

*Meeting:* **Local Pension Board**

*Date/Time:* **Monday, 17 June 2019 at 9.30 am**

*Location:* **Guthlaxton Committee Room, County Hall, Glenfield.**

*Contact:* **Miss C Tuohy (0116 305 5483).**

*Email:* **cat.tuohy@leics.gov.uk**

### **AGENDA**

<u>Item</u>	<u>Report by</u>	
1. Election of Chairman.		
2. Election of Vice Chairman.		
3. Minutes of the meeting held on 4 March 2019.		(Pages 3 - 6)
4. Question Time.		
5. Questions asked by members under Standing Order 7(3) and 7(5).		
6. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
7. Declarations of interest in respect of items on the agenda.		
8. Internal Audit Arrangements (Including Internal Audit Work Conducted During 2018-19 and the Internal Audit Plan 2019-20).	Director of Corporate Resources	(Pages 7 - 16)
9. Local Government Pension Scheme Complaints Procedure	Director of Corporate Resources and Director of Law and Governance	(Pages 17 - 20)

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|--|---------------------------------|-------------------|
| 10. Pension Fund Administration Report - January to March 2019 Quarter | Director of Corporate Resources | (Pages 21 - 46)   |
| 11. Pension Fund Governance and Administration                         | Director of Corporate Resources | (Pages 47 - 150)  |
| 12. Year-End and Statutory Deadlines.                                  | Director of Corporate Resources | (Pages 151 - 152) |
| 13. Any other items which the Chairman has decided to take as urgent.  |                                 |                   |

**TO:**

Employer representatives

Mr. D. Jennings CC  
 Mrs R. Page CC  
 (Leicester City Representative – Currently Vacant)

Employee representatives

Ms. C. Fairchild  
 Ms. D. Haller  
 Mrs. D. Stobbs



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 4 March 2019.

PRESENT

Mrs. R. Page CC (in the Chair)

Cllr. D. Alfonso  
Ms. D. Haller

Ms. C. Fairchild  
Mr. R. J. Shepherd CC

38. Minutes.

The minutes of the meeting held on 3 December 2018 were taken as read, confirmed and signed.

In regards to the ongoing review of the Local Pension Board's Terms of Reference (ToR), it was intended that members of the Board would meet in April to discuss the matter. It was envisioned that the Board would be asked to approve a revised ToR document at its meeting in June.

39. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

40. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

41. Urgent Items.

There were no items for consideration.

42. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

43. Pension Fund Administration Report - October to December 2019 Quarter.

The Board considered a report of the Director of Corporate Resources which detailed relevant issues concerning the administration of Fund benefits, including the performance of the Pension Section against its Performance Indicators. The Report is filed with these minutes marked 'Agenda Item 6'.

Members expressed their continued concern regarding the seven outstanding transfer of undertakings protection of employment (TUPE) and noted the continued work of officers to try and resolve the matter. The Director reported that it was hoped a recent change to the Fund's Funding Strategy Statement that would introduce pass-through arrangements from 1<sup>st</sup> April 2019 which would help negate the risk of TUPE transfers moving forward. The new arrangements would enable the risk relating to the admission body's membership of the fund to be shared between the letting employer and new contractor.

Concern was also expressed that some employers had not yet completed their Fund discretions.

The Pension Section continued to work with Fund employers to implement monthly posting. Leicester City Council had experienced some difficulties with the implementation due to their previous payroll system, however new system had been recently implemented it was expected they would be able to provide monthly posting from April 2019.

**RESOLVED:**

- a) That the report be noted.
- b) That the Chairman writes to the following employers to remind them of the need to complete their Fund discretions.

Leicestershire Fire Authority  
Harborough District Council  
Life Academy Trust  
Oadby and Wigston Borough Council  
Rawlins Academy  
South Leicestershire College  
Success Academy Trust  
Tudor Grange Academy Trust

- c) That the Chairman writes to Tudor Grange, Mercenfeld, Rushey Mead and Melton Borough Council to express the Board's concern over the lack of progress made in regards to their outstanding TUPE transfers.

**44. Additional Voluntary Contributions.**

The Board considered a report of the Director of Corporate Resource concerning changes to the Additional Voluntary Contribution (AVC) fund choices. A copy of the report 'Agenda Item 7', is filed with these minutes.

The Director reported that the AVC choices allowed members of the scheme the ability to invest extra pension contributions which they could then access upon retirement. Members were able to view the 20 investment choices on the Fund's website and additional information was supplied to Fund members upon request.

Arising from discussion it was noted that while the Fund formally reviewed its AVC choices every two to three years, the Pensions Manager informally reviewed the scheme annually by comparing its offering with other neighbouring Funds, if a fundamental change was made to the scheme a report would be brought to the Board earlier.

RESOLVED:

That the report be noted.

45. Risk Management and Internal Controls.

The Board received a report of the Director of Corporate Resources the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Director clarified that the risk response ratings of 'Terminate' and 'Transfer' were part of the Administering Authorities' corporate risk register template and was universally used across all of its registers. The term 'Terminate' meant removing the risk entirely whereas 'Transfer' referred, in most cases, to where the Council would externally transfer the risk. It was unlikely either would be used in relation to the Fund.

Members agreed that it would be useful to undertake training on the Risk Register at a future session.

RESOLVED:

That the report be noted.

9.30 - 10.15 am  
04 March 2019

CHAIRMAN

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**LOCAL PENSION BOARD – 17 JUNE 2019**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**INTERNAL AUDIT ARRANGEMENTS (INCLUDING INTERNAL AUDIT WORK CONDUCTED DURING 2018-19 AND THE INTERNAL AUDIT PLAN 2019-20)**

**Purpose of the Report**

1. The purpose of this report is to inform the Local Pension Board (the Board) about the internal audit arrangements for the Leicestershire County Council Pension Fund (the Fund) and to summarise the outcomes of audits conducted during 2018-19 and outline the internal audit plan for 2019-20.

**Background**

2. The Terms of Reference for the Leicestershire Local Pension Board (the Board) record that it shall, '*...assist (Leicestershire) County Council (the Council), as administering authority, in ensuring the effective and efficient governance and administration of the (Local Government Pension) Scheme*'.
3. The Council is required to make arrangements for the proper administration of the financial affairs of the Fund and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Council's Director of Corporate Resources who undertakes the role and responsibilities of the Fund's Treasurer (the Treasurer).
4. The Council's Financial Procedure Rules apply to the administration of the Fund, and specifically rule 4F (15) which places responsibility on the Director of Corporate Resources for arranging a continuous internal audit of the County Council's financial management arrangements. This responsibility is derived from the Local Government Act 1972 and the Accounts and Audit Regulations 2015. Leicestershire County Council Internal Audit Service (LCCIAS) managed by the Head of Internal Audit and Assurance Service (HoIAS), provides the internal audit function to the Fund.
5. The Board's constituted responsibility for ensuring effective and efficient governance, allows for reporting plans for, and the results of internal audit activity to the Fund's designated governing body.

## **The Internal Audit Function**

6. The Public Sector Internal Audit Standards (PSIAS), Revised 2017, define internal audit as: - 'An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.
7. In April 2018 after a peer review, LCCIAS was deemed to conform to the PSIAS. These are explained in more detail in the Leicestershire County Council Internal Audit Charter (revised November 2016). The methodologies and approaches defined in the Charter will be applied to all audits conducted on County Council (including Pensions) audits.
8. The PSIAS require that after the closure of the audit year, the nominated Head of Internal Audit Service (at the County Council, the Head of Internal Audit & Assurance Service undertakes this role), reports to those charged with governance (the Board), on work conducted during the year containing a summary of findings, recommendations and opinions. The PSIAS also require that at the beginning of the audit year, an annual plan of audits should be agreed with the Treasurer and noted by the Board.
9. Most planned audits are 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are 'consulting' type, which are primarily advisory and allow for guidance to be provided to management. These are intended to add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Unplanned 'investigation' type audits may also be required.
10. For each audit, Terms of Engagement are agreed with the Treasurer or his representative. After the audit, the Treasurer receives a report containing any findings and recommendations for control improvements and an 'opinion' on what level of assurance can be given that risks are being managed. There are four assurance levels: full; substantial; partial; and little. If any recommendations are graded high importance (HI) i.e. denoting either an absence of a key control or evidence that a key control is not being operated and as such the system is open to material risk exposure, this would normally mean that the opinion would be graded as only 'partial' assurance. HI recommendations would be reported to the Local Pensions Committee and would remain in that Committee's domain until the HoIAS was satisfied that corrective action had been implemented. Additionally, because of the County Council's statutory duty to administer the Fund, HI recommendations will continue to be tabled at meetings of the Corporate Governance Committee.
11. The Board may choose to ask the HoIAS to explain HI recommendations and especially any slippage beyond agreed dates in implementing actions.



### **Internal Audit Work Conducted During 2018-19**

12. Appendix 1 contains a brief summary of the work conducted by LCCIAS during 2018-19. Six assurance audits were undertaken and the assurance grading was overall positive. There were no HI recommendations. Of the six audits undertaken, three were shared with the Fund's External Auditor (Grant Thornton) in order to inform their audit risk assessment in preparation for their annual audit of the Fund's accounts.
13. LCCIAS also co-ordinated the County Council's requirements for the biennial National Fraud Initiative (NFI) counter fraud data matching exercise.
14. During the NFI work, one overseas pensioner fraud case was identified. The pensioner's last known address was in New Zealand and they were reported on the NFI list as having died on 5/10/2017. The Council's Pensions Manager was first made aware of this on 21/1/2019. The Pensions Section looked into the case quickly and managed to cease the pension immediately, so the last payment was made in December 2018. The Pensions Section had received a fraudulently signed pensioner annual life certificate (stating the person was alive) signed 28/9/18, i.e. almost a year after the confirmed date of death. The monthly pension therefore continued to be paid.
15. An overpayment of pension of £3,554.39 had been made between the date of death and date of pension ceasing. This case was reported to Action Fraud (the UK's national reporting centre for fraud run by the City of London Police working alongside the National Fraud Intelligence Bureau), but as expected, the Police have decided not to take any further action. The Pensions Section have written twice to the last known address and the last known email to try and trace the next of kin to reclaim the overpayment but there has been no response. Whilst the County Council takes a zero tolerance policy approach on fraud, given the overpayment is low in overall financial terms, the Pensions Section were unable to trace the next of kin in New Zealand and the potential legal and Pension Section cost and time associated in trying to reclaim the overpayment, a write off was agreed with the Assistant Director of Strategic Finance and Property.
16. It's important to note that this control weakness is restricted to overseas pensioners – the Faraday reports that the Pensions Section receive only pick up UK-registered deaths. An audit on the process followed for annual life certificates has been included in the 2019/20 Internal Audit plan.
17. The table below shows planned against actual performance both in terms of number of audits and days allocated.

**Table 1 : Overall performance against 2018-19 internal audit plan**

	<b><u>Audits</u></b>	<b><u>Complete @ 31/5</u></b>	<b><u>Incomplete @ 31/5</u></b>	<b><u>Plan days</u></b>	<b><u>Actual days</u></b>	<b><u>Diff</u></b>
B/fwd from 17-18	2	2	0	6.0	6.0	0
Planned	7	7	0	44.0	49.0	+5
Planned not	2	0	2	16.0	0.0	-16

started						
Client management	1	1	0	4.0	9.0	+5
<b>Total</b>	<b>12</b>	<b>10</b>	<b>2</b>	<b>70.0</b>	<b>64</b>	<b>-6</b>

18. Two of the jobs planned and not started were in relation to the re-structure and the governance arrangements around the 'pooling' of investments via LGPS Central. This is because the company went live 1<sup>st</sup> April 2018, but arrangements in many areas were yet to be fully established. However, ongoing discussions with Partner Fund Internal Audit (IA) Sections continued throughout the year, including compilation of a Pensions Assurance Framework around key risk areas. A draft four-year cyclical programme of audits covering the period 2019/20 to 2022/23 has been developed outlining work to be undertaken by each Partner Fund IA to ensure fairness and to ensure the cost of auditing the Pensions Pool is spread equally across the Pension Funds over a four-year period. The collective audit work will be supplemented with individual partner fund internal audit work specific to each administering authority. Work around this has been built into the 2019/20 IA plan. Time spent on this exercise in 2018/19 has been incorporated within 'Client management' above, hence the over-run.
19. The total charge to the Fund for all internal audit work undertaken during 2018/19 was £18,880.

### **The Internal Audit Plan 2019-20**

20. Appendix 2 contains a brief summary of audits planned during 2019-20. To compile the plan, the HoIAS held discussions with the Fund Treasurer and the Pensions Manager. An assumption has been made that in their audit of the Fund's accounts, the External Auditors (Grant Thornton) will continue to utilise LCCIAS's work in their audit risk assessment.
21. The new pension system is now in place and fully operational. Four audits have been included, specifically to test the robustness of the system and output information to ensure accuracy.
22. The final part of the plan is client management and includes the HoIAS duties of planning, reporting and attending the Board.
23. The cost of the planned 85 days of internal audit work is charged to the administration costs of the Fund and is likely to be in the region of £25,075.

### **Recommendation**

24. The Board is asked to note the report.

### **Equality and Human Rights Implications**

None specific

### **Appendices**

- Appendix 1 - Internal Audit Work Conducted in 2018-19  
Appendix 2 - Internal Audit Plan 2019-20

**Officers to Contact**

Neil Jones (Head of Internal Audit & Assurance Service) [neil.jones@leics.gov.uk](mailto:neil.jones@leics.gov.uk)  
(0116) 305 7629

Chris Tambini (Fund Treasurer) [Chris.tambini@leics.gov.uk](mailto:Chris.tambini@leics.gov.uk) (0116) 305 6199)

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**Internal Audit Work Conducted in 2018- 19****Appendix 1**

<b>Audit Title</b>	<b>Audit objective...to ensure...</b>	<b>Opinion</b>
Investments	Work in progress at the end of March 2018 as follows: <ul style="list-style-type: none"><li>- Investments – Payments to Fund Managers (Concluded)</li><li>- Replacement Pensions Administrative System (Concluded)</li></ul>	Substantial
Contribution Banding Changes <sup>1</sup>	Pension contribution banding changes for a sample of LCC employees have been accurately applied with effect from 1st April 2018.	Substantial
Contribution Calculations <sup>1</sup>	Contributions to the pension fund have been correctly applied from April 2018 from the following: <ul style="list-style-type: none"><li>o Leicestershire County Council (LCC)</li><li>o Other Employing Bodies, where LCC does/does not administer the payroll on their behalf</li></ul>	Substantial
Investments <sup>1</sup>	An area to be chosen from the rolling programme of audits.	Ongoing
Pensions Creation	Undertaken bi-annually.	Full
Re-structure of LGPS	Governance arrangements around the 'pooling' of investments.	Ongoing
Business Continuity	Adequate arrangements have been made for the smooth transition of key tasks following the departure of the Investments Manager.	Full
Pension Increase <sup>1</sup>	The validity and accuracy of the annual Pensions Increase.	Full

Replacement Pensions Administrative System	Auditor consulting role, including specialist ICT advice, to ensure that risks have been identified and controls have been considered and built in to the development specifications. Includes attendance at Project Board meetings as well as assistance with the transfer of information.	Full
NFI	Monitoring that any pension matches (normally continuing payments after death) are investigated.	Complete
Client management	To include: - <ul style="list-style-type: none"> <li>• research and any advice to the Fund's officers</li> <li>• Annual planning and reporting including attendance at the Local Pension Board</li> <li>• providing internal audit resource to assist with pensions administration tasks (IDEA).</li> </ul>	Complete

<sup>1</sup> These audits will be used by the External Auditor (Grant Thornton UK LLP) to inform their audit risk assessment.

**Internal Audit Plan 2019- 20****Appendix 2**

<b>Audit Title</b>	<b>Audit objective...to ensure...</b>	<b>Days</b>
Contribution Banding Changes <sup>1</sup>	Pension contribution banding changes for a sample of LCC employees have been accurately applied with effect from April 2019.	6
Contribution Calculations <sup>1</sup>	Contributions to the pension fund have been correctly applied from April 2019 from the following: o Leicestershire County Council (LCC) o Other Employing Bodies, where LCC does/does not administer the payroll on their behalf	6
Pension Transfers	Transfers both into and out of the fund are processed correctly (Undertaken bi-annually).	6
National Fraud Initiative (NFI)	Pension matches (normally continuing payments after death) are investigated and monitored.	3
Annual Life Certificates	Process for reviewing life certificates for overseas pensioners is robust.	10
Pension Increase <sup>1</sup> (Altair)	The validity and accuracy of the annual Pensions Increase via the new pension system (Altair).	6
Immediate Payments (Altair)	'One-off' payments, E.g. Lump sums, refunds, transfers and death grants are correctly processed via the new pension system.	10
Pension Creation (Altair)	New pensioners are set up correctly on the pension system.	10

I-Connect (Altair)	Pension information received electronically via I-Connect is accurate and reconcilable to records maintained.	8
Investments <sup>1</sup>	Review of a sample of high risk areas identified via the Audit Assurance Framework.	12
Investment Fees	A review of fees paid by the fund to ensure in line with the contract/schedule.	4
Client management	To include: - • Research and any advice to the Fund's officers. • Annual planning and reporting including attendance at the Local Pension Board.	4
<b>Total days</b>		<b>85</b>

<sup>1</sup> These audits are used by the External Auditor (Grant Thornton UK LLP) to inform their audit risk assessment.



**LOCAL PENSION BOARD****17 JUNE 2019****JOINT REPORT OF THE DIRECTOR OF CORPORATE RESOURCES AND  
DIRECTOR OF LAW AND GOVERNANCE****LOCAL GOVERNMENT PENSION SCHEME COMPLAINTS PROCEDURE****Purpose of the Report**

1. The purpose of this report is to seek the agreement of the Board of the proposed changes to arrangements in place to manage complaints (known as the Internal Dispute Resolution Procedure (IDRP)), in connection with the operation of the Leicestershire Local Government Pension Scheme (the Scheme). The report also provides a summary of IDPR complaints the Scheme has received since January 2018.

**Background**

2. Decisions with regard to pension entitlement under the Scheme are initially a matter for individual Scheme employers. In cases of dispute the Internal Dispute Resolution Procedure provides a formal two stage process prescribed by the Local Government Pension Scheme Regulations. Before the formal process is enacted there is often an informal stage dealt with by the Pension Section, or as appropriate Corporate Human Resources, that often resolves the issue.
3. For cases that are not resolved informally, the Stage 1 process is usually considered by the member's Scheme employer or previous employer (the employing authority). It is for the employing authority to make its own arrangement how to deal with Stage 1 complaints by appointing an adjudicator.
4. Sometimes complaints are brought by members of the Fund, against the decision of the Pension Manager and in these instances the Stage 1 process is considered by an officer of Leicestershire County Council.
5. If a complaint is not resolved at Stage 1 a scheme member can choose to take their case to Stage 2.

6. All Scheme Stage 2 complaints are considered by the “specified person” of Leicestershire County Council (as the Scheme Administering Authority) or a nominated substitute. In all cases, anyone who has had any dealings at Stage 1 cannot consider the Stage 2 complaint.
7. If complaints are not resolved at Stage 2, scheme members can choose to take their cases to Pensions Advisory Service (PAS) followed by the Pensions Ombudsman. The Ombudsman’s decision is final and binding although in extremely rare instances, cases can proceed to the Courts.

### **Complaints since January 2018**

8. Since January 2018 there have been 5 IDRP Stage 1 cases that the administering authority is aware of:-
  - In one case the Stage 1 decision is pending.
  - Four cases proceeded to Stage 2. Two of these cases have been referred back to the Stage 1 decision maker to reconsider. Another case was not upheld by the Stage 2 decision maker and it is likely to proceed to PAS and the Ombudsman.
  - The final case reached the Ombudsman and was rejected in favour of the Fund.
9. Where applicable the specified person will direct that compensation be payable to the employee bringing the complaint for the time and trouble caused. It is important to note that the IDRP proceeds as a “review of the decision the subject of complaint”. This means that the specified person does not have the power to substitute his or her decision or require, for example an increased pension payment

### **Leicestershire County Council’s arrangements and appointments**

10. Stage 1 complaints can arise from non County Council and County Council members of the Leicestershire Local Government Pension Scheme. The adjudicator dealing with these complaints at Leicestershire County Council is the Director of Law and Governance and/or the Head of Law. Following a restructure in Legal Services it is proposed that there may be occasions when the Director delegates complaints either to other County Council Solicitors with suitable experience, external Solicitors (e.g. from another pension administering authority) or the Leicestershire Pension Fund Manager.
11. Matters that proceed to Stage 2 are then dealt with by any of the above who has not dealt with the matter at Stage 1.
12. Where the circumstances of the complaint, or matter, are such that the Director of Law and Governance, Head of Law, other delegated County

Solicitors or the Pensions Manager are for whatever reason not able to deal with a Stage 2 matter, arrangements have been made for another Local Government Pension Fund to assist.

### **Recommendation**

13. It is recommended that the:-

- a. Board notes the Internal Dispute Resolution Procedure complaints the scheme has received since January 2018;
- b. Director of Law and Governance (or in her absence the Head of Law) be authorised in appropriate circumstances to delegate the adjudication of Stage 1 Complaints or matters referred to her at Stage 2 to a suitably qualified experienced internal or external decision maker as outlined in this report.

### **Equality and Human Rights Implications**

None specific

### **Background Paper**

Local Government Pension Scheme Complaints Procedure – Local Pensions Board - 4<sup>th</sup> December 2017

<http://politics.leics.gov.uk/documents/s133625/Local%20Pension%20Board%20-%20Complaints.pdf>

### **Officers to Contact**

Ian Howe – Pensions Manager - telephone (0116) 305 6945

Lauren Haslam – Director of Law and Governance (0116) 305 6240

Anthony Cross – Head of Law - telephone (0116) 305 6169

Declan Keegan – Assistant Director of Strategic Finance and Property  
telephone (0116) 305 6199

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**LOCAL PENSION BOARD****17 JUNE 2019****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****PENSION FUND ADMINISTRATION REPORT – JANUARY TO MARCH 2019  
QUARTER****Purpose of the Report**

1. The purpose of this report is to inform the Board of relevant issues in the administration of Fund benefits, including the performance of the Pensions Section against its Performance Indicators.

**Background**

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 90,000 members.

**Performance Indicators**

3. Attached as an appendix to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of Corporate Resources. These indicators are split into two broad categories – how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

**Performance of Pensions Section**

4. The results for the January to March 2019 quarter are detailed within Appendix A. Customer satisfaction remains good and overall performance figures remain positive in the quarter with all Key Performance Indicator (KPI) results near or above target.

## **Administration**

### 5. **General Workloads**

The tables show the position in five key work areas, January to March 2019.

#### **January 2019**

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	226	1291	750
Aggregations	49	991	300
Interfunds in	39	175	200
Retirements	659	760	500
Deaths	64	111	100

#### **February 2019**

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	104	1395	750
Aggregations	33	1202	250
Interfunds in	18	188	200
Retirements	529	655	500
Deaths	65	127	100

#### **March 2019**

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	241	1302	750
Aggregations	84	1261	250
Interfunds in	52	191	200
Retirements	577	766	600
Deaths	92	99	100

The main points to note are;

Additional resource has been moved onto the backlog of preserved benefits to resolve these before the valuation data is submitted. Recruitment to the vacant Pension Assistant post has been completed, they will assist with aggregations.

## 6. GMP reconciliation

The work on the national GMP reconciliation exercise continues although most resource in the period was moved to Pensions Increase and implementation on the new pensioner payroll. Resource will focus on year-end until the end of August.

The position as at 13 May 2019 is detailed in the table below;

<b>Membership Type (Phase 1)</b>	<b>Cases with Pensions</b>	<b>Cases completed</b>	<b>Cases with HMRC</b>	<b>Stalemate Cases**</b>
<b>Pensioner and Preserved</b>	0	51,158*	14	58
The change since the last quarter	Complete	Complete	No change	No change

<b>Membership Type (Phase 2)</b>	<b>Cases with Pensions</b>	<b>Cases completed</b>	<b>Cases with HMRC</b>	<b>Stalemate Cases**</b>
<b>New Pensioners</b>	3,875	4,580	815	0
The change since the last quarter	No change	No change	No change	No change
<b>Active</b>	7,408	24,189	409	64
The change since the last quarter	Down 182	Up 182	No change	Up 7

\*Includes non-contracted out records.

\*\*After investigation by the Fund and HMRC the case cannot be resolved.

## 7. System Implementation

Following the completion of the system tender in partnership with Derbyshire County Council and the subsequent phases of the system implementation, the Pension Section went live with the new Altair pensioner payroll system in January. There have been approximately 30,000 pensioners paid each month through the new payroll system in January, February and March.

The Altair Member Self-Service (MSS) went live in January and there continues to be a phased implementation for preserved members. As at the 31 March 2019 there were 6,804 members signed up to the new MSS system.

## **Governance Items**

### **8. Internal Dispute Resolution Procedure (IDRP)**

If a scheme member has a complaint that cannot be resolved informally, they can take this through the formal complaints process, the internal dispute resolution procedure (IDRP). There are two stages to IDRP, and if the complaint remains unresolved the scheme member can pursue it with the Pension Ombudsman who will ultimately determine the decision.

