

Public Document Pack

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12 November 2019

Pension Advisory Board

A meeting of the committee will be held at **9.30 am** on **Wednesday, 20 November 2019** at **County Hall, Chichester, PO19 1RQ**.

Tony Kershaw
Director of Law and Assurance

Agenda

Part I

1. Declarations of Interests and Conflicts

Members and officers must declare any pecuniary or personal interest, or any potential conflicts of interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt, contact Democratic Services before the meeting.

2. Part I Minutes of the last meeting (Pages 5 - 10)

The Board is asked to agree the Part I minutes of the meeting of the Board held on 4 September 2019 (cream paper).

3. Urgent Matters

Items not on the agenda, which the Chairman of the meeting is of the opinion, should be considered as a matter of urgency by reason of special circumstances.

4. Part II Matters

Members are asked to indicate at this stage if they wish the meeting to consider bringing into Part I any items on the Part II agenda.

5. Progress Report (Pages 11 - 14)

This report contains updates on matters arising from previous meetings.

The Board is asked to note the report and the progress on actions.

6. **Pensions Panel Minutes - Part I**

The Board is asked to note the confirmed Part I minutes from the meeting of the Pensions Panel on 24 July 2019; the confirmed minutes from the Annual Meeting of the Pensions Panel and the Employers in the Fund on 24 July 2019; and the agenda from the meeting of the Pensions Panel on 25 October 2019.

- (a) **24 July - Part I Pensions Panel Minutes** (Pages 15 - 20)
- (b) **24 July - Annual Meeting of the Pensions Panel and the Employers in the Fund Minutes** (Pages 21 - 24)
- (c) **25 October - Pensions Panel Agenda** (Pages 25 - 28)

7. **Regulations and Guidance Update** (Pages 29 - 34)

Report by the Chairman of the Pension Advisory Board.

The Board is asked to note the current issues relating to Scheme Regulations and Guidance.

8. **Governance Reviews and Surveys** (Pages 35 - 52)

Report by the Chairman of the Pension Advisory Board.

The Board is asked to note the current position on progress on the Scheme Advisory Board (SAB) governance review and to agree how best to manage responses to the surveys expected from The Pensions Regulator (tPR) and SAB.

9. **Business Plan Update** (Pages 53 - 72)

Report by the Chairman of the Pension Advisory Board.

The Board is asked to note the updates to the Business Plans of the Board and the Panel.

10. **Review of Pension Fund Policy Documents** (Pages 73 - 96)

Report by Director of Finance and Support Services.

The Board is asked to note the register of policy documents and provide feedback on the presented policy.

11. **The Pensions Regulator Code of Practice 14 (Compliance)** (Pages 97 - 108)

Report by Director of Finance and Support Services

The Board is asked to give feedback on the compliance checklist presented at the meeting

12. **Administration procedures and performance** (Pages 109 - 124)

Report by Director of Finance and Support Services.

The Board is asked to consider the report and propose any further information that they require.

13. **Communication Strategy** (Pages 125 - 146)

Report by Director of Finance and Support Services

The Board is asked to note the schedule of Communications drawn from the Communication Strategy and provide feedback.

14. **Training** (Pages 147 - 148)

The Board is asked to review the training log.

15. **Date of Next Meeting**

The next meeting of the Board will be held at 9.30 am on 26 February 2020.

Part II

16. **Exclusion of Press and Public**

The Board is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as indicated below, and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

Exempt: paragraph 3, financial or business affairs of any person (including the authority).

17. **Part II Minutes of the last meeting** (Pages 149 - 152)

The Board is asked to agree the Part II minutes of the meeting of the Board held on 4 September 2019 (yellow paper).

18. **Pensions Panel Minutes – Part II** (Pages 153 - 158)

The Board is asked to note the confirmed Part II minutes from the meeting of the Pensions Panel on 24 July 2019 (yellow paper).

19. **ACCESS Update** (Pages 159 - 170)

The Board is asked to consider the following report which went to the Pensions Panel on 25 October 2019.

Report by Director of Finance and Support Services attached for members of the Board only (yellow paper).

