



## **LOCAL PENSION BOARD**

**3 OCTOBER 2016**

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

#### **PENSION FUND GOVERNANCE AND ADMINISTRATION**

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

1. To inform the Board of governance and administration arrangements for 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 has developed a governance scorecard. TPR appreciates there may not be full compliance in all areas but the scorecard highlights areas which require improvement and records where changes have been made. The Scorecard is included as Appendix B.

#### **Specific Governance Areas**

##### **Risk Register**

5. The Pensions Manager and Investment Manager maintain a combined pension and investment risk register, the latest version of which is attached as Appendix C.

##### **Documents for Local Board Members**

6. 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.

7. The latest scheme rules are 'The Local Government Pension Scheme Regulations 2013'. These are available online and a link to these regulations is provided below;

<http://www.lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014>

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

#### Conflicts of interest

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

#### Record keeping

10. 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.
11. There are certain data fields that defined benefit schemes have to hold under Record-keeping Regulations. To administer the Local Government Pension Scheme successfully, the Pension Section holds much greater information than the legislation stipulates.

#### Internal dispute resolution

12. 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. This was detailed in the training provided to Local Pension Board members on the 16 June 2016.

#### Reporting breaches

13. The Pension Section maintains a breaches log and has a procedure for reporting breaches of the law to The Pensions Regulator. There has been no County Council material breaches recorded. However, recording of non-material breaches are still recorded so if similar breaches continue they may become material. This is attached as Appendix D.

#### Maintaining contributions

14. 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.

### Training Log

15. 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 log which details key areas which members have explored and areas which are still outstanding. A copy of the log is attached as Appendix E.

### Recommendation

16. 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 – Risk register

Appendix D – Procedure for Recording Breaches of the Law to the Pensions Regulator

Appendix E – Local Pension Board training log

### Officers to Contact

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