In the period January to March 2019 there were no IDRP stage 2 appeals.

There has been an appeal brought against a neighbouring Fund which has been upheld by the Pensions Ombudsman. In brief; an active scheme member with a terminal illness died whilst working her period of notice. If the notice period had been waived by her employer, she would have retired and then passed as a pensioner, providing her spouse with greater pension benefits.

Given the sensitive nature of the case and the financial impact, the Pensions Manager informed the Head of Legal Services at Leicestershire County Council about the case. Following this, all the Leicestershire Fund employers have been informed about the case and they have been asked to consider their processes when dealing with a scheme member with a terminal illness.

The main difference employers should consider is whether to waive the scheme member's period of notice and to treat their last day of employment, as the date the Occupational Health Doctor signs the ill health certificate. This is supported by an employer's letter to confirm the ill health retirement.

The Ombudsman's decision can be found on the following link.

<https://www.pensions-ombudsman.org.uk/determinations/2019/po-19673/local-government-pension-scheme-336/>

### **9. Breaches**

Material breaches are reported to The Pensions Regulator and recorded by the Pensions Manager on the Leicestershire Fund breaches log.

### **10. Discretions**

Following the last quarter's report all the Fund's larger employers have provided their Fund discretions or they are working on these currently.



# 11. Outstanding Transfer of Undertakings Protection of Employment (TUPE)

The table below details the outstanding TUPE transfers (pre 1 April 2019 or where the letting employer has opted to retain the pre-contract risk) as at 21 May 2019.

The Fund employers are regularly reminded to contact the Pensions Manager as quickly as possible if they are considering TUPE transfers out. They are made aware all pension issues should be resolved before the staff transfer.

Outsourcing Employer	Receiving Employer	Date of Transfer	Number of staff transferred	Current Position	Staff written to
Mercentfeld Academy	MCS Cleaning and Maintenance Ltd (MCS)	4/1/18	0 Members, 2 Non-members	All legal documents out for signing. All parties actively resolving the case. No active members transferred.	No
Tudor Grange	Ridgecrest (cleaning)	1/8/18	12 Members, 11 Non-members	Legal documents have been circulated. Tudor Grange has approved the admission agreement.  Awaiting approval of the admission agreement from Ridgecrest. The bond still requires approval.	Yes
Melton BC	AXIS (third stage TUPE following the termination of GPurchase – construction)	1/10/18	2 Members	All legal documents are out for signature. Confirmation that the admission agreement and bond have been signed by AXIS and have been sent to Melton BC for their signature.	Yes

Avanti Schools	Govindas (catering staff)	1/11/18	9 Members	Legal documents are out for consideration. Avanti Schools are actively working at resolving the case.	No
Lutterworth College	Aspens (catering staff)	29/4/19	10 Members, 5 Non-members	The admission agreement and bond have both been agreed and all documents are out for signature with all parties actively engaged.	No

Since the last report to the Local Pension Board the following cases have been completed and legal admission agreements signed;

Tudor Grange to CSE  
Rushey Mead to Caterlink  
Tudor Grange to Bellrock (facilities management)

## 12. Consultations

There have been two separate consultations on proposed pension scheme changes. Firstly on 'New Fair Deal', followed by a small consultation on changes to the methodology used for late retirement factor changes.

The Pensions Manager agreed replies from the Leicestershire Pension Fund with the Chair of the Local Pension Board. The replies are included in Appendix B.

## 13. Implementation of monthly posting

The Pension Section continues a phased implementation of monthly postings as part of the Leicestershire Fund's data improvement plan.

The position as at the 13 May 2019 is attached in Appendix C, 30 Fund employers are providing monthly postings every month, covering 12,500 active scheme contributors.

The following larger employers with a total of approximately 17,000 active scheme contributors, plan to go live with monthly postings in the next quarter, backdated to 1 April 2019.

- Leicester City Council
- All Academies paid through East Midlands Shared Services
- De Montfort University
- Chief Constable and the Office of the Police and Crime Commissioner

#### 14. Pension Fund Valuation

The Pension Fund valuation date is the 31 March 2019. On this date the Actuary assesses the assets and liabilities to calculate the Funds funding position. The Actuary also calculates each employer's contribution rates for the three years 1 April 2020 to 31 March 2023.

Officers have agreed certain assumptions with the Actuary that will be formally agreed by the Pension Committee on the 5 July 2019. At the same meeting the Fund will advise Committee of the stabilised rates for employers that qualify for this.

The assumptions are;

- The Discount rate asset outperformance assumption will remain at 1.8%
- Salary growth will be based on the consumer price index (CPI) plus 0.5%.

The timeline for providing information to employers about the valuation is as follows;

- 6 June 2019. Officers to inform employers using stabilisation of their likely employer rates.
- 5 July 2019. Assumptions and stabilised rates to be formalised by the Pensions Committee.
- 8 November 2019. Officers and the Actuary to present the full fund results to Pensions Committee and present the draft Funding Strategy Statement, prior to consultation starting.
- 18 November 2019. The Pension Fund Annual General Meeting including an employer forum. All employer results will be presented by Officers and the Actuary.
- In January 2020. Pensions Committee to formally sign off the Funding Strategy Statement after consultation ends and the final valuation results.
- 1 April 2020. New employer rates commence.

**Recommendation**

15. It is recommended that the Board notes the report.

**Equality and Human Rights Implications**

None specific

**Appendix**

Appendix A - Quarterly Results – January to March 2019

Appendix B – Replies to the consultations dated 26 March 2019 and 12 April 2019.

Appendix C – Monthly posting position as at 13 May 2019

**Officers to Contact**

Ian Howe

Pensions Manager

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## **APPENDIX A**

Quarter - January 2019 to March 2019									
Business Process Perspective	Target	This Quarter		Previous quarter	Customer Perspective - Feedback	Target	This Quarter		Previous Quarter
Retirement Benefits notified to members within 10 working days of paperwork received	92%	95%	▲	99%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	97%	▲	97%
Pension payments made within 10 working days of receiving election	95%	94%	▶	93%	Experience of dealing with Section - rated at least good or excellent	95%	92%	▶	94%
Death benefits/payments sent to dependant within 10 working days of notification	90%	97%	▲	87%	Establish members thoughts on the amount of info provided - rated as about right	92%	96%	▲	96%
					Establish the way members are treated - rated as polite or extremely polite	97%	98%	▲	100%
					Email response - understandable	95%	93%	▶	94%
Good or better than target	▲				Email response - content detail	92%	93%	▲	93%
Close to target	▶				Email response - timeliness	92%	97%	▲	95%
Below target	▼								
					▼ Comments				
A very strong and consistent quarter. It should be highlighted, pensioner payroll go live and the first phases of the member self-service implementation took place in the quarter.									

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**LGF Reform and Pensions Team**  
**Ministry of Housing, Communities and Local**  
**Government**  
**2<sup>nd</sup> Floor, Fry Building**  
**2 Marsham Street**  
**London**  
**Sw1P 4DF**

Date: 26 March 2019  
 My Ref: Pen/IH/Leics LGPS  
 Your Ref:  
 Contact: Ian Howe  
 Phone: 0116 3056945  
 Fax:  
 Email: [ian.howe@leics.gov.uk](mailto:ian.howe@leics.gov.uk)

Dear Sirs

**Local Government Pension Scheme; Fair Deal – Strengthening pension protection**  
**Policy Consultation**

The reply is from the Leicestershire Local Government Pension Fund. It matches the reply from the National Local Government Pension Technical Group.

Each question is answered in turn, split between general comments and regulations.

**Q1 – Do you agree with this definition? (points 7 to 18)**

**General Comments**

In principle we agree with the definition.

Technical Group (TG) agreed LGPS employers must ensure protected transferees are given access to membership of the LGPS for so long as they remain transferee and have an entitlement to membership of the scheme.

TG agreed points 16 and 17.

TG felt the Regulations still offer opportunity for employers not to bring all eligible employees into the Scheme from day one of transfer, with the option to opt out. TG felt it is worth reiterating this requirement for consistency of approach.

TG thought, whilst “wholly or mainly” is referred to in TUPE Regulation 3(3)(b) it isn’t defined within Regulation 1 (interpretation), so TG was uncomfortable if this could be relied on in reference to TUPE. TG’s preference would be to introduce a definition; for

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“wholly or mainly” as spending not less than 51% of employees time of employment on the delivery of the service or contract tasks.

#### Regulations

It was thought useful to make move Regulation (3) (15) to the start of Regulation (3) to make it clear the meaning of “employer of a protected transferee” early within Regulation (3).

#### **Q2 – Do you agree with this definition of a Fair Deal employer? (points 19 to 23)**

##### General Comments

Whilst TG would like to offer security of the LGPS to a wider audience, including those employers excluded from Fair Deal, TG agreed the definition of a Fair Deal employer as detailed in the consultation.

##### Regulations

N/A

#### **Q3 – Do you agree with these transitional measures? (points 24 to 26)**

##### Comments

TG agreed with the transitional measures in points 24 to 25 providing ongoing security of the LGPS for second stage transferred staff.

TG agreed those staff that transferred in point 26 and were given access to a broadly comparable pension arrangement should have the right to transfer their benefits back into the LGPS as long as the person still has benefits within the Fund.

TG therefore agrees with the transitional measures in the consultation.

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### Regulations

N/A

**Q4 – Do you agree with our proposals regarding the calculation of inward transfer values? (point 26)**

### Comments

TG feels the proposed calculation of inward transfers seems reasonable.

However, TG thought those members who have had a five year break or more, since their TUPE out from LG to a broadly comparable arrangement (but who have not transferred and therefore retained preserved benefits) should still be afforded the security of a the final salary link. It was considered unreasonable to limit those members to only CARE when the break was outside their control or at the instigation of their LGPS employer.

TG considered the option of allowing a person who is an employee of a service provider working on the delivery of a service or function transferred from a Fair Deal employer who has not been compulsorily transferred to join the LGPS. TG agreed this is a good option but agreed it has to be for all groups of employers under Fair Deal and not just certain groups (e.g. it could not be an excluded item for Academies)

TG thought termination of an agreement must be with both parties agreement.

### Regulations

TG felt Regulation (7) and (11) should state it is for all Fair Deal employers and Regulation (11) should be prefixed with subject to Regulation (7).

Regulation (8) should be changed to – An agreement under sub-paragraph (7) may be terminated with the [written] agreement of both the Fair Deal employer and the service provider at any time.

**Q5 – Do you agree with our proposals on deemed employer status? (points 27 to 39)**

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### Comments

In principle TG support the proposal on deemed employer status but highlight a number of practical issues that need to be resolved in order for this to become a solution.

Under the proposed change - the outsourcing employer transfers staff to a service provider but the staffs former employer (the outsourcing employer) is their deemed employer.

TG feels risk sharing or de-risking known as pass-through is a positive and sensible solution.

TG felt, in New Fair Deal those fund employers in the definition of a Fair Deal employer must be able to become deemed employers and pass-through should be the default position, but Funds individual Funding Strategy Statement can provide the administrative tool to allow differences if required, i.e. if the Fund requires a contractor to be an admission body via an admission agreement.

In points 32 and 37 TG feel Funds can still have a legal agreement if they choose but the main contract between outsourcing Fair Deal employer and service provider must detail how the two parties deal with pensions and risk sharing.

The SAB guidance becomes critical in this area and must include a template contract in the Annex that Administering Authorities can provide to the Fair Deal employer.

TG felt that the Fair Deal employer must have full regard to its liabilities and financial requirements in terms of any outsourcing should be strengthened, as must have "full regard" is simply not strong enough and needs to be stated in regulation.

TG very strongly emphasise the success of deemed employers falls onto the contractual arrangement between the Fair Deal employer and the contractor. Administering Authorities must not be responsible for the contractual arrangements.

The Fair Deal employer must ensure within the contract that it will not incur unnecessary financial burden from the contractor's actions.

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TG agreed the decisions made by the Fair Deal employer still remain in force at the contractor, thereby limiting its future costs. The areas that need to be covered in the contract include;

- Pay awards
- Discretions
- Ill Health
- Redundancy
- APCs
- Shared cost AVCs
- Flexible retirement provisions
- Waiver of reductions

In terms of the above, the Fair Deal employer must still manage these areas within the contract, apart from those already covered in Regulation 68.

TG also considered other Pension implications and agreed these still fall under the Fair Deal employer, including IDRPs, pension strain costs, monthly posting of contributions, breaches and reporting to the Pension Regulator. Effectively, the Fair Deal employer retains all its existing pension responsibilities for running the LGPS in respect of the staff transferred over to the contractor.

TG feel consideration needs to be given to the area; does the Fair Deal employer have responsibility for the staff the contractor decides to bring into the LGPS (if the contractors decides to do this), who were not part of the original transfer.

TG felt in terms of administration the process could work well as long as the Fair Deal employer does all it is required to do. There was a feeling that the member's records must be identifiable separately within the pension administration systems.

Administrators may decide how best to approach this.

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TG felt all contributions (employees and employers) should ideally come from the Fair Deal employers but Administering Authorities could allow flexibility within their own Service Level Agreements. If Administering Authorities chose to have a SLA with the contractor it was considered prudent to have this within the contract between the Fair Deal employer and contractor.

TG felt DfE guidance mentioned in point 39 of the consultation must be written in conjunction with MHCLG. It is imperative this is agreed by both parties and ideally provide one single document. This document must make it clear Academies can become deemed employers without need for Secretary of State approval, thereby negating the requirement for a full bond. This was strongly welcomed by TG.

#### Regulations

No comments have been made on the Regulations but they need to reflect the requirements as detailed above.

#### **Q6 – What should advice from the scheme advisory board contain to ensure that deemed employer status works effectively? (points 27 to 39)**

#### Comments

TG felt details of accounting requirements must be included

TG felt that Fair Deal employers must be made aware they retain pension responsibility for the staff that transferred over to the contractor, and potentially those new staff brought in by the contractor, just as they did prior to transfer, and in all areas including discretions, IDRPs etc.

TG felt that the SAB guidance must include an example template of the contractual arrangements between the Fair Deal employer and the contractor, covering all elements of pensions.

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TG felt the guidance must be to all Fair Deal employers (not to the Administering Authority) and whilst this is guidance, it must be explained this is effectively statutory, and the implications of not meeting the guidance need to be made clear.

Regulations

N/A

**Q7 – Should the LGPS Regulations 2013 specify other costs and responsibilities for the service provider where deemed employer status is used? (points 40 to 41)**

Comments

TG felt, that by having all pension decisions made via the Fair Deal employer and with a sufficiently robust contract in place between the Fair Deal employer and the contractor, no other costs and responsibilities need to be specified.

Administering Authorities will need to ensure their processes are adequate to manage monthly contributions and year-end information coming from two separate sources (if they chose this route) for members record held under “one single” employer.

Administering authorities may choose to have a SLA in place with the service provider and deemed employer in these cases. The group support greater details from the SAB on how the administration of the scheme in relation to the LGPS deemed employers should work in practice.

Regulations

N/A

**Q8 – Is this the right approach? (points 42 to 43)**

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### Comments

TG felt just one approach was better, that being the deemed employer route. However, the group understand why employers will still decide on the admission body route. This could potentially add extra complexity on Administering Authorities as it adds another route that needs to be available.

The group thought that if Funds still choose to use admission agreements in certain cases this is reasonable.

The group felt each Fund's Funding Strategy Statement is the correct place for determining risk share arrangement options and the legal admission agreements will reflect this.

TG agreed that it must be made clear that for administrative purposes the Fair Deal employer ultimately retains the full responsibility for all employer duties under the Regulations, unless the contract between the Fair Deal employer and the contractor state otherwise.

### Regulations

TG felt Regulation (13) should be amended as follows;

A Fair Deal employer must have read, understood and have full regard to the advice issued by the Scheme Advisory Board on the matters to be considered in regard to the provision of pension protection to a protected transferee or persons who may be regarded as protected transferees, including the sharing of risk. The Fair Deal employer must confirm to the Administering Authority which route it is taking prior to the contract start date.

**Q9 – What further steps can be taken to encourage pension issues to be given and timely consideration by Fair Deal employers when services or functions are outsourced?**  
(Points 44 to 46)

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### Comments

We fully support the need to get all parties to engage with administrators early in the process but from experience this is unlikely to happen in all cases.

We suggest the Regulations state the deemed employer route is the Administering Authorities default option but employers can adopt differing approaches.

The group also felt automatic fines should be applied by the Fund administrator to the Fair Deal employer if all pension issues and all legal documents are not complete before the staff transfer to the contractor. The fine amounts should be of sufficient value to prohibit Fair Deal employers proceeding with the transfer before all pension issues are resolved.

In addition, failing cases should automatically be recorded as material breaches and reported to the Pensions Regulator from each Fund administrator.

The group felt fines should be referenced in the SAB guidance and the contract template.

### Regulations

N/A

**Q10 – Are you aware of any other equalities impacts or of any particular groups with protected characteristics who would be disadvantaged by our Fair Deal proposals?**

### Comments

The group thought all Fair Deal employers must have the same rules applied to them. If certain fair Deal employers were able to have differing rules (e.g. academies) their staff could potentially have less protection that could impact on their work force – which could be predominately female and lower paid.

### Regulations

N/A

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### **Chapter 3**

#### **Q11 – Is this the right approach? (points 48 to 53)**

##### Comments

The group felt this is the right approach.

The group thought the cost of administration, legal and actuarial work should be rechargeable back to the outsourcing employer. This could be either in the Regulations or via SAB guidance.

##### Regulations

N/A

#### **Q12 – Do the draft regulations effectively achieve our aims?**

##### Comments

The group thought the draft regulations broadly achieved the aims.

##### Regulations

Regulation 4(11) (b) the words: “from the date of transfer” to be added at the end of the current draft.

Regulation 4 (12) could be made clearer to state the assets and liabilities relate to the scheme.

The group thought the regulation already in place in the Northern Ireland regulations could be applied as follows;

The regulation in relation to recovering monies from an external body is regulation 68 (8) of The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (SRNI 2014 No. 188) and is as follows:

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*(8) Where inherited liabilities are attributable to a guarantor or any other person which is not an employing authority, at the direction of the Committee, the actuary shall calculate such amount which in the actuary's opinion such a guarantor or other person that is not an employing authority should pay by reason of its assumption of responsibility for these inherited liabilities.*

**Q13 – What should guidance issued by the Secretary of State state regarding the terms of assets and liability transfers?**

Comments

The group had no views but consideration of fairness to the overall funding position of the Fund is required. For example a Fund may not wish to pick up a large debt from another Fund.

The group thought actuarial input was needed to answer this question in detail.

Regulations

N/A

As requested in the consultation document, my details are as follows;

- Ian Howe, Pensions Manager Leicestershire County Council.
- Address;

Pension Section, Leicestershire County Council, County Hall, Glenfield,  
Leicester, LE38RB.

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Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Howe'.

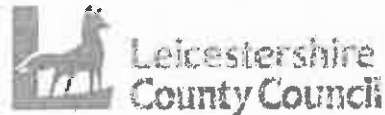
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**Thahira Khatun**  
**Local Government Finance Reform and Pensions**  
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Date: 12 April 2019  
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 Your Ref:  
 Contact: Ian Howe  
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Dear Thahira

Leicestershire Local Government Pension Fund  
Consultation on the Implementation of New Late Retirement Factors

I write in reply to the consultation on the Implementation of new Late Retirement Factors. The reply is on behalf of the Leicestershire Local Government Pension Fund.

I reply to the three questions:

**Question One** – Consultees are invited to comment on whether the proposed methodology achieves the aim of smoothing the impact of changes in factors.

**Answer One** – I believe the proposed methodology achieves the required smoothing of factor changes and therefore I support the proposed change.

**Question Two** - Consultees are invited to comment on this approach and evidence which supports their view.

**Answer Two** – I do not support the change to short term assumptions. Long term assumptions should remain in place, thereby negating regular fluctuations linked to short term assumptions. Long term assumptions also provide greater certainty of future retirement benefits to scheme members. Finally, long term assumptions avoid unnecessary additional administration costs.

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**Question Three** - Consultees are invited to comment on the proposed implementation of the new late retirement factors.

**Answer Three** – I agree the change in implementation should come into effect for retirements from a future date and should not be back dated to earlier retirements. However, I suggest at least a three month implementation date and not from the 1 May 2019.

Yours sincerely

Ian Howe  
Pensions Manager

c'c' – Cllr D Jennings – Chair of the Leicestershire Local Pension Board

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APPENDIX C - Position as at 13th May 2019