To all members of the Pension Advisory Board

Pension Advisory Board

4 September 2019 – At a meeting of the Committee at 9.30 am held at County Hall, Chichester, PO19 1RQ.

Present: Peter Scales (Chairman)

Richard Cohen, Miranda Kadwell, Kim Martin, Becky Caney, Chris Scanes and Tim Stretton

Officers in attendance: Nadine Muschamp (Head of Finance), Rachel Wood (Pension Fund Investment Strategist), Tara Atkins (Principal Pensions Consultant (Administration & Employers)) and Adam Chisnall (Democratic Services Officer)

Part I

17. Declarations of Interests and Conflicts

17.1 None declared.

18. Part I Minutes of the last meeting

18.1 Resolved – That the part I minutes of the meeting of the Board held on 22 May 2019 be approved as a correct record and signed by the Chairman.

19. Progress Report

19.1 The Board considered the progress report on matters arising from previous meetings (copy appended to the signed minutes).

19.2 Adam Chisnall (Democratic Services Officer) introduced the report and highlighted the actions that had taken place since the last Board meeting.

19.3 The Board discussed the outstanding action regarding newsletters and queried how this would be undertaken. - *Tara Atkins (Principal Pensions Consultant (Administration & Employers)) explained that Hampshire County Council worked differently to Capita in that they did not do active member newsletters and instead added comments to the Annual Benefit Statements (ABS). Pensioner newsletters had already been published. Conversations were planned with Hampshire County Council to discuss how to incorporate the Board on newsletters. Rachel Wood (Pension Fund Investment Strategist) confirmed that the Communication Strategy had come to the Board previously and could be discussed at a future Board meeting, and so newsletter arrangements could be considered further then. Lois Downer (Deputy Head of Pensions at Hampshire County Council) had attended the previous Board meeting and noted the Board's request to be involved with newsletters.*

19.4 The Board queried when ABSs would be released. - *Tara Atkins confirmed that the ABSs should be available on the portal and recommended that queries should be raised with Hampshire County*

Council if there were any difficulties in accessing them. It was confirmed that unless the member has opted out of e-communication, individuals who had not signed up to the new portal would not receive a paper ABS as the existing paperless policy remained in place.

19.5 Employer Representatives reported that they had received good feedback on the portal and the ABSs; and praised the stop press email that had been circulated to staff members. Comments had been received that information such as spouse and death benefit information were missing on some ABSs. – *Rachel Wood explained that this information should have been automatically copied over. The ABS should be used for assurance purposes and to highlight any gaps in information that required completing.*

19.6 The Board queried how the issues that had been experienced by members would be picked up and be communicated on. – *Rachel Wood explained that Hampshire County Council would be driving most communications and that the alignment of the communications strategy would help with the issues. Tara Atkins explained that County Council communications used the Gov Delivery system for emails and so an approach was required that would align with the portal system.*

19.7 Resolved – That the Board noted the report.

20. Pensions Panel Meetings

20.1 The Board considered a report from the Chairman of the Pension Advisory Board which included the confirmed part I minutes from the 29 April 2019 Pensions Panel meeting; and the Agendas from the 24 July 2019 Pensions Panel meeting and the Annual General Employer Meeting (AGM) (copies appended to the signed minutes).

20.2 The Chairman introduced the report and reported on the Pensions Panel and the AGM that he attended.

20.3 Board members discussed the AGM and felt that it had been well received by employers but had not been as well attended as previous years. Board members felt the agenda items had been brief but informative. – *Rachel Wood reported that officers would review employer engagement for future AGM items.*

20.4 The Board discussed the investment portion of the AGM and felt that, whilst it was not an area employers could interact with, it was informative to give assurance on investment principles. – *Rachel Wood added that it was a useful section of the AGM to explain the processes and decisions that would impact employer contribution rates.*

20.5 Queried which fund manager would be attending the AGM next year. – *Rachel Wood explained that it would be UBS's turn, but officers would need to see how this would be impacted by pooling arrangements.*

20.6 Resolved – That the report, minutes and agendas be noted.

21. Business Plan Update

21.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

21.2 The Chairman introduced the report and explained that the format aligned with the Business Plan updates for the Pensions Panel. Appendix A outlined the key items for the Board and areas to be reminded of. A new risk had been included which concerned the regulators understanding of the role of Pension Boards. The report also included updates to the Pensions Panel Business Plan at Appendix C.

21.3 Resolved – That the Board notes the updates to the Business Plans of the Pension Advisory Board and the Pensions Panel.

22. Regulations and Guidance update

22.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

22.2 The Chairman introduced the report and explained that Appendix A outlined relevant bulletins that the Chairman would continue to circulate to the Board when they were of particular relevance or importance.

