to ensure that the Council and Fund operates in accordance with best practice.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Committee is invited to agree with the proposed actions required and set out in paragraph 5.4 to comply with the Regulator’s Code of Practice.

4. Other options considered

- 4.1 None. Compliance with the code is best practice.

5. Background information

- 5.1 The Pensions Regulator (Regulator) was established to regulate pension schemes, initially in the private sector where its role included the enhancement of governance standards and the protection of scheme



members. The establishment of the Regulator followed a number of employer insolvencies in which fund member entitlements were reduced.

- 5.2 The Public Service Pensions Act 2013 extended the regulatory oversight of the Regulator within LGPS. The code of practice sets out the legal requirements for public service pension schemes together with practical guidance and standards of conduct expected.
- 5.3 The note from the Independent Advisor (appendix 1) summarises the Regulator's expectations on the quality of governance in respect of a range of issues including Pensions Administration (for example record keeping, collecting contributions, providing information to members of the Pension Scheme, internal dispute resolution). The Fund and individual Employers must ensure that they adhere to their legal obligations and the expected standards the Pensions Regulator has set out. Although compliance with the code of practice in its entirety is not a legal requirement, departures from the code may well result in challenge and examination by the Regulator.
- 5.4 In light of the requirements of the code it is recommended that the following actions are taken:
- a) Internal controls around key processes of the fund are set out in a single document and that key risks and mitigating controls are documented and discussed annually by the Committee.
 - b) A report on the performance of the administration function e.g. collection of contributions, payment of benefits and responses to scheme members enquires is presented to the Committee on a quarterly basis. Also included would be the operation of the internal disputes resolution procedures and breaches of the law.
 - c) Internal Audit is requested to review the operation of the internal controls and the identification of key risks and provide annual reports to the Committee.
 - d) Annually, the Committee review training undertaken and agree training plans for the next 12 months in light of the requirements of the code.
 - e) A listing is maintained of laws, regulations and scheme documentation that the committee should be familiar.
 - f) Preparation of a conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest.
 - g) A report is prepared on events that may require notification to the Regulator e.g. late payment of contributions, failures to provide information to scheme members etc.
 - h) An Annual Governance review is undertaken by a suitably qualified person.



- i) All employers in the London Borough of Haringey Fund are sent a copy of the Code of Practice.

5.5 The above steps are seen as essential to meet the governance and administration requirements as set out in the code of practice.

5.6 The quality of record keeping in connection with scheme member transactions is a major area of concern to the Regulator as this can lead to paying members incorrect benefits. There is a requirement in the code that schemes should continually review their membership data and carry out a data review exercise at least annually. This should include an assessment of the accuracy and completeness of the member information data held. Schemes should ensure that member records are reconciled with information held by the employer. These are substantial tasks and some thought is required as how to proceed.

5.7 It is proposed that implementation of these actions be completed by March 2016.

5.8 A copy of the code is available to the Committee via the author of the report.

6. Comments of the Chief Finance Officer & financial implications

6.1 Addressing the requirements of the code in a timely fashion will be better than having the requirements imposed at short notice.

7. Assistant Director of Corporate Governance comments and Legal Implications

7.1 The Assistant Director of Corporate Governance has been consulted on the content of this report. The recommendation would enhance the administering authority's duty to manage and administer the Scheme.

8. Equalities and Community Cohesion Comments

8.1 Not applicable.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None.

11. Use of Appendices

Appendix 1- Note from the independent advisor.

12 Local Government (Access to Information) Act 1985



Haringey Council

12.1 Not applicable.