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date	Work Underway?	Current Status	Oracle Payroll Number	Provider	ACTIVES @ 09/04	Comments
Manor High School	Dataplan	Yes	1	Apr-18	Yes	Live	102	Dataplan	48	Passed over to employer
Avanti School Trust	Dataplan	Yes	1	Apr-18	Yes	Live		Dataplan	35	Passed over to employer
MOWBRAY EDUCATIONAL TRUST	Dataplan	Yes	1	Apr-18	Yes	Live		Dataplan	198	Passed over to employer
David Ross Education Trust	Dataplan	Yes	1	Apr-18	Yes	Live		Dataplan	63	Passed over to employer
ESPO	EMSS	Yes	1	Apr-18	Yes	Live	31	EMSS	250	Passed over to employer
Leics Firefighters	Fire	Yes	1	Apr-18	Yes	Live		EMSS	492	Passed over to employer
Blaby DC	Large	Yes	1	Apr-18	Yes	Live		District	313	Passed over to employer
Charnwood BC	Large	Yes	1	Apr-18	Yes	Live		District	484	Passed over to employer
Lough University	Large	Yes	1	Apr-18	Yes	Live		District	1380	Passed over to employer
Loughborough College	Large	Yes	1	Apr-18	Yes	Live		District	334	Passed over to employer
Leicestershire CC	County	Yes	2	Apr-18	Yes	Live	10/023/029	EMSS	7418	Agreed the Pension Section will process, to be re-assessed after further experience.
Leicester City Council	City	No	2		Yes	Employer working on the data		City	8624	Expected to go live from April 19. Year End to be processed before employer can go live.
Harborough DC	City	No	2					City	189	
Broughton Astley PC	City	No	2					City	4	
Derbys Firefighters	Fire	No	2		Yes			Derbys	585	
Notts Firefighters	Fire	No	2		Yes			Notts	650	
North West Leics D C	Large	Yes	2	Apr-18	Yes	Live		District	542	Passed over to employer
REGENT COLLEGE	EMSS	No	3		Yes	With employer		EMSS	48	Expected to go live from April 19. Year End to be processed before employer can go live.
Welland Park CC	EMSS	No	3		Yes	With employer	104	EMSS	50	Expected to go live from April 19. Year End to be processed before employer can go live.
Lutterworth High School	EMSS	No	3		Yes	With employer	113	EMSS	44	Expected to go live from April 19. Year End to be processed before employer can go live.
The Kibworth School	EMSS	No	3		Yes	With employer	105	EMSS	35	Expected to go live from April 19. Year End to be processed before employer can go live.
South Wigston High School	EMSS	No	3		Yes	With employer	111	EMSS	54	Expected to go live from April 19. Year End to be processed before employer can go live.
Ash Field Academy	EMSS	No	3		Yes	With employer	600	EMSS	101	Expected to go live from April 19. Year End to be processed before employer can go live.
Forest Way School	EMSS	No	3		Yes	With employer	109	EMSS	108	Expected to go live from April 19. Year End to be processed before employer can go live.
The Market Bosworth School	EMSS	No	3		Yes	With employer	117	EMSS	52	Expected to go live from April 19. Year End to be processed before employer can go live.
Stafford Leys Comm Primary	EMSS	No	3		Yes	With employer	120	EMSS	66	Expected to go live from April 19. Year End to be processed before employer can go live.
Dorothy Goodman School	EMSS	No	3		Yes	With employer	119	EMSS	138	Expected to go live from April 19. Year End to be processed before employer can go live.
Gartree High School	EMSS	No	3		Yes	With employer	118	EMSS	53	Expected to go live from April 19. Year End to be processed before employer can go live.
Ivanhoe College	EMSS	No	3		Yes	With employer	134	EMSS	68	Expected to go live from April 19. Year End to be processed before employer can go live.
Ivanhoe Uss	EMSS	No	3		Yes	With employer	179	EMSS	6	Expected to go live from April 19. Year End to be processed before employer can go live.
Huncote Community Primary Sch	EMSS	No	3		Yes	With employer	124	EMSS	13	Expected to go live from April 19. Year End to be processed before employer can go live.
Ibstock Community College	EMSS	No	3		Yes	With employer	150	EMSS	77	Expected to go live from April 19. Year End to be processed before employer can go live.
East Midland Shared Services	EMSS	Yes	3	Apr-18	Yes	Live	10	EMSS	138	Agreed the Pension Section will process, to be re-assessed after further experience.
King Edward VII S&S College	EMSS	No	3		Yes	With employer	149	EMSS	66	Expected to go live from April 19. Year End to be processed before employer can go live.
Ashby School	EMSS	No	3		Yes	With employer	147	EMSS	103	Expected to go live from April 19. Year End to be processed before employer can go live.
Ashby Hill Top Primary School	EMSS	No	3		Yes	With employer	153	EMSS	28	Expected to go live from April 19. Year End to be processed before employer can go live.
Lady Jane Grey Primary School	EMSS	No	3		Yes	With employer	159	EMSS	26	Expected to go live from April 19. Year End to be processed before employer can go live.
Castle Donington College	EMSS	No	3		Yes	With employer	160	EMSS	22	Expected to go live from April 19. Year End to be processed before employer can go live.
Queniborough CoFe Primary Sch	EMSS	No	3		Yes	With employer	163	EMSS	28	Expected to go live from April 19. Year End to be processed before employer can go live.
Birkett House School	EMSS	No	3		Yes	With employer	167	EMSS	122	Expected to go live from April 19. Year End to be processed before employer can go live.
Church Hill CoFe Junior School	EMSS	No	3		Yes	With employer	164	EMSS	21	Expected to go live from April 19. Year End to be processed before employer can go live.
St Michael & All Angels CoFe	EMSS	No	3		Yes	With employer	166	EMSS	16	Expected to go live from April 19. Year End to be processed before employer can go live.
Rendell Primary School	EMSS	No	3		Yes	With employer	172	EMSS	25	Expected to go live from April 19. Year End to be processed before employer can go live.
Barwell CoFe Academy	EMSS	No	3		Yes	With employer	170	EMSS	25	Expected to go live from April 19. Year End to be processed before employer can go live.
Bottesford CoFe Primary School	EMSS	No	3		Yes	With employer	168	EMSS	17	Expected to go live from April 19. Year End to be processed before employer can go live.
Thruxington CoFe Primary Sch	EMSS	No	3		Yes	With employer	161	EMSS	7	Expected to go live from April 19. Year End to be processed before employer can go live.
Holywell Primary School	EMSS	No	3		Yes	With employer	171	EMSS	29	Expected to go live from April 19. Year End to be processed before employer can go live.
Mountfields Lodge School	EMSS	No	3		Yes	With employer	174	EMSS	54	Expected to go live from April 19. Year End to be processed before employer can go live.
Measham CoFe Primary School	EMSS	No	3		Yes	With employer	173	EMSS	23	Expected to go live from April 19. Year End to be processed before employer can go live.
St.Peters CoFe Primary Academy	EMSS	No	3		Yes	With employer	176	EMSS	26	Expected to go live from April 19. Year End to be processed before employer can go live.
Outwoods Edge Primary School	EMSS	No	3		Yes	With employer	175	EMSS	53	Expected to go live from April 19. Year End to be processed before employer can go live.
Ratby Primary School	EMSS	No	3		Yes	With employer	181	EMSS	29	Expected to go live from April 19. Year End to be processed before employer can go live.
Stonebow Primary School	EMSS	No	3		Yes	With employer	182	EMSS	26	Expected to go live from April 19. Year End to be processed before employer can go live.
Codden Primary School	EMSS	No	3		Yes	With employer	185	EMSS	53	Expected to go live from April 19. Year End to be processed before employer can go live.
Red Hill Field Primary School	EMSS	No	3		Yes	With employer	186	EMSS	21	Expected to go live from April 19. Year End to be processed before employer can go live.
Asfordby Hill Primary School	EMSS	No	3		Yes	With employer	188	EMSS	16	Expected to go live from April 19. Year End to be processed before employer can go live.
Mercenfeld Primary School	EMSS	No	3		Yes	With employer	193	EMSS	29	Expected to go live from April 19. Year End to be processed before employer can go live.
South Charnwood High School	EMSS	No	3		Yes	With employer	190	EMSS	34	Expected to go live from April 19. Year End to be processed before employer can go live.
The Pastures Primary School	EMSS	No	3		Yes	With employer	194	EMSS	30	Expected to go live from April 19. Year End to be processed before employer can go live.
Battling Brook Primary School	EMSS	No	3		Yes	With employer	196	EMSS	63	Expected to go live from April 19. Year End to be processed before employer can go live.
Frisby CE Primary School	EMSS	No	3		Yes	With employer	200	EMSS	10	Expected to go live from April 19. Year End to be processed before employer can go live.
Thringstone Primary School	EMSS	No	3		Yes	With employer	195	EMSS	28	Expected to go live from April 19. Year End to be processed before employer can go live.
Brocks Hill Primary School	EMSS	No	3		Yes	With employer	197	EMSS	23	Expected to go live from April 19. Year End to be processed before employer can go live.
Rothley CoFe Primary School	EMSS	No	3		Yes	With employer	180	EMSS	33	Expected to go live from April 19. Year End to be processed before employer can go live.
Hastings High School	EMSS	No	3		Yes	With employer	207	EMSS	36	Expected to go live from April 19. Year End to be processed before employer can go live.
Old Dalby CoFe Primary School	EMSS	No	3		Yes	With employer	199	EMSS	11	Expected to go live from April 19. Year End to be processed before employer can go live.
Stanton under Bardon Primary	EMSS	No	3		Yes	With employer	191	EMSS	9	Expected to go live from April 19. Year End to be processed before employer can go live.
Hall Orchard Primary School	EMSS	No	3		Yes	With employer	208	EMSS	52	Expected to go live from April 19. Year End to be processed before employer can go live.
Kirby Muxloe Primary School	EMSS	No	3		Yes	With employer	211	EMSS	37	Expected to go live from April 19. Year End to be processed before employer can go live.
Robert Bakewell Primary School	EMSS	No	3		Yes	With employer	212	EMSS	28	Expected to go live from April 19. Year End to be processed before employer can go live.
Falcon Primary School	EMSS	No	3		Yes	With employer	613	City/EMSS	20	Expected to go live from April 19. Year End to be processed before employer can go live.
Loughborough CoFe Primary	EMSS	No	3		Yes	With employer	220	EMSS	25	Expected to go live from April 19. Year End to be processed before employer can go live.
Townlands CoFe Primary Academy	EMSS	No	3		Yes	With employer	228	EMSS	22	Expected to go live from April 19. Year End to be processed before employer can go live.
Bradgate Education Partnership	MAT	No	3		Yes	With employer		EMSS	232	Expected to go live from April 19. Year End to be processed before employer can go live.
Symphony Learning Trust	MAT	No	3		Yes	With employer		EMSS	256	Expected to go live from April 19. Year End to be processed before employer can go live.
Learn Academy Trust	MAT	No	3		Yes	With Dataplan		Dataplan	189	Joined Dataplan payroll provider April 19, expected to go live in May 19.
DISCOVERY SCHOOLS MAT	MAT	No	3		Yes	With employer		EMSS	395	Expected to go live from April 19. Year End to be processed before employer can go live.
DOMINICS CATHOLIC AT	MAT	No	3		Yes	With employer		EMSS	58	Expected to go live from April 19. Year End to be processed before employer can go live.
Success Academy Trust	MAT	No	3		Yes	With employer		EMSS	141	Expected to go live from April 19. Year End to be processed before employer can go live.
Wigston Academies Trust	MAT	No	3		Yes	With employer		EMSS	149	Expected to go live from April 19. Year End to be processed before employer can go live.
Apollo Partnership Trust	MAT	No	3		Yes	With employer		EMSS	135	Expected to go live from April 19. Year End to be processed before employer can go live.
LEAD ACADEMY MAT	MAT	No	3		Yes	With employer		EMSS	125	Expected to go live from April 19. Year End to be processed before employer can go live.
Diocese of Leicester AT / LEICS ACADEM	MAT	No	3		Yes	With employer		EMSS	209	Expected to go live from April 19. Year End to be processed before employer can go live.
LAUNDE PRIMARY MAT	MAT	No	3		Yes	With employer		EMSS	91	Expected to go live from April 19. Year End to be processed before employer can go live.
Odyssey Education Trust	MAT	No	3		Yes	With employer		EMSS	62	Expected to go live from April 19. Year End to be processed before employer can go live.
OWLS MAT	MAT	No	3		Yes	With employer		EMSS	121	Expected to go live from April 19. Year End to be processed before employer can go live.
Inspiring Primaries Academy Trust	MAT	No	3		Yes	With employer		EMSS	119	Expected to go live from April 19. Year End to be processed before employer can go live.
Rushey Mead Educational Trust	MAT	No	3		Yes	With Dataplan		Dataplan	286	Joined Dataplan payroll provider April 19, expected to go live in May 19.
The Learning without Limits AT	MAT	No	3		Yes	With employer		EMSS	217	Expected to go live from April 19. Year End to be processed before employer can go live.
Oval Learning Partnership	MAT	No	3		Yes	With employer		EMSS	65	Expected to go live from April 19. Year End to be processed before employer can go live.
The Vines Academy Trust	MAT	No	3		Yes	With employer		EMSS	106	Expected to go live from April 19. Year End to be processed before employer can go live.
Embrace AT	MAT	No	3		Yes	With employer		EMSS	14	Expected to go live from April 19. Year End to be processed before employer can go live.
Attenborough Learning Trust	MAT	No	3		Yes	With employer		EMSS	131	Expected to go live from April 19. Year End to be processed before employer can go live.
Hinckley & Bosw'th BC	Large	Yes	4	Apr-18	Yes	Live		District	364	Handover arranged for May 19
Melton B C	Large	No	4					District	159	
Brooksby Melton College	Large	No	4			With Employ Spec sent to employer		District	226	
Stephenson College	Large	No	4			With Employ Spec sent to employer		District	140	
LEICESTER COLLEGE	Large	No	4			With Employ Spec sent to employer		District	640	
The Chief Constable & The OPCC	Large	No	4			Yes Data provided		District	1473	Expected to go live from April 19. Year End to be processed before employer can go live. April report provided.
De Montfort University	Large	No	4			With Employ Spec sent to employer		District	1446	Expected to go live from April 19. Year End to be processed before employer can go live.
Groby Brookvale	Large	No	4			Yes Spec sent to employer		District	109	Expected to go live from April 19. Year End to be processed before employer can go live.
Countesthorpe Leysland CC	Large	No	4			Yes Data provided		District	101	Expected to go live from April 19. Year End to be processed before employer can go live. April report provided.
Vol Action Leicester	Medium	No	5					District	24	
SOUTH LEICS COLLEGE	Medium	No	5					District	95	
Wyggeston Queen Elizabeth I	Medium	No	5					District	93	
UPPINGHAM COMMUNITY COLLEGE	Medium	No	5					EPM	72	
GATEWAY 6TH FORM COLLEGE	Medium	No	5					District	50	
CASTERTON B&EC AT	Medium	No	5					District	61	
EMH Homes	Medium	No	5					District	18	
Capita IT City Rushey Mead	Medium	No	5					District	1	
Capita Services ex Charnwood	Medium	No	5					District	28	
Limehurst Academy	Medium	No	5					District	54	
Woodbrook Vale School	Medium	No	5					District	43	
Rawlins Academy	Medium	No	5					District	93	
Humphrey Perkins School	Medium	No	5					District	43	
The Martin High School	Medium	No	5					District	49	
Redmoor Academy	Medium	No	5					District	57	
Wreake Valley Academy	Medium	No	5					District	49	
Lutterworth Academies Trust	Medium	No	5			With Employ Spec sent to employer		District	83	
Long Field Academy	Medium	No	5		Yes	With Dataplan		Dataplan	25	Joined Dataplan payroll provider March 19, expected to go live in May 19.
Hinckley Academy	Medium	No	5					District	72	
Brockington College	Strictly Ed	No	5					District	90	
Queensmead Primary Academy	Medium	No	5					District	44	
Capita IT City of Leicester	Medium	No	5					District	1	
Capita IT Judgmeadow CC	Medium	No	5					District	1	
Quadron Services	Medium	No	5					District	17	
G4S (Constabulary)	Medium	No	5					G4S	17	
Turning Point (City Council)	Medium	No	5					District	24	
Turning Point (County Council)	Medium	No	5					District	17	
Rutland CC	Rutland	No	6					District	478	
EPM - Rutland CC	Rutland/EPM	No	6			With Employ Spec sent to employer		EPM	inc in Rutland	
The Rutland & District Schools' Federatic	MAT	No	7					District	99	
Brooke Hill Academy Trust	MAT	No	7					District	36	
The Blessed Cyprian MAT	MAT	No	7					District	146	
BEACON ACADEMY MAT	MAT	No	7					District	53	
St Gilberts of Sempringham	MAT	No	7					District	9	
The Midland Academies Trust	MAT	No	7					District	25	
Heighington Millfield Community Acaden	MAT	No	7					District	17	
The Priory AT Belvoir Academy	MAT	No	7					District	42	
Nova Ed Trust (Melton Vale)	MAT	No	7					District	20	

Tudor Grange Academies Trust	MAT	No	7				Mixed	125	
LIFE Academy Trust	MAT	No	7	Yes	With employer		EMSS	165	Expected to go live from April 19. Year End to be processed before employer can go live.
BEAUCHAMP LIONHEART MAT	MAT	No	7				Mixed	262	County part expected to go live from April 19, disctrict part not to go live. Year End to be processed before employer can go live.
The Rutland Learning Trust	MAT	No	7				Mixed	72	
CORPUS CHRISTI MAT	Strictly Ed	No	7				Strictly Ed	123	
Herrick Primary School	City	No	8	Yes	With employer		Judicium	inc in City	Expected to go live from April 19. Year End to be processed before employer can go live.
G4S (City Council)	Medium	No	5				G4S	12	
Mountsorrel PC	Small	Yes	8	Apr-18	Yes	Live	District	1	Passed over to employer
Kirby Muxloe PC	Small	No	8				District	1	
SLM (Blaby DC)	Small	No	8				District	1	
ASHBY WOULDLS TOWN COUNCIL	Small	Yes	8	Apr-18	Yes	Live	District	1	Passed over to employer
MARKET BOSWORTH PARISH COUNCIL	Small	Yes	8	Apr-18	Yes	Live	District	1	Passed over to employer
BARROW UPON SOAR PC	Small	No	8				District	1	
Bagworth & Thornton PC	Small	No	8				District	1	
Oakthorpe, D & A PC	Small	No	8				District	1	
East Goscote Parish Council	Small	No	8				District	1	
Twycross Parish Council	Small	No	8				District	1	
CSE Ltd	Small	No	8				District	1	
Future Cleaning Services	Small	No	8				District	1	
SILEBY PARISH COUNCIL	Small	No	8				District	2	
Leics Forest East PC	Small	Yes	8	Apr-18	Yes	Live	District	2	Passed over to employer
Spire Homes Limited	Small	No	8				District	2	
East West Community Centre Ltd	Small	No	8				District	2	
G Purchase Construction LTD	Small	No	8				District	2	
Grobby Parish Council	Small	No	8				District	2	
Pinnacle Group	Small	No	8				District	2	
MCS Cleaning	Small	No	8				District	2	
Bradgate Park Trust	Small	No	8				District	3	
GLEN PARVA PARISH COUNCIL	Small	Yes	8	Apr-18	Yes	Live	District	3	Passed over to employer
Melton Learning Hub	Small	Yes	8	Apr-18	Yes	Live	District	3	Passed over to employer
Barwell Parish Council	Small	Yes	8	Apr-18	Yes	Live	District	3	Passed over to employer
Thurcaston & Cropston PC	Small	No	8				District	3	
LUTTERWORTH T C	Small	Yes	8	Apr-18	Yes	Live	District	5	Passed over to employer
Rushcliffe Care Ltd	Small	No	8				District	5	
Seven Locks Housing	Small	No	8				District	5	
Aspens (City Crown Hills)	Small	No	8				District	5	
Enderby Parish Council	Small	Yes	8	Apr-18	Yes	Live	District	5	Passed over to employer
SHEPSHED PARISH COUNCIL	Small	No	8				District	6	
Whetstone PC	Small	No	8				District	6	
Fusion Lifestyle	Small	No	8				District	6	
Caterlink (Mowbray Ed Trust)	Small	No	8				District	6	
ASHBY TOWN COUNCIL	Small	No	8				District	7	
ANSTEY PARISH COUNCIL	Small	No	8				District	7	
A B M Catering Ltd	Small	No	8				District	7	
Stephenson Studio School	Small	No	8				District	7	
Blaby Parish Council	Small	No	8				District	8	
Chartwells	Small	No	8				District	8	
SYSTON TOWN COUNCIL	Small	No	8				District	10	
Solo Service Group	Small	No	8				District	10	
Caterlink (Fulhurst CC)	Small	No	8				District	10	
Ryhall CE Academy	Strictly Ed	No	8				District	11	
Scraptoft PC	Small	Yes	8	Apr-18	Yes	Live	Disctrict	1	Joined LGPS
Prospects Services	Small	Yes	8	Apr-18	Yes	Live	District	11	Passed over to employer
Oadby and Wigston BC iConnect		Yes		Apr-18	Yes	Live	EMSS	148	Passed over to employer
BRAUNSTONE TOWN COUNCIL iConnect		Yes		Apr-18	Yes	Live		15	Agreed the Pension Section will process for now.
THURMASTON PARISH COUNCIL iConnect		Yes		Apr-18	Yes	Live		12	Agreed the Pension Section will process for now.
COUNTESTHORPE PC iConnect		Yes		Apr-18	Yes	Live		10	Passed over to employer
FIRE SERVICE CIVILIANS iConnect		Yes		Apr-18	Yes	Live		33	EMSS 152 Passed over to employer

**LOCAL PENSION BOARD****17 JUNE 2019****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****PENSION FUND GOVERNANCE AND ADMINISTRATION****Purpose of the Report**

1. To inform the Board about governance and administration of the Local Government Pension Scheme.

**Background**

2. The Public Services Pensions Act 2013 introduced a framework for the regulatory oversight of governance and administration of public service pension schemes by The Pensions Regulator (TPR).
3. In April 2015 TPR published its code of practise on governance and administration of public service pension scheme. This introduced a number of areas pension administrators need to record and Pension Board members should be aware of. A copy of the Code of Conduct is included as Appendix A.
4. To monitor Leicestershire Pension Funds compliance against the code the Fund's Actuary developed a governance scorecard. TPR appreciates there may not be full compliance in all areas but the scorecard highlights improvement areas and records where changes have been made. The Fund's scorecard results as at April 2019 are included as Appendix B.
5. The Chartered Institute of Public Finance and Accountancy has supported the governance and administration of Local Government Pension Schemes by recommending each Fund should develop a business plan. The Leicestershire Pension Section's business plan is included as Appendix C.

## **Specific Governance Areas**

### **6. Risk Register**

The Pension Fund has a risk register that is presented to the Pension Committee and Local Pension Board at each meeting. The latest version of which is attached as Appendix D.

### **7. Documents for Local Board Members**

In the code Pension Board Members must have knowledge and understanding of scheme rules, documents recording scheme administration policies and pension law. Much of this knowledge and understanding comes from The Pension Regulators e-learning programme supported by the Pension Section.

A history of scheme Regulations are available online and the link is provided below;

<http://lgpsregs.org/>

Administration documents or processes Board Members need to be aware of are listed as follows;

### **8. Conflicts of interest**

Conflicts of interest are a standing item on the Local Pension Board agenda and any interests are recorded accordingly.

### **9. Record keeping**

The Pension Section has a number of office notes and processes that colleagues follow. This is supported by the Altair administration system that has a number of workflows that record notes to ensure all records are accurately maintained, allowing for the accurate and timely production of annual benefit statements and valuation data.

The Pensions Manager will provide details of the workflows to a future Local Pension Board meeting.

There are certain data fields that defined benefit schemes have to hold under Record-keeping Regulations. These are known as common and conditional data fields. These fields are scored annually and reported to The Pensions Regulator.

### **10. Internal dispute resolution procedure (IDRP)**



Should a scheme member have an issue or complaint that cannot be resolved informally there is an appeal process the member can follow, called the internal dispute resolution procedure.

The Pensions Manager has provided training to Local Pension Board members on IDRP and Stage 2 numbers are reported to the Board each quarter.

#### 11. Reporting breaches

The Pension Section maintains the Fund procedure for reporting breaches of the law to The Pensions Regulator and the breaches. Significant breaches are reported to the Local Pension Board for discussion. Breaches have been reported to The Pensions Regulator and actions taken by the Chair to resolve certain employer issues. The procedure and log are attached as Appendix E.

#### 12. Maintaining contributions

The Fund's employers pay pension contributions each month and these are recorded. At year-end the contributions are reconciled to the employer year-end return and the members individual contributions are uploaded to their Altair pension record.

If a Fund employer deliberately or continually delays making payment to the Pension Fund the Local Pension Board are informed.

#### 13. Training Programme

There is a requirement for members of the Local Pension Board to have knowledge and understanding of scheme rules, documents recording scheme administration policies and pension law. Whilst much of this knowledge and understanding can be developed using the Pension Regulators e-learning programme, members are also invited to attend training sessions throughout the year. The Pensions Manager maintains the Local Pension Board training programme which details key areas which members have explored and areas which are still outstanding. A copy of the programme is attached as Appendix F.

#### **Recommendation**

14. The Board is asked to note this report.

#### **Equal Opportunities Implications**

None specific

### **Appendix**

Appendix A – The Pension Regulator Governance and administration of public service pension schemes

Appendix B – Code of practise compliance score card

Appendix C – Leicestershire Pension Section Business Plan

Appendix D – Risk register

Appendix E – Procedure for Recording Breaches of the Law to the Pensions Regulator and the breaches log

Appendix F – Local Pension Board training programme

### **Officers to Contact**

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Code of practice no. 14

# Governance and administration of public service pension schemes



Code of practice no. 14

## **Governance and administration of public service pension schemes**

Presented to Parliament pursuant to Section 91(5) of the Pensions Act 2004

Draft to lie before Parliament for forty days, during which time either House may resolve that the code be not made.

Presented to the Northern Ireland Assembly pursuant to Article 86(5) of the Pensions (Northern Ireland) Order 2005

Draft to lie before the Northern Ireland Assembly for ten days on which the Assembly has sat or thirty calendar days whichever period is the longer, during which time the Assembly may resolve that the code be not made.

12 January 2015

Code of practice no. 14

**Governance and administration of public service pension schemes**

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We can produce it in Braille, large print or on audio tape. We can also produce it in other languages.

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# Introduction

1. This code of practice is issued by The Pensions Regulator ('the regulator'), the body that regulates occupational and personal pension schemes provided through employers.
2. The regulator's statutory objectives<sup>1</sup> are to:
  - protect the benefits of pension scheme members
  - reduce the risks of calls on the Pension Protection Fund (PPF)
  - promote, and improve understanding of, the good administration of work-based pension schemes
  - maximise compliance with the duties and safeguards of the Pensions Act 2008
  - minimise any adverse impact on the sustainable growth of an employer (in relation to the exercise of the regulator's functions under Part 3 of the Pensions Act 2004 only).
3. The regulator has a number of regulatory tools, including issuing codes of practice, to enable it to meet its statutory objectives.
4. Codes of practice provide practical guidance in relation to the exercise of functions under relevant pensions legislation and set out the standards of conduct and practice expected from those who exercise those functions<sup>2</sup>.

## Status of codes of practice

5. Codes of practice are not statements of the law and there is no penalty for failing to comply with them. It is not necessary for all the provisions of a code of practice to be followed in every circumstance. Any alternative approach to that appearing in the code of practice will nevertheless need to meet the underlying legal requirements, and a penalty may be imposed if these requirements are not met. When determining whether the legal requirements have been met, a court or tribunal must take any relevant provisions of a code of practice into account<sup>3</sup>.
6. If there are grounds to issue an improvement notice<sup>4</sup>, the regulator may issue a notice directing a person to take, or refrain from taking, such steps as are specified in the notice. These directions may be worded by reference to a code of practice issued by the regulator<sup>5</sup>.

## This code of practice

7. The Public Service Pensions Act 2013 (the 2013 Act) introduces the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the regulator.

<sup>1</sup> Section 5(1) of the Pensions Act 2004.

<sup>2</sup> Section 90A(1), *ibid*.

<sup>3</sup> Section 90A(5), *ibid*.

<sup>4</sup> Where the regulator considers that legal requirements are not being met, or have been contravened in circumstances which make it likely that the breach will continue or be repeated, it may issue an improvement notice under s13 of the Pensions Act 2004.

<sup>5</sup> Section 13(3) of the Pensions Act 2004.



8. The regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes<sup>6</sup>. This code of practice sets out the legal requirements for public service pension schemes in respect of those specific matters. It contains practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
9. The practical guidance sections in this code are not intended to prescribe the process for every scenario. They do, however, provide principles, examples and benchmarks against which scheme managers and members of pension boards can consider whether or not they have understood their duties and obligations and are reasonably complying with them.
10. If scheme managers and the members of pension boards are, for any reason, unable to act in accordance with the guidance set out in this code, or an alternative approach that meets the underlying requirements, they should consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law<sup>7</sup>. For further information, see the section of this code on 'Reporting breaches of the law'.