22.3 The Chairman drew the attention to Appendix C which outlined a briefing which could become a regulation; and Appendix D which concerned environmental, social and governance (ESG) and responsible investments which would be something that the Board should monitor that the Panel is aware of.

22.4 Resolved – That the Board notes the current issues relating to Scheme Regulations and Guidance.

23. Governance Reviews and Surveys

23.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

23.2 The Chairman introduced the report and explained that the results of the Hymans Robertson Good Governance review would be going to the Scheme Advisory Board. Board members were reminded that a link had been included to this report as a Background paper for the Business Plan Update report.

23.3 Appendix A gave a summary of the results of the Pensions Regulator survey on Governance and Administration.

23.4 The Chairman spoke through Appendix B which covered a proposed response to the Local Pension Board Survey.

23.5 The Board discussed the survey response and made comments including those that follow.

- Confirmed for question 9 that the scheme manager made a recommendation to the Governance Committee for Chairman appointments.
- Felt for question 17 that it should be clear that the Board had adopted the County Council policy for conflicts of interests.
- Queried for question 18b if declaration of potential conflicts of interests should be done annually. – *Adam Chisnall confirmed that County Council elected members were asked to routinely confirm that their register of interest was correct, and that this could be something that could be introduced for Board members. The Chairman proposed this activity could form part of the annual assessment. Rachel Wood resolved to look into this.*
- Discussed the '5' ratings for question 33 and agreed that these were appropriate as there were no negative experiences for the instances listed.
- Commented on the proposed percentages for question 44 and felt that the work of the Board was topical and needed to reflect current issues e.g. recently the Board had spent a lot of time looking at Hampshire County Council's administration transfer.

23.6 The Board confirmed they were happy for the Chairman to submit the survey response, subject to the amendments discussed.

23.7 Rachel Wood resolved to share the proposed survey response with Katharine Eberhart, Director of Finance and Support Services.

23.8 Resolved – That the Board notes the publication of the Hymans Robertson Good Governance Review and the outcome of the Pensions Regulator's 2018 Survey. The Board also agreed the suggested responses to the draft Scheme Advisory Board's survey, subject to the amendments discussed.

24. **Review of Pension Fund Policy Documents**

24.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes).

24.2 Rachel Wood introduced the report and confirmed that Appendix A had been updated following the requests made at the previous meeting.

24.3 The Board were asked to give feedback on the Annual Report which had been considered at the July Pensions Panel meeting. The Pensions Panel had raised comments regarding clarity which had been made for the published version.

24.5 Rachel Wood reported that guidance now required Annual Reports to include all employers within the scheme. These were included in alphabetical order with the contribution amounts included.

24.6 Rachel Wood explained that Appendix C outlined any exceptions to compliance and how these were being justified.

24.7 The Board made comments including those that follow.

- Queried the implications of not adhering to the 'Must's in Appendix C. – *Rachel Wood explained that the Pension Fund had to respond to any areas of non-compliance. The Chairman added that the regulatory requirement was to have regard to CIPFA guidance and that this was less specific than a requirement to comply with Secretary of State guidance. The Chairman added that CIPFA guidance required statutory policy documents to be included in full, whereas he agreed with West Sussex in that including a hyperlink to the document was sufficient.*
- Queried if the Board should respond to the CIPFA guidance to challenge some of the potentially unnecessary requirements and seek compliance for the alternative approach to the regulations e.g. links included rather than full documents. – *Rachel Wood explained that officers could speak to CIPFA to explain how officers believed compliance was being achieved. Rachel Wood added that the inclusion of links within the Annual Report ensured that the correct version was available.*
- Queried if the Internal Dispute Resolution Procedure (IDRP) listed in Appendix A was a requirement. – *Tara Atkins confirmed that this was not a regulatory requirement. The Chairman added that Treasury Management was also not a regulatory requirement. Rachel Wood explained that the Appendix aligned with guidance from Hymans Robertson but resolved to confirm the 'Importance' category for the next Board meeting.*

24.8 The Chairman praised the Annual Report and acknowledged that some areas were not entirely compliant with the detailed specifications in the CIPFA guidance, but that the officers and Panel had clearly had regard to the guidance in the context of the regulatory requirement.

24.9 Resolved – That the Board notes the register of policy document; the compliance of the Annual Report; and that the Pensions Panel have previously agreed the contents.