## At whom is this code directed?

11. This code relates to public service pension schemes within the meaning of the Pensions Act 2004<sup>8</sup>. These are schemes established under the 2013 Act, new public body pension schemes and other statutory pension schemes which are connected to those schemes. It does not apply to schemes in the wider public sector, nor to any scheme which is excluded from being a public service pension scheme within the meaning of the Pensions Act 2004.
12. This code is particularly directed at scheme managers and the members of pension boards of public service pension schemes and connected schemes. Scheme managers must comply with various legal requirements relating to the governance, management and administration of public service pension schemes. Pension boards must also comply with certain legal requirements, including assisting scheme managers in relation to securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme, any requirements of the regulator and with any other matters specified in scheme regulations. The role, responsibilities and duties of pension boards will vary. Where pension boards are not directly responsible for undertaking particular activities, they remain accountable for assisting the scheme manager in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme, any requirements of the regulator and with any other matters for which they are responsible under the scheme regulations<sup>9</sup>.

<sup>6</sup>  
Section 90A(2) of the Pensions Act 2004.

<sup>7</sup>  
Section 70, *ibid*.

<sup>8</sup>  
Section 318, *ibid*.

<sup>9</sup>  
Section 5 of the Public Service Pensions Act 2013.

13. In addition, the legal requirement to report breaches of the law under section 70 of the Pensions Act 2004 applies to other persons involved in public service pension schemes, so this code is also directed at them.
14. Scheme managers and pension boards (where relevant) may be able to delegate some activities to others, or outsource them, although they will not be able to delegate their accountability for complying with a legal requirement imposed on them. This code should therefore be followed by anyone to whom activities relating to the legal requirements covered by this code have been delegated or outsourced.
15. Employers participating in public service pension schemes will also find the code a useful source of reference. The role and actions of employers can be critical in enabling scheme managers to meet certain legal requirements<sup>10</sup>.
16. Public service pension schemes are established primarily as defined benefit (DB) schemes. Some of these schemes also enable members to make additional voluntary contributions (AVCs) on either a DB basis or to a separate defined contribution (DC) scheme. There are also some DC schemes which are offered as alternatives to the DB schemes. This code applies to any DC scheme which is a public service pension scheme within the meaning of the Pensions Act 2004.

## Terms used in this code

17. **The 2013 Act** – the Public Service Pensions Act 2013, which sets out the arrangements for the creation of schemes for the payment of pensions and other benefits. It provides powers to ministers to create such schemes according to a common framework of requirements.
18. **Public service pension schemes**<sup>11</sup> – these are (a) new public service pension schemes set up under section 1 of the 2013 Act (including any scheme which has effect as such a scheme<sup>12</sup>); (b) new public body pension schemes (within the meaning of the 2013 Act) and (c) any statutory pension schemes connected with a scheme described in (a) or (b). Substantially, these are the schemes providing pension benefits for civil servants, the judiciary, local government workers, teachers, health service workers, fire and rescue workers, members of police forces and the armed forces. Except where specified otherwise, the legal requirements and practical guidance set out in this code apply to any kind of public service pension scheme within the meaning of the Pensions Act 2004, whether it is a scheme established under section 1 of the 2013 Act, a new public body scheme or a connected scheme.

10

Employers participating in occupational public service pension schemes are under a statutory duty to report breaches of the law under s70 of the Pensions Act 2004.

11

As defined in s318 of the Pensions Act 2004. Under s318(6) of that Act, a scheme which would otherwise fall within the definition of 'public service pension scheme' in the Pensions Act 2004 does not do so if it is a scheme providing only for injury or compensation benefits (or both), or if it is specified in an order made under that section.

12

Section 28 of the 2013 Act.

19. **Connected scheme** – a scheme established under section 1 of the 2013 Act and another statutory pension scheme, or a new public body pension scheme and another statutory pension scheme are connected if and to the extent that the schemes make provision in relation to persons of the same description. Scheme regulations may specify exceptions<sup>13</sup>.
20. **Responsible authority** – the 2013 Act identifies secretaries of state/ ministers, each being the responsible authority for their schemes, who have power to make the scheme regulations for the relevant schemes<sup>14</sup>. The responsible authority may also be the scheme manager<sup>15</sup>. In relation to a public body pension scheme, references in the code to the responsible authority are to be read as references to the public authority which established the scheme.
21. **Scheme regulations** – each new scheme made under section 1 of the 2013 Act has scheme regulations which set out the detail of the membership and benefits to be provided under the scheme<sup>16</sup>. The regulations must identify scheme managers and provide for the establishment of pension boards and scheme advisory boards. These regulations constitute the main rules of the scheme. In addition to the scheme regulations, the rules of a scheme include:
- certain legislative provisions, to the extent that they override provisions of the scheme regulations, or which have effect in relation to a scheme and are not otherwise reflected in the scheme regulations, and
  - any provision which the scheme regulations do not contain but which the scheme rules must contain if it is to conform with the requirements of Chapter 1 of Part 4 of the Pension Schemes Act 1993 (preservation of benefit under occupational pension schemes)<sup>17</sup>.
- Some connected schemes and new public body pension schemes will not be established by regulations, so references in the code to scheme regulations should be read as references to the rules of the scheme in these cases.
22. **Scheme manager** – each public service pension scheme has one or more persons responsible for managing or administering the scheme<sup>18</sup>. Public service pension schemes can have different persons acting as scheme manager for different parts of the pension scheme. For the locally administered schemes<sup>19</sup>, the scheme managers may be the local administering authorities or a person representing an authority or police force.

13  
Section 4(6) and (7) of the 2013 Act.

14  
Section 2 and Schedule 2, *ibid*.

15  
Section 4(3), *ibid*.

16  
Section 3 and Schedule 3, *ibid*.

17  
Section 318(2) of the Pensions Act 2004.

18  
Section 4 and s30 of the 2013 Act.

19  
Locally administered schemes include the schemes for England, and Wales, and Scotland for local government workers, and England and Wales for fire and rescue workers and members of police forces.

23. **Pension board** – the scheme manager (or each scheme manager) for a scheme has a pension board<sup>20</sup> with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The pension board must also assist the scheme manager with such other matters as the scheme regulations may specify. It will be for scheme regulations and the scheme manager to determine precisely what the pension board's role, responsibilities and duties entail.
24. **Scheme advisory board** – each DB public service pension scheme has a scheme advisory board<sup>21</sup> with responsibility for providing advice on the desirability of changes to the scheme, when requested to do so by the responsible authority (or otherwise, in accordance with scheme regulations). Where there is more than one scheme manager the scheme regulations may also provide for the scheme advisory board to provide advice (on request or otherwise) to the scheme managers or the scheme's pension boards on the effective and efficient administration and management of the scheme or any pension fund of the scheme.
25. **Schemes** – in this code the term 'schemes' is used throughout where actions to comply with a legal requirement, standard or expectation may be carried out by the scheme manager, pension board or by another person(s) including those to whom activities have been delegated or outsourced. The scheme manager or pension board will be ultimately accountable, depending upon to whom the legal obligation applies under the legislation.
26. **Must** – in this code the term 'must' is used where there is a legal requirement.
27. **Should** – in this code the term 'should' is used to refer to practical guidance and the standards expected by the regulator.

## How to use this code

28. The code is structured as a reference for scheme managers and pension boards to use to inform their actions in four core areas of scheme governance and administration: governing your scheme, managing risks, administration and resolving issues.
29. Each core section includes practical guidance to help scheme managers and pension boards to discharge their legal duties. The regulator recognises that there may be alternative and justifiable actions or approaches that scheme managers or pension boards may wish to adopt, provided these meet the minimum legal requirements.
30. Schemes will need to consider and apply the practical guidance to suit their own particular characteristics and arrangements.

<sup>20</sup>  
Section 5 and s30(1) of the 2013 Act (in the case of new public body schemes, if the scheme has more than one member).

<sup>21</sup>  
Section 7, *ibid*. This requirement only applies to schemes set up under s1 of the 2013 Act.

## Northern Ireland

31. References to the law that applies in Great Britain should be taken to include corresponding legislation in Northern Ireland. References to HM Treasury directions should be taken to be directions by the Department of Finance and Personnel. The responsible authority for each scheme is the relevant government department<sup>22</sup>.
32. The appendix to this code lists the corresponding references to Northern Ireland legislation.

<sup>22</sup>  
Section 2 and Schedule 2 of the Public Service Pensions Act (Northern Ireland) 2014.

# Governing your scheme

33. This part of the code covers:

- knowledge and understanding required by pension board members
- conflicts of interest and representation, and
- publishing information about schemes.

## Knowledge and understanding required by pension board members

### Legal requirements

34. A member of the pension board of a public service pension scheme must be conversant with:

- the rules of the scheme<sup>23</sup>, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

35. A member of a pension board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

36. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board<sup>24</sup>.

### Practical guidance

37. The legislative requirements about knowledge and understanding only apply to pension board members. However, scheme managers should take account of this guidance as it will support them in understanding the legal framework and enable them to help pension board members to meet their legal obligations.

38. Schemes<sup>25</sup> should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.

39. However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.

23

See paragraph 21 for the definition of the 'rules of the scheme'.

24

Section 248A of the Pensions Act 2004.

25

See paragraph 25 for the definition of 'schemes'.

## Areas of knowledge and understanding required

40. Pension board members must be conversant with their scheme rules, which are primarily found in the scheme regulations<sup>26</sup>, and documented administration policies currently in force for their pension scheme<sup>27</sup>. Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.
41. They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.
42. In terms of documented administration policies, specific documents recording policy about administration will vary from scheme to scheme. However, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable<sup>28</sup>. This list is not exhaustive and other documented policies may fall into this category:
  - any scheme-approved policies relating to:
    - conflicts of interest and the register of interests
    - record-keeping
    - internal dispute resolution
    - reporting breaches
    - maintaining contributions to the scheme
    - the appointment of pension board members
  - risk assessments/management and risk register policies for the scheme
  - scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures
  - the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
  - terms of reference, structure and operational policies of the pension board and/or any sub-committee
  - statements of policy about the exercise of discretionary functions

26

See paragraph 21 for the definition of the 'rules of the scheme'.

27

Section 248A(2) of the Pensions Act 2004.

28

Section 248A(2)(b) of the Pensions Act 2004.

- statements of policy about communications with members and scheme employers
  - the pension administration strategy, or equivalent<sup>29</sup>, and
  - any admission body (or equivalent) policies.
43. For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement<sup>30</sup>.
44. Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:
- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
  - statements of assurance (for example, assurance reports from administrators)
  - third party contracts and service level agreements
  - stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues
  - scheme annual reports and accounts
  - accounting requirements relevant to the scheme
  - audit reports, including from outsourced service providers, and
  - other scheme-specific governance documents.
45. Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.
46. Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.

<sup>29</sup>  
For the local government pension schemes, this might include information about the setting of performance targets or making agreements about levels of performance.

<sup>30</sup>  
Section 248A(2)(b) of the Pensions Act 2004.



## Degree of knowledge and understanding required

47. The roles, responsibilities and duties of pension boards and their individual members will vary between pension schemes. Matters for which the pension board is responsible will be set out in scheme regulations<sup>31</sup>. Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.
48. Schemes should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.
49. Pension board members must have a working knowledge of their scheme regulations and documented administration policies. They should understand their scheme regulations and policies in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.
50. Pension board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.
51. Pension board members should be able to identify and where relevant challenge any failure to comply with:
  - the scheme regulations
  - other legislation relating to the governance and administration of the scheme
  - any requirements imposed by the regulator, or
  - any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.
52. Pension board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.

<sup>31</sup>  
Section 5(2) of the 2013  
Act.

53. Pension board members of funded pension schemes should ensure that they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.
54. All board members should attain appropriate knowledge so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a pensions law expert (for instance, as a result of their day job) should have a greater level of knowledge than that considered appropriate for board members without this background.

### **Acquiring, reviewing and updating knowledge and understanding**

55. Pension board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Schemes should provide pension board members with the relevant training and support that they require. Training is an important part of the individual's role and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations.
56. Newly appointed pension board members should be aware that their responsibilities and duties as a pension board member begin from the date they take up their post. Therefore, they should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration of the scheme and relevant pensions law. Schemes should offer pre-appointment training or arrange for mentoring by existing pension board members. This can also ensure that historical and scheme-specific knowledge is retained when pension board members change.
57. Pension board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.

58. Learning programmes should be flexible, allowing pension board members to update particular areas of learning where required and to acquire new areas of knowledge in the event of any change. For example, pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.
59. The regulator will provide an e-learning programme to help meet the needs of pension board members, whether or not they have access to other learning. If schemes choose alternative learning programmes they should be confident that those programmes:
  - cover the type and degree of knowledge and understanding required
  - reflect the legal requirements, and
  - are delivered within an appropriate timescale.

## Demonstrating knowledge and understanding

60. Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole. This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.

## Conflicts of interest and representation

### Legal requirements

61. A conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the pension board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme for which the board is established<sup>32</sup>.
62. In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:
  - that a person to be appointed as a member of the pension board does not have a conflict of interest and
  - from time to time, that none of the members of the pension board has a conflict of interest<sup>33</sup>.

32  
Section 5(5) of the 2013 Act defines a conflict of interest in relation to pension board members and s7(5) of that Act in relation to scheme advisory board members.

33  
Section 5(4)(a), *ibid*.

63. Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above<sup>34</sup>.
64. Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers<sup>35</sup>.
65. In relation to the scheme advisory board, the regulations must also include provision requiring the responsible authority to be satisfied:
  - that a person to be appointed as a member of the scheme advisory board does not have a conflict of interest and
  - from time to time, that none of the members of the scheme advisory board has a conflict of interest<sup>36</sup>.
66. Scheme regulations must require each member of a scheme advisory board to provide the responsible authority with such information as the responsible authority reasonably requires for the purposes of meeting the requirements referred to above<sup>37</sup>.

## Practical guidance

67. This guidance is to help scheme managers to meet the legal requirement to be satisfied that pension board members do not have any conflicts of interest. The same requirements apply to responsible authorities in relation to scheme advisory boards, (apart from the requirement regarding employer and member representatives), but the regulator does not have specific responsibility for oversight of scheme advisory boards.
68. Actual conflicts of interest are prohibited by the 2013 Act and cannot, therefore, be managed. Only potential conflicts of interest can be managed.
69. A conflict of interest may arise when pension board members:
  - must fulfil their statutory role<sup>38</sup> of assisting the scheme manager in securing compliance with the scheme regulations, other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator or with any other matter for which they are responsible, whilst
  - having a separate personal interest (financial or otherwise), the nature of which gives rise to a possible conflict with their statutory role.

<sup>34</sup>  
Section 5(4)(b) of the 2013 Act.

<sup>35</sup>  
Section 5(4)(c), *ibid*.

<sup>36</sup>  
Section 7(4)(a), *ibid*.

<sup>37</sup>  
Section 7(4)(b), *ibid*.

<sup>38</sup>  
Section 5(2), *ibid*.

70. Some, if not all, of the 'Seven principles of public life' (formerly known as the 'Nolan principles')<sup>39</sup> will already apply to people carrying out roles in public service pension schemes, for example through the Ministerial code, Civil Service code or other codes of conduct. These principles should be applied to all pension board members in the exercise of their functions as they require the highest standards of conduct. Schemes should incorporate the principles into any codes of conduct (and across their policies and processes) and other internal standards for pension boards.
71. Other legal requirements relating to conflicts of interest may apply to pension board members and/or scheme advisory board members<sup>40</sup>. The regulator may not have specific responsibility for enforcing all such legal requirements, but it does have a particular role in relation to pension board members and conflicts of interest. While pension board members may be subject to other legal requirements, when exercising functions as a member of a pension board they must meet the specific requirements of the 2013 Act and are expected to satisfy the standards of conduct and practice set out in this code.
72. It is likely that some pension board members will have dual interests, which may include other responsibilities. Scheme managers and pension board members will need to consider all other interests, financial or otherwise, when considering interests which may give rise to a potential or actual conflict. For example, a finance officer appointed as a pension board member can offer their knowledge and make substantial contributions to the operational effectiveness of the scheme, but from time to time they may be involved in a decision or matter which may be, or appear to be, in opposition to another interest. For instance, the pension board may be required to take or scrutinise a decision which involves the use of departmental resources to improve scheme administration, while the finance officer is at the same time tasked, by virtue of their employment, with reducing departmental spending. A finance officer might not be prevented from being a member of a pension board, but the scheme manager must be satisfied that their dual interests are not likely to prejudice the pension board member in the exercise of any particular function.

39

The Committee on Standards in Public Life has set out seven principles of public life which apply to anyone who works as a public office holder or in other sectors delivering public services: [www.gov.uk/government/publications/the-7-principles-of-public-life](http://www.gov.uk/government/publications/the-7-principles-of-public-life).

40

For example, local government legislation applicable to English local authorities contains legal requirements relating to certain people about standards of conduct, conflicts of interest and disclosure of certain interests.

73. Scheme regulations will set out matters for which the pension board is responsible<sup>41</sup>. Schemes<sup>42</sup> should set out clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards in scheme documentation. This should cover, for example, whether they have responsibility for administering or monitoring the administration of the scheme; developing, delivering or overseeing compliance with requirements for governance and/or administration policies; and taking or scrutinising decisions relating to governance and/or administration. Regardless of their remit, potential conflicts of interest affecting pension board members need to be identified, monitored and managed effectively.
74. Schemes should consider potential conflicts of interest in relation to the full scope of roles, responsibilities and duties of pension board members. It is recommended that all those involved in the management or administration of public service pension schemes take professional legal advice when considering issues to do with conflicts of interest.

### **A three-stage approach to managing potential conflicts of interest**

75. Conflicts of interest can inhibit open discussions and result in decisions, actions or inactions which could lead to ineffective governance and administration of the scheme. They may result in pension boards acting improperly, or lead to a perception that they have acted improperly. It is therefore essential that any interests, which have the potential to become conflicts of interest or be perceived as conflicts of interest, are identified and that potential conflicts of interest (including perceived conflicts) are monitored and managed effectively.
76. Schemes should ensure that there is an agreed and documented conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest. They should keep this under regular review. Policies and procedures should include examples of scenarios giving rise to conflicts of interest, how a conflict might arise specifically in relation to a pension board member and the process that pension board members and scheme managers should follow to address a situation where board members are subject to a potential or actual conflict of interest.

<sup>41</sup>  
Section 5(2) of the 2013 Act.

<sup>42</sup>  
See paragraph 25 for the definition of 'schemes'.

77. Broadly, schemes should consider potential conflicts of interest in three stages:
- identifying
  - monitoring, and
  - managing.

### Identifying potential conflicts

78. Schemes should cultivate a culture of openness and transparency. They should recognise the need for continual consideration of potential conflicts. Disclosure of interests which have the potential to become conflicts of interest should not be ignored. Pension board members should have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest. They should know how to manage potential conflicts.
79. Pension board members, and people who are proposed to be appointed to a pension board, must provide scheme managers with information that they reasonably require to be satisfied that pension board members and proposed members do not have a conflict of interest<sup>43</sup>.
80. Schemes should ensure that pension board members are appointed under procedures that require them to disclose any interests, including other responsibilities, which could become conflicts of interest and which may adversely affect their suitability for the role, before they are appointed.
81. All terms of engagement, for example appointment letters, should include a clause requiring disclosure of all interests, including any other responsibilities, which have the potential to become conflicts of interest, as soon as they arise. All interests disclosed should be recorded. See the section of this code on 'Monitoring potential conflicts'.
82. Schemes should take time to consider what important matters or decisions are likely to be considered during, for example, the year ahead and identify and consider any potential or actual conflicts of interest that may arise in the future. Pension board members should be notified as soon as practically possible and mitigations should be put in place to prevent these conflicts from materialising.

<sup>43</sup>  
Section 5(4)(b) of the  
2013 Act and scheme  
regulations.

## Monitoring potential conflicts

83. As part of their risk assessment process, schemes should identify, evaluate and manage dual interests which have the potential to become conflicts of interest and pose a risk to the scheme and possibly members, if they are not mitigated. Schemes should evaluate the nature of any dual interests and assess the likely consequences were a conflict of interest to materialise.
84. A register of interests should provide a simple and effective means of recording and monitoring dual interests and responsibilities. Schemes should also capture decisions about how to manage potential conflicts of interest in their risk registers or elsewhere. The register of interests and other relevant documents should be circulated to the pension board for ongoing review and published, for example on a scheme's website.
85. Conflicts of interest should be included as an opening agenda item at board meetings and revisited during the meeting, where necessary. This provides an opportunity for those present to declare any interests, including other responsibilities, which have the potential to become conflicts of interest, and to minute discussions about how they will be managed to prevent an actual conflict arising.

## Managing potential conflicts

86. Schemes should establish and operate procedures which ensure that pension boards are not compromised by potentially conflicted members. They should consider and determine the roles and responsibilities of pension boards and individual board members carefully to ensure that conflicts of interest do not arise, nor are perceived to have arisen.
87. A perceived conflict of interest can be as damaging to the reputation of a scheme as an actual conflict of interest. It could result in scheme members and interested parties losing confidence in the way a scheme is governed and administered. Schemes should be open and transparent about the way they manage potential conflicts of interest.
88. When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the pension board, schemes should consider obtaining professional legal advice when assessing any option.



## Examples of conflicts of interest

89. Below are some examples of potential or actual conflicts of interest which could arise, or be perceived to arise, in relation to public service pension schemes. These will depend on the precise role, responsibilities and duties of a pension board. The examples provided are for illustrative purposes only and are not exhaustive. They should not be relied upon as a substitute for the exercise of judgement based on the principles set out in this code and any legal advice considered appropriate, on a case-by-case basis.

### a. Investing to improve scheme administration versus saving money

An employer representative, who may be a Permanent Secretary, finance officer or local councillor, is aware that system X would help to improve standards of record-keeping in the scheme, but it would be costly to implement. The scheme manager, for instance a central government department or local administering authority, would need to meet the costs of the new system at a time when there is internal and external pressure to keep costs down. In order to meet the costs of the new system, the scheme manager would need to find money, perhaps by using a budget that was intended for another purpose. This decision could prove unpopular with taxpayers. A conflict of interest could arise where the employer representative was likely to be prejudiced in the exercise of their functions by virtue of their dual interests.

### b. Outsourcing an activity versus keeping an activity in-house

In an extension of the previous example, a member representative, who is also an employee of a participating employer, is aware that system X would help to improve standards of record-keeping in the scheme, but it would mean outsourcing an activity that is currently being undertaken in-house by their employer. The member representative could be conflicted if they were likely to be prejudiced in the exercise of their functions by virtue of their employment.

### c. Representing the breadth of employers or membership versus representing narrow interests

An employer representative who happens to be employed by the administering authority and is appointed to the pension board to represent employers generally could be conflicted if they only serve to act in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the pension board to represent the entire scheme membership could be conflicted if they only act in the interests of their union and union membership, rather than all scheme members.

#### **d. Assisting the scheme manager versus furthering personal interests**

- i. A pension board member, who is also a scheme adviser, may recommend the services or products of a related party, for which they might derive some form of benefit, resulting in them not providing, or not being seen to provide, independent advice or services
- ii. A pension board member who is involved in procuring or tendering for services for a scheme administrator, and who can influence the award of a contract, may be conflicted where they have an interest in a particular supplier, for example, a family member works there.

#### **e) Sharing information with the pension board versus a duty of confidentiality to an employer**

An employer representative has access to information by virtue of their employment, which could influence or inform the considerations or decisions of the pension board. They have to consider whether to share this information with the pension board in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the pension board.

## **Representation on pension boards**

- 90. While scheme regulations must require pension boards to have an equal number of employer and member representatives<sup>44</sup>, there is flexibility to design arrangements which best suit each scheme.
- 91. Arrangements should be designed with regard to the principles of proportionality, fairness and transparency, and with the aim of ensuring that a pension board has the right balance of skills, experience and representation (for example, of membership categories and categories of employers participating in the scheme). Those responsible for appointing members to a pension board should also consider the mix of skills and experience needed on the pension board in order for the board to operate effectively in light of its particular role, responsibilities and duties.

44  
Section 5(4)(c) of the  
2013 Act.

## Publishing information about schemes

### Legal requirements

92. The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date<sup>45</sup>.
93. The information must include:
  - who the members of the pension board are
  - representation on the board of members of the scheme(s), and
  - the matters falling within the pension board's responsibility<sup>46</sup>.

### Practical guidance

#### Publication of pension board information

94. Scheme members will want to know that their scheme is being efficiently and effectively managed. Public service pension schemes should have a properly constituted, trained and competent pension board, which is responsible for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and requirements imposed by the regulator.
95. Scheme managers must publish the information required about the pension board and keep that information up-to-date<sup>47</sup>. This will ensure that scheme members can easily access information about who the pension board members are, how pension scheme members are represented on the pension board and the responsibilities of the board as a whole.
96. When publishing information about the identity of pension board members, the representation of scheme members and matters for which the board is responsible, schemes<sup>48</sup> should also publish useful related information about the pension board such as:
  - the employment and job title (where relevant) and any other relevant position held by each board member
  - the pension board appointment process
  - who each pension board member represents
  - the full terms of reference for the pension board, including details of how it will operate, and
  - any specific roles and responsibilities of individual pension board members.

<sup>45</sup>  
Section 6(1) of the 2013 Act.

<sup>46</sup>  
Section 6(2), *ibid*.

<sup>47</sup>  
Section 6(1), *ibid*.

<sup>48</sup>  
See paragraph 25 for the definition of 'schemes'.

97. Schemes should also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They should consider any requests for additional information to be published, to encourage scheme member engagement and promote a culture of transparency.
98. Scheme managers must ensure that information published about the pension board is kept up-to-date<sup>49</sup>. Schemes should have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete.

## Other legal requirements

99. Scheme managers (or any other person specified in legislation) must comply with any other legal requirements relating to the publication of information about governance and administration. In particular, HM Treasury directions may require the scheme manager or responsible authority of a public service pension scheme to publish scheme information, including information about scheme administration and governance and may specify how and when information is to be published<sup>50</sup>.

<sup>49</sup>  
Section 6(1) of the 2013 Act.

<sup>50</sup>  
Section 15, *ibid*.

# Managing risks

100. This part of the code covers the requirement for scheme managers to establish and operate adequate internal controls.

## Internal controls

### Legal requirements

101. The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

102. For these purposes 'internal controls' means:

- arrangements and procedures to be followed in the administration and management of the scheme
- systems and arrangements for monitoring that administration and management, and
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme<sup>51</sup>.

### Practical guidance

103. Internal controls are systems, arrangements and procedures that are put in place to ensure that pension schemes are being run in accordance with the scheme rules (which for most public service pension schemes are set out in the scheme regulations) and other law. They should include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the scheme.

104. Good internal controls are an important characteristic of a well-run scheme and one of the main components of the scheme manager's role in securing the effective governance and administration of the scheme. Internal controls can help protect pension schemes from adverse risks, which could be detrimental to the scheme and members if they are not mitigated.

105. Scheme managers must establish and operate internal controls<sup>52</sup>. These should address significant risks which are likely to have a material impact on the scheme. Scheme managers should employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They should seek advice, as necessary.

<sup>51</sup>  
Section 249A(5) and s249B of the Pensions Act 2004.

<sup>52</sup>  
Section 249B, *ibid*.

## Identifying risks

106. Before implementing an internal controls framework, schemes<sup>53</sup> should carry out a risk assessment. They should begin by:
- setting the objectives of the scheme
  - determining the various functions and activities carried out in the running of the scheme, and
  - identifying the main risks associated with those objectives, functions and activities.
107. An effective risk assessment process will help schemes to identify a wide range of internal and external risks, which are critical to the scheme and members. When identifying risks, schemes should refer to relevant sources of information, such as records of internal disputes and legislative breaches, the register of interests, internal and external audit reports and service contracts.
108. Once schemes have identified risks, they should record them in a risk register and review them regularly. Schemes should keep appropriate records to help scheme managers demonstrate steps they have taken to comply, if necessary, with legal requirements.

## Evaluating risks and establishing adequate internal controls

109. Not all risks will have the same potential impact on scheme operations and members or the same likelihood of materialising. Schemes should consider both these areas when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high.
110. Many pension schemes will already have adequate internal controls in place, some of which may apply to a variety of the functions of the administering authority. Schemes should review their existing arrangements and procedures to determine whether they can prevent and detect errors in scheme operations and help mitigate pension scheme-related risks. For example, schemes could obtain assurance about their existing controls through direct testing or by obtaining reports on controls. Any such review should be appropriate to the outcome of the risk evaluation.
111. Schemes should consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. For example, the scheme manager(s) for a funded scheme should establish and operate internal controls that regularly assess the effectiveness of investment-related decision making. Scheme managers for all pension schemes should establish and operate internal controls that regularly assess the effectiveness of data management and record-keeping.

<sup>53</sup>

See paragraph 25 for the definition of 'schemes'.

## Managing risks by operating internal controls

112. Schemes should consider a number of issues when designing internal controls to manage risks. The examples provided are for illustrative purposes only and are not exhaustive. They should not be relied upon as a substitute for the exercise of judgement, based on the principles set out in this code and any advice considered appropriate, particularly in light of any problems experienced in the past.

**a. How the control is to be implemented and the skills of the person performing the control**

For example, schemes should ensure that new employers participating in the scheme understand what member data are required and the process for supplying it. Where employers fail to supply the correct data or do not follow the correct process, schemes should ensure that the employer identifies the cause of the error and that appropriate action is taken to avoid recurrence, for example remedying a systemic error or providing the relevant training.

**b. The level of reliance that can be placed on information technology solutions where processes are automated**

For example, where scheme administration processes use an automated system, internal or external auditors could audit the system on an annual basis to assess whether it is capable of performing a required function and report any issues that are identified.

**c. Whether a control is capable of preventing future recurrence or merely detecting an event that has already happened**

For example, schemes should ensure that their systems support the maintenance and retention of good member records. This includes implementing procedures and controls which identify where systems are not fit for purpose, there are gaps in the data, the data are of a poor quality and/or there has been a loss of data.

**d. The frequency and timeliness of a control process**

For example, schemes should ensure that data are complete. They should undertake a data-cleansing or member-tracing exercise and review this on a regular basis (at least annually or at regular intervals that they consider appropriate for the scheme).

**e. How the control will ensure that data are managed securely**

For example, schemes should ensure that all staff, including temporary or contract staff, complete information management training before they are given access to sensitive data.

**f. The process for flagging errors or control failures, and approval and authorisation controls**

For example, schemes should ensure that member communications such as member information booklets are reviewed regularly, particularly where there are changes to the scheme. All relevant parties should be aware of how they should flag errors and the authorisation required before any changes are made to the communications.

## Monitoring controls effectively

113. Risk assessment is a continual process and should take account of a changing environment and new and emerging risks, including significant changes in or affecting the scheme and employers who participate in the scheme.
114. For example, where relevant, schemes should put in place systems and processes for making an objective assessment of the strength of an employer's covenant (which should include analysis of their financial position, prospects and ability to pay the necessary employer contributions).
115. An effective risk assessment process will provide a mechanism to detect weaknesses at an early stage. Schemes should periodically review the adequacy of internal controls in:
  - mitigating risks
  - supporting longer-term strategic aims, for example relating to investments
  - identifying success (or otherwise) in achieving agreed objectives, and
  - providing a framework against which compliance with the scheme regulations and legislation can be monitored.
116. Internal or external audits and/or quality assurance processes should ensure that adequate internal controls are in place and being operated effectively. Reviews should take place when substantial changes take place, such as changes to pension scheme personnel, implementation of new administration systems or processes, or where a control has been found to be inadequate.
117. A persistent failure to put in place adequate internal controls may be a contributory cause of an administrative breach. Where the effect and wider implications of not having in place adequate internal controls are likely to be 'materially significant', the regulator would expect to receive a whistleblowing report that outlines relevant information relating to the breach. For more information, see the 'Reporting breaches of the law' section of this code.



118. Ultimately, the legal responsibility for establishing and operating adequate internal controls rests with the scheme manager<sup>54</sup>. Scheme regulations or other documents may delegate responsibilities to pension board members or others – for example identifying, evaluating and managing risks, developing and maintaining appropriate controls and providing assurance to the scheme manager about any controls in place. However, accountability for those controls and the governance of policies, procedures and processes will reside with the scheme manager.

## Outsourcing services

119. The legal requirements relating to internal controls apply equally where schemes outsource services connected with the running of the scheme. Providers should be required to demonstrate that they will have adequate internal controls in their tenders for delivering services. The requirements should be incorporated in the terms of engagement and contract between the scheme and service provider. Outsourced services may include, for example, the maintenance of records and data, calculation of benefits and investment management services. Where services are outsourced, scheme managers should be satisfied that internal controls associated with those services are adequate and effective.
120. An increasing number of service providers are obtaining independent assurance reports to help demonstrate their ability to deliver quality administration services. Schemes should ask their service providers to demonstrate that they have adequate internal controls relating to the services they provide. It is vital that schemes ensure they receive sufficient assurance from service providers. For example, the information from providers should be sufficiently detailed and comprehensive and the service level agreements should cover all services that are outsourced. Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards. This should help to ensure effective administration.

<sup>54</sup>  
Section 249B of the  
Pensions Act 2004.

# Administration

121. This part of the code covers:

- scheme record-keeping
- maintaining contributions, and
- providing information to members.

## Scheme record-keeping

### Legal requirements

122. Scheme managers must keep records of information relating to:

- member information<sup>55</sup>
- transactions<sup>56</sup>, and
- pension board meetings and decisions<sup>57</sup>.

123. The legal requirements are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations').

### Practical guidance

124. Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes<sup>58</sup> to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying members incorrect benefits. For funded schemes, it may lead to schemes managing investment risks ineffectively. There is also the potential for the maladministration of members' contributions and failure to identify any misappropriation of assets. Schemes should be able to demonstrate to the regulator, where required, that they keep accurate, up-to-date and enduring records to be able to govern and administer their pension scheme efficiently.

125. Scheme managers must establish and operate adequate internal controls<sup>59</sup>, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.

<sup>55</sup>  
Regulation 4 of the Record Keeping Regulations.

<sup>56</sup>  
Regulation 5, *ibid*.

<sup>57</sup>  
Regulation 6, *ibid*.

<sup>58</sup>  
See paragraph 25 for the definition of 'schemes'.

<sup>59</sup>  
Section 249B of the Pensions Act 2004.

## Records of member information

126. Scheme managers must ensure that member data across all membership categories specified in the Record Keeping Regulations is complete and accurate<sup>60</sup>. Member data should be subject to regular data evaluation.
127. Scheme managers must keep specific member data<sup>61</sup>, which will enable them to uniquely identify a scheme member and calculate benefits correctly. This is particularly important with the establishment of career average revalued earnings (CARE) schemes. Scheme managers must be able to provide members with accurate information regarding their pension benefits (accrued benefits to date and their future projected entitlements) in accordance with legislative requirements<sup>62</sup>, as well as pay the right benefits to the right person (including all beneficiaries) at the right time.
128. Schemes should require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that processes are established by employers which enable the transmission of complete and accurate data from the outset. Processes will vary from employer to employer, depending on factors such as employee turnover, pay periods, number of employees who are members and the timing and number of payroll processing systems.
129. Schemes should seek to ensure that employers understand the main events which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee:
- joins or leaves the scheme
  - changes their rate of contributions
  - changes their name, address or salary
  - changes their member status, and
  - transfers employment between scheme employers.
130. Schemes should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes, for checking scheme data against employer data and for receiving information which may affect the profile of the scheme. If an employer fails to act according to the procedures set out above, meaning that they and/or scheme managers may not be complying with legal requirements, those under a statutory duty to report breaches of the law to the regulator under section 70 of the Pensions Act 2004 should assess whether there has been a relevant breach and take action as necessary.

<sup>60</sup>  
Section 16 and s30 of the 2013 Act. Regulation 4 of the Record Keeping Regulations specifies member records which must be kept. The Data Protection Act 1998 requires personal data to be accurate and up-to-date.

<sup>61</sup>  
Regulation 4 of the Record Keeping Regulations.

<sup>62</sup>  
Legislative requirements include s14 of the 2013 Act, HM Treasury directions made under that section, and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

## Records of transactions

131. Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions and scheme costs. In doing so, they will have clear oversight of the core scheme transactions and should be able to mitigate risks swiftly.
132. Scheme managers must keep records of transactions made to and from the scheme and any amount due to the scheme which has been written off<sup>63</sup>. They should be able to demonstrate that they do so.

## Records of pension board meetings and decisions

133. Scheme managers must keep records of pension board meetings including any decisions made<sup>64</sup>. Schemes should also keep records of key discussions, which may include topics such as compliance with policies relating to administration of the scheme.
134. Scheme managers must also keep records relating to any decision taken by members of the pension board other than at a pension board meeting, or taken by a committee/sub-committee, which has not been ratified by the pension board. The records must include the date, time and place of the decision and the names of board members participating in that decision<sup>65</sup>. This will ensure that there is a clear and transparent audit trail of the decisions made in relation to the scheme.

## Retention of scheme records

135. Schemes should retain records for as long as they are needed. It is likely that data will need to be held for long periods of time and schemes will need to retain some records for a member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries. Schemes should have in place adequate systems and processes to enable the retention of records for the necessary time periods.

## Ongoing monitoring of data

136. Schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete, regardless of the volume of scheme transactions. This should be in relation to all membership categories, including pensioner member data where queries may arise once the pension is being paid.
137. Schemes should adopt a proportionate and risk-based approach to monitoring, based on any known or historical issues that may have occurred in relation to the scheme's administration. This is particularly important for the effective administration of CARE pension schemes, which requires schemes to hold significantly more data than needed for final salary schemes.

63  
Regulation 5 of the  
Record Keeping  
Regulations.

64  
Regulation 6, *ibid.*

65  
*Ibid.*

### Data review exercise

138. Schemes should continually review their 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 decide the frequency and nature of the review in light of factors such as the level of data quality, any issues identified and key scheme events.
139. Where the management of scheme data has been outsourced, it is vital that schemes understand and are satisfied that the controls in place will ensure the integrity of scheme member data. They should ensure that the administrator has assessed the risks that poor or deficient member records may present to the scheme and has taken the necessary steps to mitigate them, where applicable.
140. Where there has been a change of administrator or the administration system/platform, schemes should review and cleanse data records and satisfy themselves that all data are complete and accurate.

### Data improvement plan

141. Where schemes identify poor quality or missing data, they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.

### Reconciliation of member records

142. Schemes should ensure that member records are reconciled with information held by the employer, for example postal address or electronic address (email address) changes and new starters. Schemes should also ensure that the numbers of scheme members is as expected based on the number of leavers and joiners since the last reconciliation. Schemes should be able to determine those members who are approaching retirement, those who are active members and those who are deferred members.

## Data protection and internal controls

143. Schemes must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles.

144. Schemes should understand:

- their obligations as data controllers and who the data processors are in relation to the scheme
- the difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998)
- how data are held and how they should respond to data requests from different parties
- the systems which need to be in place to store, move and destroy data, and
- how data protection affects member communications.

## Other legal requirements

145. In addition to the requirements set out in the Record Keeping Regulations, there are various other legal requirements that relate to record-keeping in public service pension schemes. Those requirements apply variously to managers, administrators and employers. Not all requirements apply to all public service pension schemes, but some of the key requirements are set out under the following legislation:

- Pensions Act 1995 and 2004
- Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010<sup>66</sup>
- Occupational Pension Schemes (Scheme Administration) Regulations 1996
- Registered Pension Schemes (Provision of Information) Regulations 2006
- Data Protection Act 1998, and
- Freedom of Information Act 2000.

146. Where applicable, schemes should be able to demonstrate that they keep records in accordance with these and any other relevant legal requirements. Schemes should read the relevant legislation and any guidance in conjunction with this code where applicable.

<sup>66</sup>

See the regulator's guidance about automatic enrolment for more information about record-keeping requirements under this legislation.

## Maintaining contributions

### Legal requirements

147. Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations. Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable<sup>67</sup>.
148. Where employee contributions are deducted from a member's pay, the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically (the 'prescribed period')<sup>68</sup>, or earlier if required by scheme regulations. References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.
149. Where employee contributions are not paid within the prescribed period, if the scheme manager<sup>69</sup> has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, they must give notice of the failure to the regulator and the member within a reasonable period after the end of the prescribed period<sup>70</sup>. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law. For more information about reporting breaches of the law, see this section of the code.

<sup>67</sup>  
Section 70A of the Pensions Act 2004.

<sup>68</sup>  
Section 49(8) of the Pensions Act 1995 and regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

<sup>69</sup>  
The legal requirement to report late payments of employee contributions is imposed on the 'managers' of a scheme, which the regulator generally takes to be the 'scheme manager' identified in scheme regulations in accordance with the 2013 Act.

<sup>70</sup>  
Section 49(9) of the Pensions Act 1995.

<sup>71</sup>  
See paragraph 25 for the definition of 'schemes'.

### Practical guidance

150. As part of the requirement to establish and operate adequate internal controls, scheme managers should ensure that there are effective procedures and processes in place to identify payment failures that are – and are not – of material significance to the regulator. A 'payment failure' is where contribution payments are not paid to the scheme by the due date(s), or within the prescribed period and a 'materially significant payment failure' refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.
151. Schemes<sup>71</sup> should monitor pension contributions, resolve payment issues and report payment failures, as appropriate, so that the scheme is administered and managed in accordance with the scheme regulations and other legal requirements.

152. Adequate procedures and processes are likely to involve:
- developing a record to monitor the payment of contributions
  - monitoring the payment of contributions
  - managing overdue contributions, and
  - reporting materially significant payment failures.
153. These procedures and processes should help scheme managers to meet their statutory duty to report materially significant payment failures to the regulator, as well as ensuring the effective management of scheme contributions and payment of the right pension.

## Developing a record for monitoring the payment of contributions

154. There are legislative requirements for managers of DB schemes to keep a schedule of contributions; and for DC schemes, a payment schedule, which allows managers to monitor contributions to their scheme. There are various exemptions from these requirements including for DB and DC schemes which are established by or under an enactment and which are guaranteed by a Minister of the Crown or other public authority, and for DB schemes which are pay-as-you-go schemes<sup>72</sup>.
155. Public service pension schemes which meet these exemptions should nonetheless develop a record for monitoring the payment of contributions to the scheme (a contributions monitoring record, which must reflect any requirements in scheme regulations where relevant). Schemes should prepare the contributions monitoring record in consultation with employers.
156. A contributions monitoring record will enable schemes to check whether contributions have been paid on time and in full, and, if they have not, provide a trigger for escalation for schemes to investigate the payment failure and consideration of whether scheme managers need to report to the regulator and, where relevant, members.
157. A contributions monitoring record should include the following information:
- contribution rates
  - the date(s) on or before which employer contributions are to be paid to the scheme
  - the date by when, or period within which, the employee contributions are to be paid to the scheme
  - the rate or amount of interest payable where the payment of contributions is late.

72

Exemptions from the requirement to secure a schedule of contributions in respect of DB schemes under s227 of the Pensions Act 2004 are in regulation 17 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005. Exemptions from the requirement to secure a payment schedule in respect of DC schemes under s87 of the Pensions Act 1995 is in regulation 17 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.



158. The date when employer contributions must be paid is the date on or before which they are due under the scheme in accordance with the scheme regulations (or other scheme documentation). Schemes should assess the timing of payments against the date specified.
159. While there is a legal requirement for employee contributions to be paid to the scheme by the 19th day of the month following deduction, or by the 22nd day if paid electronically, this does not override any earlier time periods required by the scheme regulations. There are special rules for the first deduction of contributions on automatic enrolment under the Pensions Act 2008<sup>73</sup>.
160. A contributions monitoring record should help schemes to identify any employers who are not paying contributions on time and/or in full, support schemes to ensure that contributions are paid and employers to develop and implement new processes, as appropriate. The contributions monitoring record should provide schemes with information to maintain records of money received and will be useful for schemes to ensure that their member records are kept up-to-date.

## Monitoring the payment of contributions

161. Schemes should monitor contributions on an ongoing basis for all the membership categories within the scheme. Schemes should regularly check payments due against the contributions monitoring record.
162. Schemes should apply a risk-based and proportionate approach to help identify employers and situations which present a higher risk of payment failures occurring and which are likely to be of material significance and require the scheme manager to intervene.
163. Schemes should be aware of what is to be paid in accordance with the contributions monitoring record or other scheme documentation, which may be used by the pension scheme. Schemes should also have a process in place to identify where payments are late or have been underpaid, overpaid or not paid at all.
164. For schemes to effectively monitor contributions they will require access to certain information. Employers will often provide the payment information that schemes need to monitor contributions at the same time as they send the contributions to the scheme, which may be required under the scheme regulations. Payment information may include:
- the employer and employee contributions due to be paid, which should be specified in the scheme regulations and/or other scheme documentation
  - the pensionable pay that contributions are based upon (where required), and
  - due date(s) on or before which payment of contributions and other amounts are to be made.

<sup>73</sup> Regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

165. Schemes should have adequate internal controls in place to monitor the sharing of payment information between the employer, pension scheme and member. Where the necessary payment information is not automatically available or provided by employers, schemes should request the additional information they need. Schemes may not need to obtain payment information as a matter of course, only where it is required for effective monitoring.
166. Scheme managers must record and retain information on transactions, including any employer and employee contributions received and payments of pensions and benefits<sup>74</sup>, which will support them in their administration and monitoring responsibilities.
167. Where the administration of scheme contributions is outsourced to a service provider, schemes should ensure that there is a process in place to obtain regular information on the payment of contributions to the scheme and a clear procedure in place to enable them to identify and resolve payment failures which may occur.

### Managing overdue contributions

168. When schemes identify or are notified of a problem, they should assess whether a payment failure has occurred before taking steps to resolve and, if necessary, report it. During their assessment, schemes should take into account:
- legitimate agreed payments made directly by an employer for scheme purposes, ie where the scheme has agreed that a contributions payment can be made late due to exceptional circumstances
  - legitimate agreed payment arrangements made between an employee and employer, ie where the employer has agreed that a contribution payment can be made late due to exceptional circumstances
  - contributions paid directly to a pension provider, scheme administrator or investment manager
  - any AVCs included with an employer's overall payment.
169. Where schemes identify a payment failure, they should follow a process to resolve issues quickly. This should normally involve the following steps:
- a. Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements.
  - b. Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment.

<sup>74</sup> Regulation 5 of the Record Keeping Regulations.

- c. Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure.
  - d. Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future.
170. Schemes should maintain a record of their investigation and communications between themselves and the employer. Recording this information will help to provide evidence of schemes' effective monitoring processes and could help to demonstrate that the scheme manager has met the legal requirement to establish and operate adequate internal controls. It will also form part of the decision of whether or not to report a payment failure to the regulator and, where relevant, members.
171. The regulator recognises that a monitoring process based on information provided by employers may not be able to confirm deliberate underpayment or non-payment, or fraudulent behaviour by an employer. Schemes should review current processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.
172. Ultimately, schemes have flexibility to design their own procedures so that they can obtain overdue payments and rectify administrative errors in the most effective and efficient way for their particular scheme.

### **Reporting payment failures which are likely to be of material significance to the regulator**

173. Scheme managers must report payment failures which are likely to be of material significance to the regulator within a reasonable period, in the case of employee contributions; and as soon as reasonably practicable in the case of employer contributions<sup>75</sup>.
174. Where schemes identify a payment failure, they should attempt to recover contributions within 90 days from the due date or prescribed period having passed without full payment of the contribution.
175. While schemes are not expected to undertake a full investigation to establish materiality or investigate whether an employer has behaved fraudulently, schemes should ask the employer:
- the cause and circumstances of the payment failure
  - what action the employer has taken as a result of the payment failure, and
  - the wider implications or impact of the payment failure.

<sup>75</sup>

Section 49(9)(b) of the Pensions Act 1995 and s70A of the Pensions Act 2004.

176. When reaching a decision about whether to report, schemes should consider these points together and establish whether they have reasonable cause to report.
177. Having reasonable cause means more than merely having a suspicion that cannot be substantiated. Schemes should investigate the payment failure and use their judgement when deciding whether to report to the regulator.
178. Schemes may choose to take an employer's response to their enquiries at face value if they have no reason to believe it to be untrue or where their risk-based process indicates that there is a low risk of continuing payment failure. Where they receive no response, schemes may infer that an employer is unwilling to pay the contributions due.
179. Examples of payment failures that are likely to be of material significance to the regulator include:
- where schemes have reasonable cause to believe that the employer is neither willing nor able to pay contributions, for example in the event of a business failure or where an employer becomes insolvent and is unable to make pension payments
  - where there is a payment failure involving possible dishonesty or a misuse of assets or contributions, for example where schemes have concerns that an employer is retaining and using contributions to manage cash flow difficulties or where schemes have become aware that the employer has transferred contributions elsewhere other than to the pension scheme, which may be misappropriation
  - where the information available to schemes may indicate that the employer is knowingly concerned with fraudulently evading their obligation to pay employee contributions
  - where schemes become aware that the employer does not have adequate procedures or systems in place to ensure the correct and timely payment of contributions due and the employer does not appear to be taking adequate steps to remedy the situation, for example where there are repetitive and regular payment failures, or
  - any event where contributions have been outstanding for 90 days from the due date, unless the payment failure was a one-off or infrequent administrative error that had already been corrected on discovery or is thereafter corrected as soon as possible.

180. Examples of payment failures which are not likely to be of material significance to the regulator include:

- where a payment arrangement is being met by an employer for the recovery of outstanding contributions, or
- where there are infrequent one-off payment failures or administrative errors such as where employees leave or join the scheme and those occasional failures or errors have been corrected within 90 days of the due date.

181. Schemes should identify and report to the regulator, as appropriate, any payment failures that may not be of material significance taken individually, but which could indicate a systemic problem. For example, an employer consistently failing to pay contributions by the due date or within the prescribed period, but paying within 90 days, may be due to inefficient scheme systems and processes. Schemes may also need to report payment failures that occur repeatedly and are likely to be materially significant to the regulator, depending on the circumstances.

182. Reporting payment failures of employer contributions as soon as 'reasonably practicable' means within a reasonable period from the scheme manager having reasonable cause to believe that the payment failure is likely to be of material significance to the regulator. Schemes should also consider whether it may be appropriate to report a payment failure of employer contributions to scheme members.

183. A reasonable period for reporting would be within ten working days from having reasonable cause to believe that the payment failure is likely to be of material significance. This will depend upon the seriousness of the payment failure and impact on the scheme. A written report should be preceded by a telephone call, if appropriate.