25. **Funding Strategy Statement**

25.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes).

25.2 Rachel Wood introduced the report and explained that the Funding Strategy Statement had been considered at the 24 July Pensions Panel meeting. The Pensions Panel had also received a presentation from the actuary which was similar to the actuary presentation at the AGM.

25.3 Rachel Wood highlighted the comments on page 164 which were from employers as part of the consultation exercise.

25.4 The Board made comments including those that follow.

- Queried the powers the actuary had to perform interim valuations to amend contribution rates. – *Rachel Wood explained that the actuary could currently use this power for specific instances in order to manage employer risks.*

- Asked who would pay for the interim valuations if available. – *Rachel Wood explained that employers would be charged for the costs for specific actuary work.*

25.5 Resolved – That the Board notes the Funding Strategy Statement.

26. **Date of Next Meeting**

26.1 The Board noted that its next scheduled meeting would take place on Wednesday 20 November 2019 at 9.30 a.m. at County Hall, Chichester.

27. **Exclusion of Press and Public**

Resolved – That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

28. **Part II Minutes of the last meeting**

The Board agreed the Part II minutes of the 22 May 2019 meeting.

29. **Pensions Panel Minutes – Part II**

The Board noted the contents of Part II minutes from the 29 April 2019 Pensions Panel meeting.

30. **Administration procedures and performance**

The Board considered the report by the Director of Finance and Support Services which included the Administration Performance report from the 24 July Pensions Panel (copy appended to the signed minutes).

The Board were joined by Andrew Lowe from Hampshire County Council.

The Board made comments on the report and discussed the continuing arrangements with Hampshire County Council following the recent transfer.

31. **ACCESS Update**

The Board considered the report by the Director of Finance and Support Services from the 24 July Pensions Panel (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.50 am

Chairman

Pension Advisory Board

20 November 2019

Progress Report

Date Received & Minute Number	Subject	Matters Arising	Officer Contact	November Update
22/11/18 Minute No. 77.5 1st Bullet	Pensions Panel Representative Member Roles	Change in role title	Rachel Wood	<p>The Board queried if the Pensions Panel's 'Employee' representative role should be 'Member' representative.</p> <p>In Progress</p> <p>Wording to be updated and considered in report going to the 2 December Governance Committee.</p>
22/11/18 Minute No. 77.5 3rd Bullet	Governance Policy and Compliance Statement	References to the Board	Rachel Wood	<p>Query if there should be more references to the Board, e.g. Board meeting frequency.</p> <p>In Progress</p> <p>Document to be updated pending the outcomes from the Hymans Robertson Good Governance report</p>

Date Received & Minute Number	Subject	Matters Arising	Officer Contact	November Update
22/11/18 Minute No. 77.5 4th Bullet	Governance Policy and Compliance Statement	Representative member duration	Rachel Wood	<p>The Board sought clarity on the terminology 'usual maximum length' of representative members.</p> <p>In Progress</p> <p>Reference to terms of reference will be included in paper that is going to the 2 December Governance Committee.</p>
06/03/19 Minute No. 89.3	The Pension Regulator	Invitation to a Board meeting	Rachel Wood	<p>The Board proposed inviting The Pension Regulator to a future Board meeting</p> <p>In Progress</p> <p>To be scheduled</p>
22/05/19 Minute No. 8.5 3rd Bullet	Review of Pension Fund Policy Documents	Newsletters	Tara Atkins	<p>The Board proposed a working group with Hampshire County Council to look at newsletters</p> <p>In Progress</p> <p>Officers to raise this proposal with Hampshire County Council.</p>
04/09/19 Minute No. 23.5 3rd Bullet	Governance Reviews and Surveys	Conflicts of interest	Rachel Wood	<p>Officers agreed to look annual arrangements for declarations of potential conflicts of interest.</p> <p>Completed. Democratic Services to include as a periodic process.</p>

Date Received & Minute Number	Subject	Matters Arising	Officer Contact	November Update
04/09/19 Minute No. 24.7 3rd Bullet	Review of Pension Fund Policy Documents	Importance category	Rachel Wood	Officers agreed to provide clarity on the importance category within the appendix. Completed

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Pensions Panel

24 July 2019 – At a meeting of the Pensions Panel held at 10.30 am at County Hall, Chichester.

Present: Mr Hunt (Chairman)

Mr Bradford, Mrs Dennis, Mr Elkins, Mr Jupp, Mrs Urquhart, Dr Walsh, Mr Donnelly and Ms Taylor

Part I

14. Declarations of Interests

14.1 Mr Elkins declared a personal interest as a Member of Arun District Council and the Littlehampton Harbour Board.

14.2 Mr Jupp declared a personal interest as a Member of Horsham District Council.

14.3 The Chairman requested that these interests be added to future agendas.

15. Part I Minutes of the last meeting

15.1 Rachel Wood, Pension Fund Investment Strategist, clarified for minute 4.2 that the Pension Advisory Board had considered the Administering Authority Discretions in July 2018 and was a different version from the one considered by the Pensions Panel in April 2019.

15.2 Rachel Wood also clarified that the number of employers quoted in minute 5.5, bullet 1, should be 201.

15.3 Resolved – That the Part I minutes of the Pensions Panel held on 29 April 2019 be approved as a correct record, and that they be signed by the Chairman.

16. Part II Matters

16.1 The Panel queried why the ACCESS update was in Part II. – Rachel Wood confirmed that the update included information that was commercially sensitive.

17. Pension Advisory Board Minutes - Part I

17.1 The Panel considered the confirmed Part I minutes from the 6 March 2019 Pension Advisory Board meeting; and the Agenda from the 22 May 2019 meeting (copies appended to the signed minutes).

17.2 The Panel welcomed Peter Scales, Chairman of the Pension Advisory Board. Peter Scales gave the Panel a summary of the recent work and activity of the Pension Advisory Board. This included a performance review of the year, 1:1 interviews between the Chairman and each of the

Board members, policy document reviews and agreeing a business plan that aimed to align with the Pension Panel's plan. Peter Scales explained that he ensured that the work of the Board did not duplicate the work of the Panel.

17.3 The Chairman welcomed the additional of Pension Advisory Board minutes to the Pensions Panel and confirmed that he would be attending the November Pension Advisory Board meeting.

17.4 Resolved – That the minutes and agenda be noted.

18. Annual Report and Accounts

18.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

18.2 Rachel Wood introduced the report and explained that the Audit Results Report had been considered at the recent Regulation, Audit and Accounts Committee. Adjustments had been made for Private Equity valuations following the publication of fund manager reports after the draft financial statements had been completed.

18.3 The external auditor Ernst and Young (EY) had also requested that additional accounting consideration be included for the McCloud outcome.

18.4 Supplementary wording had also been added relating to ACCESS, which would be consistent with all ACCESS authorities.

18.5 The Panel made comments including those that follow.

- Queried the level of overpayments. – *Rachel Wood explained that this mainly related to member deaths.*
- Sought clarity on the figures for stock lending as the net figures were similar for the 2 periods listed. – *Rachel Wood resolved to investigate the figures but proposed that the net figures were linked to fees.*

POST MEETING CLARIFICATION – The correct figures are shown below and have been amended in the published annual report

	2017/18	2018/19
Gross	£0.200m	£0.736m
Net	£0.142m	£0.589m

- Considered the wording for the Pensions Panel in the scheme management section and requested that the wording be refined.
- Queried the plans to fill the vacancy on the Pensions Panel for the Employer representative. – *Rachel Wood reported that officers were working with the Director of Law and Assurance on an appointment. The role had previously been occupied from the Police Authority.*
- Asked if it was normal to sort employers alphabetically and not by materiality size. – *Rachel Wood confirmed that the information could be sorted differently.*
- Sought clarity on the backing for academies. – *Steven Law, Hymans Robertson, confirmed that academies stood on their*

own, but backing from the Department of Education was available if necessary.

- Queried the failure to hit the target for the payment of pension benefits. – *The Chairman explained that this was linked to data following the administration transfer. The focus would be on assurance going forwards with Hampshire County Council.*

18.6 Resolved – that the Panel agrees the Annual Report; and notes the Statement of Accounts appended to the Annual Report and the items raised by the external auditors.

19. Funding Strategy Statement

19.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

19.2 Rachel Wood introduced the report and explained the current focus for the fund was the actuarial valuation which occurred every three years. Officers were working with Hymans Robertson and Hampshire County Council on the required data.

19.3 The Funding Strategy Statement had been reviewed by the Pension Advisory Board, and feedback from employers had been included in the report. Once the Pensions Panel had approved the Statement, Steven Law would proceed with the valuation work.