184. In the case of an employer failing to pay employee contributions to the pension scheme, if the scheme manager has reasonable cause to believe that the payment failure is likely to be of material significance to the regulator, the failure must be reported to the regulator<sup>76</sup> and members within a reasonable period after the end of the prescribed period<sup>77</sup>. A reasonable period for reporting to the regulator would be within ten working days and to members within 30 days of having reported to the regulator.

185. Reports relating to payment failures of employer contributions must be made in writing (preferably using our Exchange online service)<sup>78</sup>. In exceptional circumstances the scheme manager could make a telephone report.

76  
Reporting to the regulator does not affect any responsibility to report to another person or organisation.

77  
S49(8) and (9) of the Pensions Act 1995 and regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under s70 of the Pensions Act 2004 to assess and if necessary report breaches of the law.

78  
Section 70A of the Pensions Act 2004.

186. The regulator has standardised reporting procedures and expectations regarding content, format and channel. For more information, see the section of this code on 'Reporting breaches of the law'.

## Providing information to members

### Legal requirements

187. The law requires schemes<sup>79</sup> to disclose information about benefits and scheme administration to scheme members and others. This section summarises the legal requirements relating to benefit statements and certain other information which must be provided and should be read alongside the requirements in the 2013 Act, HM Treasury directions<sup>80</sup> and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation. See paragraph 211 for further details.

79  
See paragraph 25 for the definition of 'schemes'.

80  
Section 14 of the 2013 Act.

81  
Section 14(1) and s30(1) of the 2013 Act.

### Benefit statements

#### For active members of DB schemes under the 2013 Act

188. Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the 2013 Act or new public body scheme<sup>81</sup>. The statement must include a description of the benefits earned by a member in respect of their pensionable service<sup>82</sup>.
189. The first statement must be provided no later than 17 months after the scheme regulations establishing the scheme come into force. Subsequent statements must be provided at least annually after that date<sup>83</sup>.
190. Statements must also comply with HM Treasury directions in terms of any other information which must be included and the manner in which they must be provided to members<sup>84</sup>.

82  
Section 14(2)(a), *ibid.*

83  
Section 14(4) and (5), *ibid.*

84  
Section 14(2)(b) and (6), *ibid.*

85  
The Occupational Pension Schemes (Managers) Regulations 1986 specify who is to be treated as the 'manager' (in certain occupational public service pension schemes) for the purpose of providing information under specified legislation, including the Disclosure Regulations 2013, which may differ from the person who is the 'scheme manager'.

#### For active, deferred or pension credit members of any DB public service pension scheme under the Disclosure Regulations 2013

191. Managers<sup>85</sup> of a scheme must also provide a benefit statement following a request by an active, deferred or pension credit member of a DB scheme if the information has not been provided to that member in the previous 12 months before that request<sup>86</sup>.

86  
Regulation 16 of the Disclosure Regulations 2013.

192. These benefit statements must include information about the amount of benefits by reference to a particular date and how they are calculated<sup>87</sup>. The full details depend on the type of member making the request.

193. The information must be given as soon as practicable but no more than two months after the date the request is made<sup>88</sup>.

### **For members of a DC public service pension scheme under the Disclosure Regulations 2013**

194. Managers of a scheme must provide a benefit statement to a member of a DC public service pension scheme, who is not an 'excluded person', within 12 months of the end of the scheme year<sup>89</sup>. An 'excluded person' is a member or beneficiary whose present postal address and email address is not known to the scheme because the correspondence has been returned (in the case of postal correspondence) or has not been delivered (in the case of electronic correspondence)<sup>90</sup>.

195. The information which must be provided includes the amount of contributions (before any deductions are made) credited to the member during the immediately preceding scheme year<sup>91</sup>, the value of the member's accrued rights under the scheme at a date specified by the managers of the scheme<sup>92</sup> and a statutory money purchase illustration<sup>93</sup>. The full detail of the information that must be provided is set out in the Disclosure Regulations 2013.

### **Other information about scheme administration**

196. Under the Disclosure Regulations 2013, managers of a scheme must provide other information to members and others in certain circumstances (for example, on request). The Regulations set out the information which must be given, the timescales for providing such information and the methods that may be used. Not all information must be provided in respect of all public service pension schemes (there are some exemptions for specified public service schemes or according to the type of benefit offered), but information which scheme managers may need to provide includes:

- basic scheme information
- information about the scheme that has materially altered
- information about the constitution of the scheme
- annual report (this requirement will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers<sup>94</sup>)

<sup>87</sup>  
Regulation 16 and Schedule 5 of the Disclosure Regulations 2013.

<sup>88</sup>  
Regulation 16(3), *ibid.*

<sup>89</sup>  
Regulation 17, *ibid.*

<sup>90</sup>  
Regulation 2, *ibid.*

<sup>91</sup>  
'Scheme year' is defined in Regulation 2, *ibid.*

<sup>92</sup>  
Regulation 17 and Schedule 6, *ibid.*

<sup>93</sup>  
Paragraph 6 and Schedule 6, *ibid.* There are certain exceptions to the requirements to provide this information.

<sup>94</sup>  
Regulation 4, *ibid.*

- information about funding principles, actuarial valuations and payment schedules (these requirements will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers<sup>95</sup>)
- information about transfer credits
- information about lifestyling (this requirement will not apply in respect of DB benefits in public service pension schemes<sup>96</sup>)
- information about accessing benefits, and
- information about benefits in payment.

197. The detail of the information that must be provided to scheme members and others and any exemptions are set out in the Disclosure Regulations 2013. Managers must provide the required information, along with confirmation that members may request further information and the postal and email addresses to which a person should send those requests and enquiries<sup>97</sup>.

## Who is entitled to information

198. Managers of a scheme must ensure that scheme members and others are given information in accordance with the Disclosure Regulations 2013, unless they are an 'excluded person' (as defined above).

199. The Disclosure Regulations 2013 make provision for scheme members and others to receive information that is relevant to their pension rights and entitlements under the scheme. The categories of people who are entitled to receive information vary according to the different types of information, and there are exemptions where information has already been provided in a specified period. The detail of who is entitled to any particular type of information is set out in the Disclosure Regulations 2013 but may include any of the following ('a relevant person'):

- active members
- deferred members
- pensioner members
- prospective members
- spouses or civil partners of members or prospective members
- other beneficiaries, and
- recognised trade unions.

<sup>95</sup>  
Regulation 4 of the Disclosure Regulations 2013.

<sup>96</sup>  
Regulation 18(1), *ibid.*

<sup>97</sup>  
Regulation 4(7), *ibid.*



## When basic scheme information must be provided

200. Managers must disclose certain basic information about the scheme and the benefits it provides to a prospective member (if practicable to do so) or a new member<sup>98</sup>. Where the manager has received jobholder information<sup>99</sup> for the member or prospective member they must provide the information within a month of the jobholder information being received<sup>100</sup>. Where they have not received jobholder information, they must provide the information within two months of the date the person became an active member of the scheme<sup>101</sup>.
201. Managers must also provide the information on request to a relevant person within two months of the request being made, except where the same information was provided to the same person or trade union in the 12 months before the request<sup>102</sup>.

## What information must be disclosed on request

202. In addition to the basic scheme information, pension scheme members and other relevant persons are entitled to request certain scheme information or scheme documents including:
- information about the constitution of the pension scheme, and
  - information about transfer credits<sup>103</sup>.

## How benefit statements and other information must be provided

203. Generally, schemes may choose how they provide information to scheme members, including by post, electronically (by email or by making it available on a website) or by any other means permitted by the law. For benefit statements issued under the 2013 Act, HM Treasury directions may specify how the information must be provided. Where schemes wish to provide information required under the Disclosure Regulations 2013 by electronic means there are important steps and safeguards that must first be met<sup>104</sup>. These include:
- scheme members and beneficiaries being provided with the option to opt out of receiving information electronically by giving written notice to the scheme
  - managers being satisfied that the electronic communications have been designed:
    - so that the person will be able to access and either store or print the relevant information and
    - taking into account the requirements of disabled people

98  
Regulation 6 of the Disclosure Regulations 2013.

99  
Specified in regulation 3 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

100  
Regulation 6(5) of the Disclosure Regulations 2013.

101  
Regulation 6(6), *ibid.*

102  
Regulation 6(4) and (7), *ibid.*

103  
Regulations 11, 14 and Parts 1 and 4 of Schedule 3, *ibid.*

104  
Regulation 26, *ibid.*

- ensuring that members and beneficiaries who were members or beneficiaries of the public service pension scheme on 1 December 2010 (where the scheme had not provided information electronically prior to that date) has been sent a written notice (other than via email or website), informing them that:
  - it is proposed to provide information electronically in the future and
  - scheme members and beneficiaries may opt out of receiving information electronically by sending written notice.

204. Where schemes make information or a document available on a website for the first time, they must give notice (other than via a website) to the recipient<sup>105</sup>. They must ensure that the notice includes:

- a statement advising that the information is available on the website
- the website address
- details of where on the website the information or document can be read, and
- an explanation of how the information or document may be read on the website<sup>106</sup>.

205. When any subsequent information is made available on a website, managers of a scheme must give a notice (other than via a website) to recipients informing them that the information is available on the website<sup>107</sup>. This notice will not be required where<sup>108</sup>:

- at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address
- each of those letters asks the recipient to give their electronic (email) address to the scheme and informs the recipient of their right to request (in writing) that information or documents are not to be provided electronically
- a third letter has been given to the recipient by hand or sent to the recipient's last known postal address and includes a statement that further information will be available to read on the website and that no further notifications will be sent to the recipient and
- the managers of the scheme do not know the recipient's email address and have not received a written request that information or documents are not to be provided to the recipient electronically.

<sup>105</sup>  
Regulation 27(1) and (5) of the Disclosure Regulations 2013.

<sup>106</sup>  
Regulation 27(2), *ibid.*

<sup>107</sup>  
Regulation 27(3) and (5), *ibid.*

<sup>108</sup>  
Regulation 28, *ibid.*

206. In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods<sup>109</sup>:

- available to view free of charge, at a place that is reasonable having regard to the request
- published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details)
- given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or
- publicly available elsewhere.

## Practical guidance

207. Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.

208. Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.

209. Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.

210. To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.

## Other legal requirements

211. Managers (or any other person specified in legislation) must comply with other legislation requiring information to be provided to members of public service pension schemes in certain circumstances. Not all requirements apply to all public service pension schemes and some may only arise in limited circumstances.

<sup>109</sup> Regulation 29 of the Disclosure Regulations 2013.

Some of the requirements that schemes may need to be aware of are set out in or under the following legislation<sup>110</sup>:

- Occupational Pension Schemes (Contracting-out) Regulations 1996
- Occupational Pension Schemes (Transfer Values) Regulations 1996
- Occupational Pension Schemes (Winding up etc.) Regulations 2005
- Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 (the requirements of these regulations are covered in the section of this code on 'Internal dispute resolution').

110

The legislation identified in this list is made under section 113 of the Pension Schemes Act 1993. There are other requirements that relate to providing information to members which arise under other legislation and which may be relevant to public service pension schemes (for example, under legislation relating to automatic enrolment and early leavers).

# Resolving issues

212. This part covers:

- internal dispute resolution, and
- reporting breaches of the law.

## Internal dispute resolution

### Legal requirements

213. Scheme managers<sup>111</sup> must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pensions disputes between the scheme manager and a person with an interest in the scheme. 'Pension disputes'<sup>112</sup> cover matters relating to the scheme between the managers and one or more people with an interest in the scheme. These exclude 'exempted disputes'.

214. There are certain 'exempted disputes' to which the internal dispute resolution procedure will not apply<sup>113</sup>. This includes disputes where proceedings have commenced in any court or tribunal, or where the Pensions Ombudsman has commenced an investigation into it. Certain other prescribed disputes, for instance medical-related disputes that may arise in relation to police and fire and rescue workers, are also 'exempted disputes'<sup>114</sup>.

215. A person has an interest in the scheme if they:

- are a member or surviving non-dependant beneficiary of a deceased member of the scheme
- are a widow, widower, surviving civil partner or surviving dependant of a deceased member of the scheme
- are a prospective member of the scheme
- have ceased to be a member, beneficiary or prospective member or
- claim to be in one of the categories mentioned above and the dispute relates to whether they are such a person.

216. Dispute resolution arrangements may require people with an interest in the scheme to first refer matters in dispute to a 'specified person' in order for that person to consider and give their decision on those matters. The specified person's decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters<sup>115</sup>.

111

Legal requirements relating to the internal dispute resolution provisions are imposed on the 'managers' of a scheme, which the regulator generally takes to be the 'scheme manager' identified in scheme regulations in accordance with the 2013 Act.

112

Section 50(3) of the Pensions Act 1995.

113

Section 50(9), *ibid.*

114

Regulation 4 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008.

115

Section 50(4A) of the Pensions Act 1995.

217. Scheme managers and specified persons (if used as part of a scheme's procedure) must take the decision required on the matters in dispute within a reasonable period of receiving the application. They must notify the applicant of the decision within a reasonable period of having taken it<sup>116</sup>.
218. Internal dispute resolution procedures must state the manner in which an application for the resolution of a pension dispute is to be made, the particulars which must be included in such an application and the manner in which any decisions required in relation to such an application are to be reached and given<sup>117</sup>. The procedure must specify a reasonable period within which applications must be made by certain people<sup>118</sup>.
219. Scheme managers must provide information about the scheme's dispute resolution procedure as well as information about The Pensions Advisory Service (TPAS) and the Pensions Ombudsman to certain people at certain stages<sup>119</sup>.

## Practical guidance

220. Scheme members expect their pension scheme to be managed effectively. Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision which affects them), they have the right to ask for that matter to be reviewed.
221. Internal dispute resolution arrangements provide formal procedures and processes for pension scheme disputes to be investigated and decided upon quickly and effectively. They play a key role in the effective governance and administration of a scheme.
222. Schemes<sup>120</sup> can operate a two-stage procedure with a 'specified person' undertaking the first-stage decision. Alternatively, they may adopt a single-stage procedure if they consider that is more appropriate for their scheme.
223. With the exception of certain matters outlined below, the law does not prescribe the detail of the dispute resolution procedure. Schemes should decide on this and ensure it is fit for purpose.

116  
Section 50(5) of the Pensions Act 1995.

117  
Section 50B(4), *ibid*.

118  
Section 50B(3)(a), *ibid*.

119  
Regulation 6 of, and Part 1 of Schedule 2 to, the Disclosure Regulations 2013 and regulation 2 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures) (Consequential and Miscellaneous Amendments) Regulations 2008.

120  
See paragraph 25 for the definition of 'schemes'.

## When applications should be submitted

224. Schemes may choose to specify time limits within which the following people must apply for a dispute to be resolved<sup>121</sup>:

- scheme members
- widows, widowers, surviving civil partners or surviving dependants of deceased scheme members
- surviving non-dependant beneficiaries of deceased scheme members, and
- prospective scheme members.

225. If schemes decide to specify time limits, they should publish and make those time limits readily available to ensure that those with an interest in the scheme are aware that they must submit an application within a prescribed time limit.

226. Scheme managers must ensure their scheme's procedure specifies a reasonable period within which applications by the following people must be made<sup>122</sup>:

- a person who has ceased to be within the categories in paragraph 224 above
- a person who claims that they were a person within the categories in paragraph 224 above and has ceased to be such a person, and the dispute relates to whether they are such a person.

227. A reasonable period would be six months beginning immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. However, schemes have the flexibility to exercise their judgement and take an application outside a specified time period, if appropriate.

## When decisions should be taken

228. Managers and specified persons (where applicable) must decide the matter in dispute within a reasonable period of receiving the application. A reasonable period is within four months of receiving the application. In the case of a two-stage dispute resolution procedure, the reasonable period applies to each stage separately. Where a dispute is referred to scheme managers for a second-stage decision, the reasonable period begins when the managers receive the referral. However, there may be cases where it will be possible to process an application sooner than the reasonable time given. Where this is the case, there should not be a delay in taking the decision.

<sup>121</sup>  
Section 50B(3)(b) of the Pensions Act 1995.

<sup>122</sup>  
Section 50B(3)(a) of the Pensions Act 1995.

229. There may be exceptional circumstances of a particular dispute which may prevent the process being completed within the reasonable time period stated above. For instance, where the dispute involves unusually complex and labour-intensive calculations or research, or delays occur that are outside the control of the scheme manager (or specified person), or because they need to obtain independent evidence.
230. The regulator recognises that the circumstances of each dispute are different and decision times may vary. Schemes should be satisfied that the time taken to reach a decision is appropriate to the situation and be able to demonstrate this, if necessary.

### When applicants should be informed of a decision

231. Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made<sup>123</sup>. Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.
232. Schemes should provide the applicant with regular updates on the progress of their investigation. They should notify the applicant where the time period for a decision is expected to be shorter or longer than the reasonable time period and let them know when they are likely to receive an outcome.

### Implementing the procedure and processes

233. Scheme regulations or other documents recording policy about the administration of the scheme should specify internal dispute resolution arrangements. Schemes should focus on educating and raising awareness of their internal dispute resolution arrangements and ensuring that they are implemented.
234. Schemes should ensure that the effectiveness of the arrangements is assessed regularly and be satisfied that those following the process are complying with the requirements set, which includes effective decision making. This is particularly important where the arrangements require employers participating in the pension scheme to carry out duties as part of the process, for example where schemes have implemented the two-stage procedure and employers are acting as the specified person for the first stage.
235. Schemes should confirm and communicate their arrangements to members, for example, in the joining booklet. Schemes should make their arrangements accessible to potential applicants, for example by publishing them on a scheme website.

<sup>123</sup>  
Section 50(5) of the  
Pensions Act 1995.



236. Scheme managers must provide the following information about the procedure and processes the scheme has in place for the internal resolution of disputes to certain people in certain circumstances<sup>124</sup>:
- prospective members, if it is practicable to do so
  - any scheme members who have not already been given the information
  - certain relevant people who request the information and who have not been given that information in the previous 12 months, and
  - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment.
237. Scheme managers must also provide the postal or email address and job title of the person to contact in order to make use of the internal dispute arrangements.
238. In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages<sup>125</sup>. Upon receiving an application for the resolution of a pension dispute, scheme managers (or the specified person) must make the applicant aware as soon as reasonably practicable that TPAS is available to assist members and beneficiaries of the scheme and provide contact details for TPAS. When notifying the applicant of the decision, scheme managers must also inform the applicant that the Pensions Ombudsman is available to investigate and determine complaints or disputes of fact or law relating to a public service pension scheme and provide the Pension Ombudsman's contact details.
239. Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants:
- the procedure and processes to apply for a dispute to be resolved
  - the information that an applicant must include
  - the process by which any decisions are reached, and
  - an acknowledgement once an application has been received.

<sup>124</sup>  
Regulation 6 of, and Part 1 of Schedule 2 to, the Disclosure Regulations 2013.

<sup>125</sup>  
Regulation 2 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures) (Consequential and Miscellaneous Amendments) Regulations 2008.

240. When reviewing an application, scheme managers and specified persons (where relevant) should ensure that they have all the appropriate information to make an informed decision. They should request further information if required. Scheme managers and specified persons should be satisfied that the times taken to reach a decision and notify the applicant are appropriate to the situation and that they have taken the necessary action to meet the reasonable time periods. Scheme managers should be able to demonstrate this to the regulator if required.

## Reporting breaches of the law

### Legal requirements

241. Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:

- a legal duty<sup>126</sup> which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions<sup>127</sup>.

For further information about reporting late payments of employee or employer contributions, see the section of this code on 'Maintaining contributions'.

242. People who are subject to the reporting requirement ('reporters') for public service pension schemes are:

- scheme managers<sup>128</sup>
- members of pension boards
- any person who is otherwise involved in the administration of a public service pension scheme
- employers<sup>129</sup>: in the case of a multi-employer scheme, any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers
- professional advisers<sup>130</sup> including auditors, actuaries, legal advisers and fund managers: not all public service pension schemes are subject to the same legal requirements to appoint professional advisers, but nonetheless the regulator expects that all schemes will have professional advisers, either resulting from other legal requirements or simply as a matter of practice
- any person who is otherwise involved in advising the managers of the scheme in relation to the scheme<sup>131</sup>.

243. The report must be made in writing as soon as reasonably practicable<sup>132</sup>. See paragraph 263 for further information about how to report breaches.

126

The reference to a legal duty is to a duty imposed by, or by virtue of, an enactment or rule of law (s70(2)(a) of the Pensions Act 2004).

127

Section 70(2) of the Pensions Act 2004.

128

The legal requirement to report breaches of the law under section 70(1)(a) is imposed on the 'managers' of a scheme, which the regulator generally takes to be the 'scheme manager' identified in scheme regulations in accordance with the 2013 Act.

129

As defined in s318 of the Pensions Act 2004.

130

As defined in s47 of the Pensions Act 1995.

131

Section 70(1) of the Pensions Act 2004.

132

Section 70(2), *ibid.*

## Practical guidance

244. Schemes<sup>133</sup> should be satisfied that those responsible for reporting breaches are made aware of the legal requirements and this guidance. Schemes should provide training for scheme managers and pension board members. All others under the statutory duty to report should ensure they have a sufficient level of knowledge and understanding to fulfil that duty. This means having sufficient familiarity with the legal requirements and procedures and processes for reporting.

## Implementing adequate procedures

245. Identifying and assessing a breach of the law is important in reducing risk and providing an early warning of possible malpractice in public service pension schemes. Those people with a responsibility to report breaches, including scheme managers and pension board members, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligations. Procedures should enable people to raise concerns and facilitate the objective consideration of those matters. It is important that procedures allow reporters to decide within an appropriate timescale whether they must report a breach. Reporters should not rely on waiting for others to report.

246. Procedures should include the following features:

- a process for obtaining clarification of the law around the suspected breach where needed
- a process for clarifying the facts around the suspected breach where they are not known
- a process for consideration of the material significance of the breach by taking into account its cause, effect, the reaction to it, and its wider implications, including (where appropriate) dialogue with the scheme manager or pension board
- a clear process for referral to the appropriate level of seniority at which decisions can be made on whether to report to the regulator
- an established procedure for dealing with difficult cases
- a timeframe for the procedure to take place that is appropriate to the breach and allows the report to be made as soon as reasonably practicable
- a system to record breaches even if they are not reported to the regulator (the record of past breaches may be relevant in deciding whether to report future breaches, for example it may reveal a systemic issue), and
- a process for identifying promptly any breaches that are so serious they must always be reported.

<sup>133</sup>  
See paragraph 25  
for the definition of  
'schemes'.

## Judging whether a breach must be reported

247. Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and, for funded pension schemes, making investment or investment-related decisions.

## Judging whether there is 'reasonable cause'

248. Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

249. Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.

250. Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to check with the pension board or scheme manager or with others who are in a position to confirm what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the regulator without delay.

251. If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

252. In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

### Judging what is of 'material significance' to the regulator

253. In deciding whether a breach is likely to be of 'material significance' to the regulator. It would be advisable for those with a statutory duty to report to consider the:

- cause of the breach
- effect of the breach
- reaction to the breach, and
- wider implications of the breach.

254. When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the regulator.

### Cause of the breach

255. The breach is likely to be of material significance to the regulator where it was caused by:

- dishonesty
- poor governance or administration
- slow or inappropriate decision making practices
- incomplete or inaccurate advice, or
- acting (or failing to act) in deliberate contravention of the law.

256. When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

257. A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

### Effect of the breach

258. Reporters need to consider the effects of any breach, but with the regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the regulator:

- pension board members not having the appropriate degree of knowledge and understanding, which may result in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements
- pension board members having a conflict of interest, which may result in them being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements
- adequate internal controls not being established and operated, which may lead to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time
- accurate information about benefits and scheme administration not being provided to scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement
- appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time
- pension board members misappropriating any assets of the scheme or being likely to do so, which may result in scheme assets not being safeguarded, and
- any other breach which may result in the scheme being poorly governed, managed or administered.

259. Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

### Reaction to the breach

260. Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the regulator will not normally consider this to be materially significant.

261. A breach is likely to be of concern and material significance to the regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion, or
- fail to notify affected scheme members where it would have been appropriate to do so.

### **Wider implications of the breach**

262. Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

### **Submitting a report to the regulator**

263. Reports must be submitted in writing and can be sent by post or electronically, including by email or by fax. Wherever possible reporters should use the standard format available via the Exchange online service on the regulator's website.

264. The report should be dated and include as a minimum:

- full name of the scheme
- description of the breach or breaches
- any relevant dates
- name of the employer or scheme manager (where known)
- name, position and contact details of the reporter, and
- role of the reporter in relation to the scheme.

265. Additional information that would help the regulator includes:

- the reason the breach is thought to be of material significance to the regulator
- the address of the scheme
- the contact details of the scheme manager (if different to the scheme address)
- the pension scheme's registry number (if available), and
- whether the concern has been reported before.

- 266. Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.
- 267. Reporters should ensure they receive an acknowledgement for any report they send to the regulator. Only when they receive an acknowledgement can the reporter be confident that the regulator has received their report.
- 268. The regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.
- 269. The reporter should provide further information or reports of further breaches if this may help the regulator to exercise its functions. The regulator may make contact to request further information.
- 270. Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.
- 271. In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, the regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the regulator to the breach.

### Whistleblowing protection and confidentiality

- 272. The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
- 273. The statutory duty to report does not, however, override 'legal privilege'<sup>134</sup>. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.

134  
Section 311 of the  
Pensions Act 2004.



274. The regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
275. The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The regulator expects such individual reports to be rare and confined to the most serious cases.

# Appendix

## Corresponding Northern Ireland legislation

GB legislation	NI legislation
Pension Schemes Act 1993 (c. 48) - Chapter 1 of Part 4 - section 113	Pension Schemes (Northern Ireland) Act 1993 (c. 49) - Chapter 1 of Part 4 - section 109
Pensions Act 1995 (c. 26) - section 47 - section 49 - section 50 - section 50B - section 87	Pensions (Northern Ireland) Order 1995 (SI 1995/3213 (NI 22)) - Article 47 - Article 49 - Article 50 - Article 50B - Article 85
Employment Rights Act 1996 (c. 18)	Employment Rights (Northern Ireland) Order 1996 (SI 1996/1919 (NI 16))
Data Protection Act 1998 (c. 29)	Data Protection Act 1998 (c. 29)
Freedom of Information Act 2000 (c.36)	Freedom of Information Act 2000 (c.36)
Pensions Act 2004 (c. 35) - section 5 - section 13 - section 70 - section 70A - section 90A - Part 3 - section 227 - section 248 - section 248A - section 249A - section 249B - section 311 - section 318	Pensions (Northern Ireland) Order 2005 (SI 2005/255 (NI 1)) - Article 4 - Article 9 - Article 65 - Article 65A - Article 85A - Part 4 - Article 206 - Article 225 - Article 225A - Article 226A - Article 226B - Article 283 - Article 2
Pensions Act 2008 (c. 30)	Pensions (No. 2) Act (Northern Ireland) 2008 (c. 13)

GB legislation	NI legislation
<p>Public Service Pensions Act 2013 (c. 25)</p> <ul style="list-style-type: none"> <li>- section 1</li> <li>- section 2</li> <li>- section 3</li> <li>- section 4</li> <li>- section 5</li> <li>- section 6</li> <li>- section 7</li> <li>- section 14</li> <li>- section 15</li> <li>- section 16</li> <li>- section 28</li> <li>- section 30</li> <li>- Schedule 2</li> <li>- Schedule 3</li> </ul>	<p>Public Service Pensions Act (Northern Ireland) 2014 (c. 2)</p> <ul style="list-style-type: none"> <li>- section 1</li> <li>- section 2</li> <li>- section 3</li> <li>- section 4</li> <li>- section 5</li> <li>- section 6</li> <li>- section 7</li> <li>- section 14</li> <li>- section 15</li> <li>- section 16</li> <li>- section 28</li> <li>- section 31</li> <li>- Schedule 2</li> <li>- Schedule 3</li> </ul>
Occupational Pension Schemes (Managers) Regulations 1986 (SI 1986/1718)	Occupational Pension Schemes (Managers) Regulations (Northern Ireland) 1986 (SR 1986 No. 320)
Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172)	Occupational Pension Schemes (Contracting-out) Regulations (Northern Ireland) 1996 (SR 1996 No. 493)
Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715)	Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997 (SR 1997 No. 94)
Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847)	Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996 (SR 1996 No. 619)
Occupational Pension Schemes (Winding up etc.) Regulations 2005 (SI 2005/706)	Occupational Pension Schemes (Winding up, etc.) Regulations (Northern Ireland) 2005 (SR 2005 No. 171)
Occupational Pension Schemes (Scheme Funding) Regulations 2005 (SI 2005/3377)	Occupational Pension Schemes (Scheme Funding) Regulations (Northern Ireland) 2005 (SR 2005 No. 568)
Registered Pension Schemes (Provision of Information) Regulations 2006 (SI 2006/567)	Registered Pension Schemes (Provision of Information) Regulations 2006 (SI 2006/567)

GB legislation	NI legislation
Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 (SI 2008/649)	Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008 (SR 2008 No. 116)
Employers' Duties (Registration and Compliance) Regulations 2010 (SI 2010/5)	Employers' Duties (Registration and Compliance) Regulations (Northern Ireland) 2010 (SR 2010 No. 186)
Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 (SI 2010/772)	Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations (Northern Ireland) 2010 (SR 2010 No. 122)
Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (SI 2013/2734)	Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 (SR 2014 No. 79)
Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014	Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014

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Scorecard summary      Leicestershire Pension Fund

The following gives an at-a-glance summary of the current compliance position against the PSPA2013, tPR CoP14 and LGPS Regulations

APPENDIX B

General Requirement			
	Current compliance	Previous compliance	Responsibility
Local pension board to be established by 1 April 2015 and to have had its first meeting within 4 months of that date	Full	Full	Administering Authority
Determine the manner and terms by which members of the local pension board are appointed and removed.	Full	Full	Administering Authority
Local Pension Board to have equal number of scheme member representatives and employer representatives which is no fewer than 4 in total.	Full	Full	Administering Authority
To ensure the representation of the pension board has the right balance of skills, experience and representation	Full	Full	Administering Authority
To ensure the pension board is appropriately covered in any code of conduct, conflicts of interest or breaches of the law policies prepared by the administering authority	Full	Full	Administering Authority
Pension board members to receive training in respect of these policies	Full	Partial	Administering Authority
Pension board to have its own policy on knowledge and understanding requirements	Full	Full	Local Pension Board
A nominated person to be in place and responsible for ensuring the knowledge and understanding policy is implemented and necessary training delivered	Full	Partial	Administering Authority
The administering authority to provide access to the required training (including induction training) for pension board members	Full	Partial	Administering Authority
The administering authority to be satisfied that persons appointed to the local pension board do not have a conflict of interest.	Full	Full	Administering Authority
All pension board members to have a personalised training plan in place that is regularly monitored and updated	Partial	Partial	Administering Authority
The administering authority to have regard to guidance issued by the Secretary of State	Full	Full	Administering Authority

Knowledge & Understanding			
	Current compliance	Previous compliance	Responsibility
A member of the local pension board must be conversant with the scheme rules and any document recording policy about the administration of the scheme adopted by the administering authority	Full	Partial	Local Pension Board
A process should be in place to ensure a member of the local pension board has the knowledge and understanding required of the law relating to pensions and other matters which are prescribed in the Regulations which is sufficient to enable them to perform their duties	Full	Full	Administering Authority
The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	Full	Full	Administering Authority
The administering authority should designate a person to take responsibility for ensuring that a framework is developed and implemented.	Full	Full	Administering Authority
The administering authority should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant, including the scheme rules and relevant Fund specific documentation.	Full	Partial	Administering Authority
The roles and responsibilities of pension board members should be clearly documented	Full	Full	Administering Authority
Local pension board members are aware of their personal legal responsibilities in terms of knowledge and understanding.	Full	Full	Local Pension Board
The administering authority should assist individual local pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member	Full	Full	Administering Authority
Administering authorities should offer pre-appointment training or mentoring if appropriate	Full	Full	Administering Authority
The administering authority should maintain individual training plans for local pension board members, together with records of learning activities required	Partial	Partial	Administering Authority
Local pension board members should invest sufficient time in their learning and development alongside their other responsibilities.	Full	Full	Local Pension Board
The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options	Full	Partial	Local Pension Board
Have pension board members completed tPR's e-learning programme, which is provided to help meet the needs of local pension board members	Partial	Partial	Local Pension Board

Conflicts of Interest			
	Current compliance	Previous compliance	Responsibility
The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported	Full	Full	Administering Authority
The conflicts of interest policy should have a regular review date incorporated in to it	Full	Full	Administering Authority
All those with a responsibility for managing and administering the scheme should understand their own roles in identifying and reporting potential conflicts of interest and the steps involved in reporting any conflicts (or potential conflicts) that might arise	Full	Full	Administering Authority
The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised , reviewing them appropriately	Full	Partial	Administering Authority
Declaration of conflicts (or potential conflicts) of interest should be disclosed on appointment and at regular intervals	Full	Full	Administering Authority
Declaration of conflicts (or potential conflicts) of interest should be a standing item on all Fund related meetings and agendas	Full	Full	Administering Authority

Publishing Information About the Scheme				
		Current compliance	Previous compliance	Responsibility
	The administering authority must publish information about the local pension board and keep that information up to date	Full	Full	Administering Authority
	The published information must include who the members of the local pension board are, their representative role and the matters falling within the local pension boards responsibility	Full	Full	Administering Authority
	The published information should include the local pension board appointment process	Full	Full	Administering Authority
	The administering authority should publish information about the local pension board's business	Full	Full	Administering Authority
	The administering authority should consider any requests for additional information to be published to encourage scheme member engagement and promote a culture of transparency	Full	Full	Administering Authority
	The administering authority should publish information on the pension board business	Full	Full	Administering Authority
Managing Risks and Internal Controls				
	The administering authority is required to have in place internal controls that include adequate systems, arrangements and procedures for the administration and management of the Fund (including external service providers and third parties)	Full	Full	Administering Authority
	The administering authority should have in place a process to identify and evaluate risks and establish appropriate internal controls	Full	Full	Administering Authority
	The administering authority should have in place a risk register to record all risks and actions taken, which is reviewed regularly	Full	Full	Administering Authority
	The administering authority should regularly review the effectiveness of its risk management and internal control processes	Full	Full	Administering Authority
	Risk management and internal controls should be a standing item on the Pension Committee and pension board agendas	Full	Full	Administering Authority

Scheme Record Keeping				
		Current compliance	Previous compliance	Responsibility
	The administering authority must be able to demonstrate that they keep accurate, up to date and enduring records to be able to govern and administer the LGPS effectively	Full	Full	Administering Authority
	The administering authority must ensure that scheme member data across all membership categories specified in the Record Keeping Regulations is complete and accurate and the data is subject to regular data evaluation	Full	Full	Administering Authority
	The administering authority must keep specific data which will enable it to uniquely identify a scheme member and calculate pension benefits correctly	Full	Full	Administering Authority
	The administering authority should require participating employers to provide them with timely and accurate data	Full	Full	Administering Authority
	The administering authority should seek to ensure that employers understand the main events which require information about members to be communicated	Full	Full	Administering Authority
	The administering authority should have policies and procedures in place for the regular monitoring of data	Full	Full	Administering Authority
	The administering authority should carry out regular (at least annually) data reviews	Full	Full	Administering Authority
	The administering authority should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes	Full	Full	Administering Authority
	The administering authority should be able to trace the flow of funds into and out of the scheme, reconcile these and keep records of transactions	Full	Full	Administering Authority
	The administering authority must keep records of pension board meetings and discussions and records of decisions made other than at a local pension board meeting that is later ratified.	Full	Full	Administering Authority
	The administering authority should retain records for as long as they are needed and have in place an adequate system and process for record retention	Full	Full	Administering Authority
	Where the administering authority has identified poor quality or missing data there should be a data improvement plan in place	Full	Full	Administering Authority
	The administering authority should reconcile member records with the relevant employers and be able to identify those scheme members who are approaching retirement, those who are active members and those that are deferred members	Full	Full	Administering Authority
	The administering authority must ensure that processes created to manage scheme member data are compliant with the Data Protection Act 1998 and data protection principles.	Full	Full	Administering Authority
	The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation	Full	Full	Administering Authority

Maintaining Contributions				
		Current compliance	Previous compliance	Responsibility
	The administering authority should ensure there are effective policies and procedures in place to identify payment failures and assess the materiality of any failures identified	Full	Full	Administering Authority
	Employers should be provided with the necessary guidance to ensure they provide the required information to enable contributions to be monitored	Full	Full	Administering Authority
	Where the administering authority identify a payment failure they should follow a process to resolve issues quickly (e.g. monthly monitoring of employer payments to ensure contributions paid on time and in full)	Full	Full	Administering Authority
	The administering authority should maintain a record of investigations and communications in relation to payment failures	Full	Full	Administering Authority
	The administering authority should review processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.	Full	Full	Administering Authority
	The administering authority must report payment failures which are likely to be of material significance to tPR	Full	Full	Administering Authority



Member Communication				
		Current compliance	Previous compliance	Responsibility
	Scheme regulations require the administering authority to provide an annual benefit statement to all active, deferred and pension credit members containing certain legal information	Full	Full	Administering Authority
	The administering authority should ensure that all members with AVCs are provided an annual benefit statement from their AVC provider within the required timescales and that it contains the required legal information	Full	Full	Administering Authority
	The administering authority must provide scheme members with basic scheme information, meeting minimum legal requirements	Full	Full	Administering Authority
	Disclosure regulations make provision for scheme members and others to receive information that is relevant to their pension rights and scheme entitlements and provided within certain legal timescales	Full	Full	Administering Authority
	Where information is provided electronically it should comply with legal requirements	Full	Full	Administering Authority
	The administering authority should attempt to make contact with their scheme members and where contact is not possible carry out a tracing exercise to locate scheme members.	Full	Full	Administering Authority
	Requests for information should be acknowledged if information requested cannot be immediately provided.	Partial	Partial	Administering Authority

Internal Dispute Resolution Procedure				
		Current compliance	Previous compliance	Responsibility
	The administering authority has in place an Internal Dispute Resolution Procedure	Full	Full	Administering Authority
	The procedure clearly sets out:  - who it applies to; - who the adjudicator is; - the information the applicant must include; - how the final decision is reached - escalation procedures (tepas, Pensions Ombudsman); - appropriate timescales	Full	Full	Administering Authority
	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	Full	Full	Administering Authority
	The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	Full	Partial	Administering Authority
	The administering authority should ensure it appropriately draws attention to the pension dispute process in any correspondence or other Fund material where appropriate	Full	Full	Administering Authority

Breaches of the Law				
		Current compliance	Previous compliance	Responsibility
	The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance. This includes:  - Officers; - members of the pension board; - any person involved in the administration of the scheme; - scheme employers; - professional advisers; -any other person otherwise involved in advising the Fund	Full	Full	Administering Authority
	The administering authority should have a breaches of the law policy in place	Full	Full	Administering Authority
	The administering authority should have identified a person responsible for maintaining the breaches of the law policy, reporting and recording processes	Full	Partial	Administering Authority
	The administering authority should maintain a breaches log, setting out all breaches, whether or not reported to taper	Full	Partial	Administering Authority

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**Pensions Administration  
Business/Service Plan  
2019-2020**

<b>Level One – Changes that impact on the Pension Fund or Leicestershire County Council - (resourced from Pension Fund)</b> <b>Responsible officer and EHRIA required – included within the risk log – shown separately</b>							
	<b>Priority (<u>Not</u> business as usual)</b>	<b>Key Actions</b>	<b>Performance measures / KPI</b>	<b>Impact</b>	<b>Support required from another service</b>	<b>Customer</b>	<b>Timescale/ Due Date</b>
1	Implement the Heywood Altair Pensions Admin System elements; <ul style="list-style-type: none"> <li>• Pensioner payroll</li> <li>• Member self-service</li> <li>• Immediate payments</li> <li>• Employer self-service (IConnect – see next priority)</li> </ul>	<ul style="list-style-type: none"> <li>• Parallel run Oracle payroll to Altair payroll</li> <li>• MSS links to payroll</li> <li>• Comms exercise with 90,000 scheme members (new log ins)</li> <li>• Test and implement immediate payments</li> <li>• GL extracts for LG and Fire – and immediate payments</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed within the tender specification</li> </ul>	<ul style="list-style-type: none"> <li>• All pensions calcs and payments all through the same system</li> <li>• Improves efficiency</li> <li>• Reduces risks of manual error and reconciliation issues</li> <li>• Creates new business opps</li> </ul>	<ul style="list-style-type: none"> <li>• EMSS (payroll)</li> <li>• EMSS (systems)</li> <li>• IT (AM)</li> <li>• Accountants (GL)</li> <li>• Fire authorities (Leics/Notts/ Derbys)</li> <li>• Heywood (system provider)</li> </ul>	<ul style="list-style-type: none"> <li>• Pension Sections 90,000 scheme members</li> </ul>	<ul style="list-style-type: none"> <li>• Jan 2019 pensioner payroll and MSS</li> <li>• June 2019 Immediate payments</li> </ul>
2	Implement the phased roll out of IConnect with all the Funds employers	<ul style="list-style-type: none"> <li>• Phased roll out to all Funds employers</li> <li>• Continue to work with employers and their third party payrolls on the specification</li> </ul>	<ul style="list-style-type: none"> <li>• Report progress to the Local Pension Board on a quarterly basis</li> <li>• Funds admin and comms strategy makes monthly posting a scheme requirement under TPR governance arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces year-end queries</li> <li>• Assists employers</li> <li>• MSS more accurate and timely</li> <li>• Valuation in built to negate wrong data at source</li> <li>• Meets TPR improvement plan requirements</li> <li>• Improves overall</li> </ul>	<ul style="list-style-type: none"> <li>• All employers payrolls and their external payroll providers</li> <li>• Heywood (system provider)</li> </ul>	<ul style="list-style-type: none"> <li>• 189 fund employers with active members</li> </ul>	<ul style="list-style-type: none"> <li>• 31/3/20</li> </ul>

				efficiency			
3	Complete the national GMP reconciliation exercise	<ul style="list-style-type: none"> <li>Complete LG and the 3 Fire Authorities GMPs</li> </ul>	<ul style="list-style-type: none"> <li>Reports to Pension Boards (LG and 3 FAs)</li> <li>Provide updates to LGA</li> </ul>	<ul style="list-style-type: none"> <li>Accurate and timely pension payments to pensioners</li> </ul>	<ul style="list-style-type: none"> <li>Pensions (internal work only)</li> </ul>	<ul style="list-style-type: none"> <li>3 Fire authorities</li> <li>LG pensioners, preserved and active members</li> </ul>	<ul style="list-style-type: none"> <li>31/12/18 (HMRC's deadline)</li> </ul>
4	<p>Actuarial Changes – for valuation</p> <p>Implement funding changes – pass-through arrangements (for the May 2018 exit credits reg change)</p> <p>Employer de-risking</p> <p>Valuation changes – national section 13 valuation</p> <p>National Cost Cap changes</p>	<ul style="list-style-type: none"> <li>On-going learning of the new areas of actuarial work</li> <li>Manage resource accordingly to deal with the new area of responsibility</li> <li>Work closely with Hymans and Legal on developing these areas of work</li> <li>Consult with employers on pass-through and de-risking</li> <li>Sign off by Pension Committee</li> </ul>	<ul style="list-style-type: none"> <li>Measuring new employer rates following outsourcing</li> <li>Negating the need for full bonds where possible and reducing current full bonds where possible.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce fund related employer risk</li> <li>Reduce bond values</li> <li>Reduce outsourcing pension costs and risk</li> <li>Reduce the risk of default by new employers at TUPE</li> </ul>	<ul style="list-style-type: none"> <li>Hymans (actuary)</li> <li>Legal services (internal)</li> <li>Eversheds (external legal)</li> <li>Pensions Committee</li> <li>LGPC</li> </ul>	<ul style="list-style-type: none"> <li>Pension Fund members (reduce cost)</li> <li>Fund employers</li> <li>Outsourcing and new employers</li> </ul>	<ul style="list-style-type: none"> <li>2019/20</li> <li>Valuation date 31/3/19</li> </ul>
5	SAB – Good Governance Project	<ul style="list-style-type: none"> <li>Monitor local funds views on SAB separation options</li> <li>Work with Chris and Declan on Leics position</li> </ul>	<ul style="list-style-type: none"> <li>Watch the national position</li> <li>Guided by Hymans</li> </ul>	<ul style="list-style-type: none"> <li>Potential changes on how admin is provided (grouped admin)</li> </ul>	<ul style="list-style-type: none"> <li>Hymans</li> <li>Legal (potentially)</li> <li>Other Funds (potentially)</li> </ul>	<ul style="list-style-type: none"> <li>Scheme members</li> </ul>	<ul style="list-style-type: none"> <li>No deadline set by SAB (on-going)</li> </ul>
6	Procurement of all	<ul style="list-style-type: none"> <li>Develop a</li> </ul>	<ul style="list-style-type: none"> <li>Detailed within the</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the</li> </ul>	<ul style="list-style-type: none"> <li>Pension</li> </ul>	<ul style="list-style-type: none"> <li>Leicestershir</li> </ul>	<ul style="list-style-type: none"> <li>Start the</li> </ul>

	actuarial services for the Leicestershire Local Government Pension Fund	procurement document covering all aspects of actuarial services for the Leics LGP Fund <ul style="list-style-type: none"> <li>Complete the procurement and contract</li> </ul>	tender specification	actuarial work in the Leicestershire LGP Fund <ul style="list-style-type: none"> <li>Improve efficiency and cost effectiveness</li> </ul>	administration <ul style="list-style-type: none"> <li>Accountants</li> <li>Procurement</li> <li>Legal Services (internal)</li> </ul>	e LGP Fund <ul style="list-style-type: none"> <li>Current and new fund employers</li> </ul>	procurement process in 2019/20
<b>Level Two – Changes that impact on Corporate Resources - (resourced from Fire Authority admin charge)</b>							
7	Signature of the Fire pension contracts	<ul style="list-style-type: none"> <li>Fire authorities to sign their pension administration contracts</li> </ul>	<ul style="list-style-type: none"> <li>All KPIs and measures detailed in the admin and comms strategy for Fire which is an appendix to the main fire pensions admin contract</li> </ul>	<ul style="list-style-type: none"> <li>Mutual understanding of the risks and rewards for the Fire authorities and Pension Section</li> <li>Reduced income for The Pension Fund</li> </ul>	<ul style="list-style-type: none"> <li>Legal (internal)</li> <li>The 3 Fire authorities</li> </ul>	<ul style="list-style-type: none"> <li>Fire scheme members</li> </ul>	<ul style="list-style-type: none"> <li>30/6/2019</li> </ul>

	Risks	Responsible Officer/s	EHRIA required Y/N	Current Risk Score (at November 2018)
1	Without a pension administration system in place the Pension Section will be unable to calculate pension benefits to Local Government scheme members or Fire-fighters or pay any pensioners	Ian Howe	N – this has been confirmed by LCC officer	Likelihood = 2 Impact = 5 Total = 10
2	Failure to move to monthly postings increases risk of failure to meet year-end statutory deadlines for annual benefit statements and HMRC tax pension saving statements	Ian Howe	N	Likelihood = 2 Impact = 4 Total = 8
3	Failure to complete the national GMP exercise will mean potential for over and under payments and potentially additional pension costs being paid from the Pension Fund unnecessarily	Ian Howe	N	Likelihood = 1 Impact = 3 Total = 3

4	Failure to complete the statutory Fund valuation requirements (with the new areas included)	Ian Howe	N	Likelihood = 2 Impact = 5 Total = 10
5	Failure to secure the best position for the Leicestershire Fund	Ian Howe / Declan Keegan	N	Likelihood = 2 Impact = 4 Total = 8
6	Failure to secure the best actuarial contract for the Leicestershire Fund	Ian Howe / Declan Keegan / Jason Firth	N	Likelihood = 2 Impact = 4 Total = 8
7	Failure to continue to provide pension administration for the fire authorities	Ian Howe	N	Likelihood = 2 Impact = 4 Total = 8

**Level Three – Pension Section (continuous improvement) - (Resourced from the Pension Fund) – No risks recorded as these are all BAU and continually monitored**

	Priority (Business as usual)	Key Actions	Performance measures / KPI	Impact	Support required from another service	EHRIA required Y/N	Officer	Timescale/ Due Date
8	Maintain the Local Government KPIs at or above target, for all areas of Local Government pension administration.  <i><b>(Pension Sections monthly KPI scorecard attached)</b></i>	<ul style="list-style-type: none"> <li>Work closely with Pension Team Managers</li> <li>Monitor changes in legislation</li> <li>Monitor workloads</li> </ul>	<ul style="list-style-type: none"> <li>Report the 3 business process and 7 customer perspective KPIs to the Local Pension Board each quarter</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and improve customer service</li> <li>Highlights any falls in service so these can be addressed quickly</li> <li>Increased officer morale – positive feedback is very welcome</li> </ul>	<ul style="list-style-type: none"> <li>All fund employers</li> </ul>	N	Ian Howe	On-going  Quarterly reports to the Local Pension Board
9	On the basis the contracts are signed, maintain the Fire-fighters KPIs at or above target, for all	<ul style="list-style-type: none"> <li>Work closely with the Fire Pension Team Manager</li> </ul>	<ul style="list-style-type: none"> <li>The Fire Authorities to report the KPIs to their Pension Boards each</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and improve customer service to members and the three fire authorities</li> <li>Assists with future</li> </ul>	<ul style="list-style-type: none"> <li>Three Fire authorities</li> </ul>	N	Ian Howe	On-going

	areas of Fire-fighter pension administration.		meeting	business opportunities				
10	Implement ongoing customer service improvements	<ul style="list-style-type: none"> <li>Team Managers to implement ongoing customer service improvements</li> </ul>	<ul style="list-style-type: none"> <li>Implement new KPI's and review measuring techniques</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the highest level of service available</li> <li>Continually look to enhance and improve the customer experience</li> </ul>	N	N	Ian Howe	On-going
11	Achieve all the statutory deadlines – ABS by 31/8 and increasing number of pension taxation statements by 6/10	<ul style="list-style-type: none"> <li>Work closely with Fund employers</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory statutory deadlines</li> </ul>	<ul style="list-style-type: none"> <li>Failure is a reportable “material breach” of pension rules</li> <li>Reportable to The Pensions Regulator</li> <li>Inform the Local Pension Board</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>All fund employers and their payroll providers</li> <li>EMSS</li> </ul>	N	Ian Howe	31 August 6 October
12	Continue partnership working with Derbyshire County Council Pension Section and other Funds (where applicable)	<ul style="list-style-type: none"> <li>Looking for continual improvement</li> <li>Developing joint working through equal task/letters/processes where possible</li> <li>Consider Good Gov project</li> </ul>	<ul style="list-style-type: none"> <li>Continual review of current and new KPIs</li> </ul>	<ul style="list-style-type: none"> <li>Failure to continue partnership working could have a detrimental impact based on the Good Gov SAB project</li> <li>Keeping the Leics Fund in the strongest position possible</li> </ul>	<ul style="list-style-type: none"> <li>DCC Pension Dept</li> <li>Maybe other Pension Funds</li> </ul>	N	Ian Howe	On-going
13	Retain or improve staff sickness levels within the Pension Section	<ul style="list-style-type: none"> <li>Team Managers to continue to manage sickness</li> </ul>	<ul style="list-style-type: none"> <li>Pension Section target of 5.0</li> </ul>	<ul style="list-style-type: none"> <li>Increased sickness – negative impact on morale, KPIs and targets, increased risk of failure with customer service standards and</li> </ul>	N	N	Ian Howe	On-going



				increases time for work completion				
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No risks recorded - business as usual areas.