19.4 Steven Law gave a presentation to the Panel on the Actuarial Valuation (copy appended to the signed minutes).

19.5 Steven Law spoke through the presentation which outlined the timescales for the valuation, the actuarial assumptions, the projected funding level results and some of the unknowns including the Ministry of Housing, Communities and Local Government (MHCLG)'s consultation on moving towards 4 year valuation cycles to align with the unfunded public sector pension scheme cycle (such as the National Health Service Superannuation Scheme (NHSSS)). This cycle change would require either a 3 year, then a 2 year valuation; or a 5 year valuation.

19.6 Cost sharing options from the Scheme Advisory Board and HM Treasury were on hold pending the outcome of the McCloud case. The case concerned age discrimination within public sector pension fund reform. The treasury want one solution to resolve the issues; however the Local Government Pension Scheme may be allowed their own solution which would be likely to include protection for all members who joined before 2012 up to 2022.

19.7 Steven Law finished the presentation by outlining the fund objectives and the aim to maintain a better than 2/3rd's chance of full funding over 20 years.

19.8 The Panel made comments including those that follow.

- Queried if it was possible to perform more frequent valuations. – *Steven Law confirmed that interim valuations could take place. Additional valuations for high risk employers already took place.*
- Asked if the outcome for McCloud would impact other discussions regarding female state pension age issues. – *Steven Law was not sure if this would be impacted.*
- Queried if a 1% employer rate decrease was a reasonable estimation before McCloud was finished. – *Steven Law explained that he would be monitoring this but felt that 1% would be a good estimate at this point in time.*
- Sought clarity on the impact of staff turnover on cashflow. – *Steven Law explained that this would be discussed with Katherine Eberhart and the Police when modelling work was undertaken on outlook. The approach to risk would have to be considered depending on cashflow.*

19.9 Resolved – that the Panel:

1. Notes the update on the McCloud judgment
2. Considers the feedback from Employers relating to the draft Funding Strategy Statement.
3. Agrees the current version of the Funding Strategy Statement as the approach assumed by the Actuary when calculating employer liabilities and determining the pace at which these liabilities are funded.
4. Agrees that further minor changes to the document can be made by the Director of Finance and Support Services in consultation with the Chairman; with any material changes being brought back to the Pension Panel.
5. The Panel agrees that the final response to the valuation cycle consultation and management of employer risk is sent by the Director of Finance and Support Services in consultation with the Chairman.

20. Business Plan

20.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

20.2 Rachel Wood introduced the report and outlined the key areas of focus and the training options that were available to members.

20.3 The Panel made comments including those that follow.

- Asked if there were any specific training recommendations. – *Rachel Wood highlighted the training events in the report and explained that attendees could choose their own breakout activities. Members were encouraged to speak to Rachel Wood to discuss their individual training needs.*

- Queried if there would be a Local Government Association conference in January. *-Rachel Wood resolved to look into this and circulate information to Panel members.*

20.4 Resolved – that the Panel notes the updates to the Business Plan.

21. Date of the next meeting

21.1 The Panel noted that its next scheduled meeting would take place on 25 October 2019 at County Hall, Chichester.

22. Exclusion of Press and Public

Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

23. Part II Minutes of the last meeting

The Panel agreed the Part II minutes of the Pensions Panel held on 29 April 2019.

24. Pension Advisory Board Minutes - Part II

The Panel noted the contents of the Part II minutes from the 6 March 2019 Pension Advisory Board meeting.

25. ACCESS Update

The Panel considered a report by the Director of Finance and Support Services.

The Panel noted the update.

26. Administration Performance

The Panel considered a report by the Director of Finance and Support Services.

The Panel noted the update on administration performance.

27. Review of Pension Performance

The Panel considered a paper by the Director of Finance and Support Services.

The Panel received an update from Caroline Burton relating to the quarterly performance reports from the fund managers.

The Panel welcomed the advice.

28. Presentation by Baillie Gifford

The Panel received an update from Anne-Marie Gillon and Tim Gooding from Baillie Gifford on the portfolio performance for the quarter.