The latest quarters KPIs detailed below.

#### Quarter - July 2018 to Sept 2018

Business Process Perspective	Target	This Quarter		Previous quarter	Customer Perspective - Feedback	Target	This Quarter		Previous Quarter
Retirement Benefits notified to members within 10 working days of paperwork received	92%	99%	▲	99%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	100%	▲	98%
Pension payments made within 10 working days of receiving election	95%	98%	▲	94%	Experience of dealing with Section - rated at least good or excellent	95%	89%	▼	96%
Death benefits/payments sent to dependant within 10 working days of notification	90%	92%	▲	84%	Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲	97%
					Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲	99%
					Email response - understandable	95%	94%	▶	98%
					Email response - content detail	92%	92%	▲	96%
					Email response - timeliness	92%	97%	▲	98%

Good or better than target

Close to target

Below target

▲

▶

▼

## Pensions Administration

### Overview

- Provides a statutory service administering the Local Government Pension Scheme to over 189 employers in the Leicestershire Fund with over 90,000 scheme members.
- Rated very highly by customers for providing a great customer experience
- Provides a commercial service to three Fire Authorities in the East Midlands, providing their Fire-fighters pension administration

- Reports to the Leicestershire Local Pension Board and Pensions Committee, made up of both employee and employer representatives

#### Key drivers

- Continue to achieve or better, key performance indicators in business processes and customer satisfaction
- To complete a pension administration system by June 2019
- Complete the national guaranteed minimum pension exercise by December 2018
- Continue to develop a new digital communications with scheme members (Heywood member self service)
- Complete monthly postings of contributions from employers to negate the significant peak of year-end work, spreading this throughout the year by March 2020

Ian Howe 01/04/2019

# Leicestershire Pension Fund Risk Register February 2019

Risk no	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
1	Pens	If we fail to reconcile HMRC GMP data with the Pension Section data there is a risk of overpayment of Pensions Increase	Government changes to end contracting out legislation. Contracting out ended April 2016. Between 2015 and December 2018 Pensions need to reconcile GMP data. From 2018 we take responsibility for GMPs so we need to ensure we pay Pensions Increase. (e.g. no GMP means we pay full PI and if there is a GMP we pay less PI)	Overpaying pensions  Reputation	Ian Howe	Checking of HMRC GMP data to identify any discrepancies  Full time person recruited to work on the project	3	3	9	Treat	Working through cases  Developed reporting tools to assist	3	2	6	Ian Howe
2	Pens	If we fail to implement a pension administration system, pensioner payroll and immediate payments system the Pension Section will fail to deliver its statutory duties for both LGPS and the 3 Fire Authorities. It will also be unable to pay pensioners and other single payments (e.g. lump sums)	The current pensions administration system contract ends in April 2019	Failure of the Pension Section  Unable to pay pensioners  Unable to pay single payments  Unable to meet statutory requirements  Manual calculations  Huge increase in administration time causing delays  Increased appeals	Ian Howe	Currently use a successful pension administration system  Currently use a separate member self-service facility, pensioner payroll and immediate payments system.  Working in partnership with another Fund  Project Manager and governance arrangements in place  First phase of the project completed	5	2	10	Treat	Detailed project planning  System training scheduled for Payroll and Pension colleagues in November 2018  Guidance notes provided by the system provider	5	1	5	Ian Howe

						successfully. This entailed transferring the system to the provider's hosted service.									
3	Pens	If we fail to meet the service requirements of the three Fire Authorities we may lose their business	<p>Changes in legislation on the Firefighters pension scheme has significantly increased the scheme's complexity.</p> <p>Only limited knowledge in the Section in this area.</p> <p>Outstanding legal challenges could significantly impact on the Fire scheme rules and administration time</p>	<p>Reputation</p> <p>Potential loss of business</p> <p>Increased administration</p>	Ian Howe	<p>Quarterly meetings take place with the Fire Authorities to resolve issues</p> <p>Membership of the Midlands Fire Officer Group enables us to identify and resolve issues early</p> <p>Resource on the team increased</p> <p>SLA and contracts produced</p>	4	3	12	Treat	<p>Continue to monitor and develop improvements to work processes, guiding all three Fire Authorities to similar processes and decisions (where possible).</p> <p>Set up a joint pension board for the 3 Fire Authorities</p> <p>Refresh of contracts in progress</p> <p>Press the LGA and all relevant parties nationally on regulatory changes</p>	3	3	9	Ian Howe
4	Pens	If we fail to receive accurate and timely data from employers scheme members pension benefits could be incorrect or late	<p>A continuing increase in Fund employers is causing administrative pressure in the Pension Section. This is in terms of receiving accurate and timely data from these new employers who have little or no pension knowledge</p>	<p>Late or inaccurate pension benefits to scheme members</p> <p>Reputation</p> <p>Increased appeals</p> <p>Greater administrative time being spent on individual calculations</p>	Ian Howe	<p>Training provided for new employers</p> <p>Guidance notes provided for employers</p> <p>Amended SLA and communication and administration guide distributed to employers making IConnect a statutory requirement by 31/3/2020)</p>	3	3	9	Treat	<p>Implement IConnect with employers so they provide monthly data in a secure and timely manner</p>	3	2	6	Ian Howe

5	Pens	If we fail to implement the 2018 amendment regulations benefits could be paid incorrectly or not paid at the correct times	Changes to the Pension Regulations	Incorrect pensions or late benefits to scheme members  Increased complaints or appeals  Reputation	Ian Howe	LGA to provide guidance to Funds  System changes implemented  All members notified  All scenarios tested	3	1	3	Tolerate		3	1	3	Ian Howe
6	Invs	If employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act	Declan Keegan	Receipt of contributions is monitored and late payments are chased quickly	2	4	8	Treat	Late payers will be reminded of their legal responsibilities.	2	3	6	Declan Keegan
7	Invs	If assets held by the Fund are ultimately insufficient to pay benefits due to individual members	Ineffective setting of employer contribution rates over many consecutive actuarial valuations	Significant financial impact on scheme employers due to the need for large increases in employer contribution rates.	Chris Tambini	Input into actuarial valuation, including ensuring that actuarial assumptions are reasonable and the manner in which employer contribution rates are set does not bring imprudent future financial risk	5	2	10	Treat	Actuarial assumptions need to include an element of prudence, and Officers need to understand the long-term impact and risks involved with taking short-term views to artificially manage employer contribution rates	4	2	8	Chris Tambini
8	Pens/Invs	Sub-funds of individual employers are not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer	Changing financial position of both sub-fund and the employer	Significant financial impact on employing bodies due to need for large increases in employer contribution rates.	Ian Howe/ Declan Keegan	Ensuring, as far as possible, that the financial position of each employer is understood. On-going dialogue with them to ensure that the correct balance between risks and fair treatment continues.	5	2	10	Treat	Dialogue with the employers, particularly in the lead up to the setting of new employer contribution rates.  Include employer risk profiling as part of the Funding Strategy Statement update. To	3	2	6	Ian Howe/ Declan

				Risk to the Fund of insolvency of an individual employer. This will ultimately increase the deficit of all other employers.						allow better targeting of default risks  Investigate arrangements to de-risk funding arrangements for individual employers.  Consult with all Fund employers  Amend the Funding Strategy Statement				Keegan	
9	Invs	If market investment returns are consistently poor and this causes significant upward pressure onto employer contribution rates	Poor market returns, most probably caused by poor economic conditions	Significant financial impact on employing bodies due to the need for large increases in employer contribution rates	Chris Tambini	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term outlook for different asset classes is included as part of the consideration	5	2	10	Treat	Making sure that the investment strategy is sufficiently flexible to take account of opportunities and risks that arise, but is still based on a reasonable medium-term assessment of future returns	4	2	8	Chris Tambini
10	Invs	If market returns are acceptable but the performance achieved by the Fund is below reasonable expectations	Poor performance of individual managers, or poor asset allocation policy	Opportunity cost in terms of lost investment returns, which is possible even if actual returns are higher than those allowed for within the actuarial valuation	Chris Tambini	Ensuring that the causes of underperformance are understood and acted on where appropriate	3	3	9	Treat	After careful consideration, take decisive action where this is deemed appropriate. It should be recognised that some managers have a style-bias and that poor performance will happen on occasions.	2	2	4	Chris Tambini
11	Invs	Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy and/or the appointment of investment managers	Some assets classes or individual investments perform poorly as a result of incorrect assessment of all risks inherent within the investment.	Opportunity cost within investment returns, and potential for actual returns to be low. This will lead to higher employer contribution rates than would otherwise have	Chris Tambini	Ensuring that all factors that may impact onto investment returns are taken into account when setting asset allocation policy. Only appointing investment managers that integrate responsible investment into their	3	3	9	Treat	Responsible investment aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns	2	2	4	Chris Tambini

				been necessary.		processes, and ensuring that managers take a holistic view on the risks associated with the investments they make on behalf of the Fund.									
12	Invs	Investment pooling within the LGPS fails to deliver a higher long term net investment return	LGPS Central fails to deliver better net investment returns than the Fund would have expected to achieve it investment pooling did not occur	Lower returns will ultimately lead to higher employer contribution rates than would otherwise have been the case	Chris Tambini	Shareholders' Forum, Joint Committee and Practitioners' Advisory Forum will give significant influence in the event of issues arising.	3	3	9	Treat	The set-up of LGPS Central is likely to be the most difficult phase. The Fund will continue to monitor closely how the company evolves  Programme of LGPS Central internal activity activity, which has been designed in collaboration with the audit functions of the partner funds.	2	2	4	Chris Tambini
13	Invs	Investment decisions are made without having sufficient expertise to properly assess the risks and potential returns	The combination of knowledge at Committee, Officer and Consultant level is not sufficiently high	Poor decisions likely to lead to low returns and higher employer contribution rates	Chris Tambini	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered investment decisions	3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making process	2	2	4	Chris Tambini
14	Invs	The transition of investment assets to LGPS Central is not successful	Pooling does not reduce the on-going management costs of assets  Transition costs are significantly higher, for example the cost of selling the existing investments and buying new ones.	Savings available do not justify the transition costs and on-going cost of running LGPS Central	Chris Tambini	Central maintains the flexibility to run funds internally.  Specialist transition manager being appointed.  Implementation being phased, allowing capacity to be managed and lessons learned	2	3	6	Treat	Advisors engaged to assess the impact upon Leicestershire's assets.  Views from 8 partners sought throughout the transition process.  Central increasing the level of engagement with Funds  LGPS Central's Internal Audit plan includes an assessment of the	2	2	4	Chris Tambini





4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	Pension Section £500-£750k. Significant increase in budget/cost. Service budgets exceeded  Investment Underperformance of significant proportion of assets leading to a review of the Investment or Funding strategy
5	Very High/Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple serious injuries	Prolonged regional and national condemnation, with serious damage to the reputation of the organisation i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council/Fund, members or officers	Pension Section >£750k Large increase on budget/cost.  Investment Employer contributions expect to increase significantly above Funding Strategy requirement

### Risk Likelihood Measurement Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	<20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/recur, but it is possible it may do so.	20-40%

<b>3</b>	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
<b>4</b>	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
<b>5</b>	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	>80%

### Risk Scoring Matrix

<u>Impact</u>						
<b>5</b>	Very High/Critical	5	10	15	20	25
<b>4</b>	Major	4	8	12	16	20
<b>3</b>	Moderate	3	6	9	12	15
<b>2</b>	Minor	2	4	6	8	10
<b>1</b>	Negligible	1	2	3	4	5
		1	2	3	4	5
		Very Rare/Unlikely	Unlikely	Possible/Likely	Probable/ Likely	Almost certain
		<u>Likelihood*</u>				

\*(Likelihood of risk occurring  
over lifetime of objective (i.e. 12 mths)

## Leicestershire Pension Fund – Breaches Log

To be read in conjunction with the Funds “Procedure for Reporting Breaches of the Law to the Pensions Regulator”

Date	Who identified the breach	Cause	Effect	Reaction	Wider Implications	Material or Not	If material – date reported to TPR	Outcome
April 2016 to January 2017	Investment Manager	Continued late payment of contributions from Cottesmore Primary	Delayed investment of the contributions	Prompt reminders issued	Nil. No impact on the members benefits	Not material (but TPR made aware)	9 January 2017	TPR instructed the Fund resolve it directly. Payments now made on time
August 2016 to June 2017	Pensions Manager	New admission body and outsourcing employer’s failure to sign the legal documents, relating to the new employer joining the Fund	Scheme members delayed joining the scheme	Prompt reminders and implications explained to all parties	Delayed contributions into the Fund. Members not covered during the delay period	Not material, if resolved by August 2017	n/a	Local Pension Board added pressure. All documents were signed and members benefits were fully backdated and all contributions were received
September 2017	Pensions Manager	One Fund employer did not resolve all their year-end queries	200 actives members annual benefit statements were not provided	Prompt action taken by the Fund and the	Nil. Statements were received the year before	Not material	n/a	The employer resolved the queries by the end of September 2017.

		by the statutory deadline	by the 31 August. 58,345 statements were produced by the 31 August.	employer				Statements were produced in October 2017.
September 2017	Pensions Manager	New admission body (CSE) unable to secure a full bond and therefore legal documents remain outstanding	One member unable to remain in the Fund until the documents are completed	Large amounts of administration, legal and actuarial time has been spent. Prompt reminders and a face to face meeting has taken place	Member still unable to join the scheme. The member and the Union are aware of the situation	Not material currently. To be resolved internally.	n/a	All legal documents completed April 2019. Scheme membership backdated to the date of transfer for the scheme member.
September 2018	Pensions Manager	7 employers did not resolve all their year-end queries by the statutory deadline	69 active members annual benefit statements were not provided by the 31 August.  61,574 statements were produced by the 31 August.	Remaining 69 cases being completed by the employers in September 2018	Nil. Statements were received the year before	Not material	n/a	Ongoing for 69 cases. Statements to be produced by the 30 November 2018
March 2019	Pensions Manager	A small number of the larger	Delay in resolving scheme members	Chair of Pension Board	Potential increased costs	Not material	n/a	Only one employer has not responded

		employers had not completed their scheme discretions	benefits Increased likelihood of appeals made against these employers	wrote to the employers	for these employers			to the letter. All other larger employers have either provided their discretions or are doing so currently.
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As at May 2019

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## APPENDIX F

### LOCAL PENSION BOARD – TRAINING PROGRAMME (April 2019)

<u>Topic</u>	Good level of Knowledge & Understanding	Date Report or Presentation/Training Provided
<b>Background to Legislative Framework</b>		
Key provisions of the Public Service Pensions Act 2013	✓	Training 14/12/15
Overview of roles and responsibilities associated with the Local Government Pension Scheme	✓	Training 14/12/15, Training 16/6/16, 4/12/2017
<b>Roles and Responsibilities of the Local Pension Board</b>		
Assisting the Scheme Manager – governance and administration	✓	Report 19/6/15, Training 9/12/15
Potential conflicts of interest	✓	Each meeting
Reporting of breaches	✓	Report 9/10/15, Report 3/10/16, Training 18/6/18
Knowledge and understanding	✓	Report 14/12/15, Training 16/6/16
<b>Roles and Responsibilities of the Scheme Manager</b>		
Pension Regulations	✓	Presentation 19/6/15, Training 8/2/2016, Report 18/6/18
Legislation	✓ (some)	Training 9/12/15
Calculation and payment of benefits	✓	Presentation 19/6/15 (further training agreed), Training 8/2/16
Annual Benefit Statements	✓	Report 9/10/15, Report 14/12/15, Training 18/6/18
Discretions	✓	Training 7/11/16
Internal dispute resolution (stage 1,2, TPAS, Ombudsman)	✓	Training 16/6/16, Training 18/6/18
Record keeping	✓	Training 7/11/16, Report and Training 18/6/18, Report 3/12/18

Internal controls and risk management	✓	Report 9/10/15, Report 3/10/16, Report 18/6/18
Reporting of breaches	✓	Report 9/10/15, Report 3/10/16, Training 18/6/18
Administration of Local Pension Board	✓	Training 8/2/16
Managing potential conflicts of interest	✓	Training 8/2/16
Admission Bodies – Bonds/Guarantees	✓	Discussed at the Local Pension Board meeting 16/6/16, Training 7/11/16, Training and Report 3/12/18
<u>Topic</u>	Good level of Knowledge & Understanding	Date Report or Training Provided
<b>Roles and Responsibilities of the Scheme Employers</b>		
Providing pension information to the administering authority	✓	Report 4/3/2016, Report 16/6/16, Report 12/3/18
Year-end	✓	Report 4/3/2016, Report 16/6/16, Report 18/6/18, Training 4/3/19
Automatic enrolment	✓	Training 7/11/16
Deduction and payment of contributions	✓	Training 7/11/16, Report 12/3/18
Internal dispute resolution (stage 1)	✓	Training 16/6/16 (further training required in roles and responsibilities for scheme employers)
<b>Roles of Advisers and Other Key Persons / Bodies</b>		
Officers of the Authority	✓	Training 16/6/16, 4/12/17, 18/6/18
Auditors	✓	Training 16/6/16, 4/12/17, 18/6/18
National Scheme Advisory Board	✓	Training 16/6/16, 4/12/17, 18/6/18
Department for Communities and Local Government	✓	Training 16/6/16, 4/12/17, 18/6/18
Local Government Association	✓	Training 16/6/16, 4/12/17, 18/6/18
Pensions Advisory Service	✓	Training 16/6/16, 4/12/17, 18/6/18



Pensions Ombudsman	✓	Training 16/6/16, 4/12/17, 18/6/18
The Pensions Regulator	✓	Report 9/10/15, Training 9/12/15, Training 16/6/16, 4/12/17, 18/6/18
Additional Voluntary Contribution (AVC) Provider - Prudential	✓	Report and training 8/12/16, 4/12/17, 18/6/18, Report 4/3/19
<b>Investments</b>		
Actuarial Valuation	✓	Pension Board Meeting – to hear from the Pension Fund Actuary 26/2/2016
Different Asset Classes	✓	Training 14/12/15
Decision-making process	✓	Training 14/12/15
Risk vs. Reward	✓	Training 14/12/15
LGPS Asset Pooling	✓	Training 14/12/15

### Summary of Events/Training

#### 19 June 2015 - Reports

Role of the Local Board

External audit plan

Internal audit arrangements

Quarterly administration report (introduction)

#### 19 June – Presentation

Introduction to Pensions

#### 9 October 2015 – Reports

Quarterly administration report (annual benefit statements, partnership working)

Managing pension section workloads

Joint administration and communication strategy

Reporting breaches of the law to The Pension Regulator

Risk register

#### 13 November 2015 – Pension Board Reports

Invited to attend the Pension Board (investments)

#### 9 December 2015 – Training

Governance regulations

TPR

Statutory deadlines

Pension taxation

#### 14 December 2015 – Reports and Training

Quarterly administration report (exit cap, GMP rec and valuation)

Annual benefit statements

Board members – knowledge and understanding

Local pension board and Local pension committee – key roles and responsibilities (training item)

#### 8 February 2016

Administration of Local Pension Boards, Managing potential conflicts of interest (training item – M Hand)

State scheme changes, GMPs and GMP reconciliation

### 26 February 2016

Invited to attend the Pension Board – Pension Fund Actuary, Year-end and the Actuarial Valuation

### 16 June 2016

Roles of advisers and other key persons/bodies (including the Pension Ombudsman – IDRs)

LGA Trustee Training event details (3 days split over Oct, Nov, Dec 2016) Ms D Stobbs, Ms D Haller, Ms A Severn-Morrell

### 3 October 2016 – Reports

Risk management and internal controls

Pension fund governance and administration

### 7 November 2016 – Training

Record keeping

Deduction and payment of contributions

Automatic enrolment

Admission bodies – bonds and guarantors

Discretions

### 8 December 2016 – Reports and Training

Additional Voluntary Contributions (AVCs) - Prudential

### 13 March 2017 – Training

Service Plan; system tender, IConnect, GMP rec, SLA

### 12 June 2017 – Report

Year End and statutory deadlines

#### 18 September 2017 – Reports and Training

Record keeping

Pension Taxation – Annual and Lifetime Allowance

#### 4 December 2017 – Training

Roles of advisers and other key persons/bodies

LGA Trustee Training event details (3 days split over Oct, Nov, Dec 2017) Cllr Jennings, Cllr Bedford

#### 12 March 2018 – Reports

Administration and Communication Strategy (draft) – includes, providing pension information to the administering authority and deduction and payment of contributions

#### 18 June 2108 – Reports and Training

Local Government Pension Scheme (Amendment) Regulations 2018

Internal controls and risk management

Year-end

Breaches, annual benefit statements, IDRP, record keeping, roles of advisers and other key persons/bodies

#### 17 September 2018 – Training

Pension Taxation – Annual and Lifetime Allowance

#### 3 December 2018 – Reports and Training

Record Keeping

Admission Bodies – Bonds and Guarantors

17 and 18 January 2019

LGA Trustee Training Event attended by Mrs Stobbs

4 March 2019 – Reports and Training

Additional Voluntary Contributions (AVCs) – Prudential

Valuation – year-end

To monitor Board Members training, dates of the reports and training are recorded.

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## **LOCAL PENSION BOARD**

**17 JUNE 2019**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **YEAR-END AND STATUTORY DEADLINES**

##### **Purpose of the Report**

1. The purpose of this report is to provide the Board with a progress update on the 2018/19 year-end process for the production of annual benefit statements required by the deadline of the 31 August 2019.

##### **Background**

2. The Pension Section has statutory requirements to produce member's annual benefit statements by the 31 August 2019 and pension saving statements for members who have breached the Annual Allowance by the 6 October 2019.
3. Both deadlines are extremely challenging as the Pension Section relies on accurate and timely data from the Fund's 187 active employers to achieve this.
4. As part of the preparation for year-end, the Leicestershire Pension Section issued an employer bulletin detailing employers' duties; the year-end layout and the timeline to all employers in January 2019.
5. 30 April 2019 was the deadline for employers to provide their year-end returns with a signed off reconciliation form. **The position as at 20 May 2019 was;**
  - 182 employers had provided Pensions with their year-end return.
  - Five employers have not provided a year-end return. They are all paid by the same payroll provider. The delay is mainly due to the transition to monthly postings via iConnect and the payroll provider still working to provide the previous monthly reports. The Pension Section has been actively working with the payroll provider and expects to have received all five employer returns by the 31 May 2019.

6. For those 182 employer returns received, the Pension Section has already started uploading member data to their pension administration system.
7. Five of the 182 employer returns received have not been reconciled with the contributions received and these have been reported back to the employers for further investigation.
8. The Pension Section started to perform a data check on employer data throughout the period, 17 May 2019 to 1 July 2019. Data queries are being returned to employers throughout this period.
9. Employers must resolve data queries by the 19 July 2019 in order for the Pension Section to send the data to the Fund Actuary on the 1 August 2019. This is critical to meet the Fund valuation timescales. The valuation sets all employer contribution rates for the three years; 1 April 2020 to 31 March 2023.
10. Any employer that has failed to resolve any data queries by the 19 July 2019 will have the original data they provided loaded and used in the calculation of their members annual benefit statements.
11. The Pension Section will provide on-line statements to scheme members by the 31 August 2019 and paper versions to those members who have still opted for that service.

### **Recommendation**

12. It is recommended that the Board notes the report.

### **Equal Opportunities Implications**

13. None specific

### **Officers to Contact**

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