The meeting ended at 1.15 pm

Chairman

Pensions Panel AGM

24 July 2019 – At a meeting of the Pensions Panel AGM held at 2.15 pm at County Hall, Chichester.

1. Welcome

1.1 Jeremy Hunt, Chairman of the Pensions Panel, welcomed the attending employers to the meeting.

1.2 Jeremy Hunt welcomed and introduced Katherine Eberhart – Director of Finance and Support Services; Rachel Wood – Pension Fund Investment Strategist; Tim Gooding and Anne-Marie Gillon from Baillie Gifford; Steven Law – Actuary from Hymans Robertson; Andrew Lowe – Hampshire County Council and Peter Scales – Chairman of the Pension Advisory Board.

1.3 Jeremy Hunt reported on the recent transfer of Pension Administration from Capita to Hampshire County Council. Thanks were given to the staff from Capita on their work for the fund.

1.4 Jeremy Hunt highlighted the new member pension portal and encouraged employers to ask their employees to use the portal.

1.5 Jeremy Hunt gave an update on the pension fund and reported a £300m outperformance over the decade and also reported that Baillie Gifford funds would be moving into the ACCESS pool in November.

1.6 Jeremy Hunt spoke on Environmental, Social and Governance (ESG) and explained that fund managers worked with invested companies to ensure correct governance approaches. The Pensions Panel's primary task was ensuring fiduciary responsibility, but it was also important to consider ESG issues.

1.7 Jeremy Hunt reported that in 2016 the West Sussex Pension Fund was the best performing local authority pension fund in England and Wales.

2. Draft Annual Report of the Pension Fund

2.1 Katherine Eberhart – Director of Finance and Support Services, introduced the draft annual report which gave a summary of the activity for the year, covering fund performance and administration activity.

2.2 Katharine Eberhart reported that there had been a £250m asset increase for the year and that the fund was in receipt of positive cashflow (money being paid into the fund was higher than the money being paid out).

2.3 Katharine Eberhart reported that at the last triennial valuation the fund was 95% funded. The fund was now maintaining a 105% funding level.

2.4 Katharine Eberhart highlighted the previous administration performance issues experienced by employers and hoped that the transfer to Hampshire County Council would improve things once employers were used to the new arrangements. Communications would also be improved going forwards. The first quarter targets had not been met, but this was linked to the recent transfer and Hampshire Pension Services were working to improve this.

2.5 Jeremy Hunt thanked Katharine Eberhart for her presentation.

3. Investment Markets

3.1 Tim Gooding and Anne-Marie Gillon gave a presentation on Baillie Gifford's strategy and performance for the pension fund.

3.2 Anne-Marie Gillon explained that there had been no change in strategy and that Baillie Gifford takes a long-term approach to investing.

3.3 Tim Gooding outlined how Baillie Gifford manages the equity portion of the portfolio, highlighting the importance not only of a long-term investment horizon but also the durability and diversity of growth sought. Responsible stewardship is built into the investment process, the premise being that companies that are well managed and that act responsibly to their stakeholders will, on average, outperform over the long run companies that act in an irresponsible manner. Investment teams have a dedicated resource from the Governance & Sustainability team which ensures that every decision takes full account of any relevant ESG issues.

3.4 An attendee queried the responsible investment policy and West Sussex County Council's recent motion to attempt to be carbon neutral by 2030; and asked if the fund would be disinvesting from fossil fuels. – *Jeremy Hunt explained that Baillie Gifford invested according to the Pension Panel's instructions and that fund managers were signed up to the United Nations Principles for Responsible Investment (UNPRI). Consideration was given to ESG matters which includes emissions. It was noted that some fossil fuel companies were investing in renewable energy and that investment withdrawal could impact this research. The Pension Panel's principal task was to ensure maximum returns for the fund, however the need to transition to renewable energy was noted. There were currently no exclusions on any asset type for the pension fund.*

3.5 Jeremy Hunt thanked Tim Gooding and Anne-Marie Gillon for their presentation.

4. Actuarial Matters

4.1 Steven Law, Hymans Robertson, gave a presentation on the actuarial considerations for the fund valuation.

4.2 Steven Law outlined the milestones for the valuation and explained that the new contribution rates for employers would come into effect from 1 April 2020.

4.3 Steven Law outlined the current proposal from Ministry of Housing, Communities and Local Government (MHCLG) to move towards 4 year valuation cycles and how this may impact interim valuations.

4.4 Steven Law also explained the McCloud case which was linked to an age discrimination case for pension funds. The impact of the outcome could mean backdated protection to 2014 for more members. This would lead to uncertainty with the calculation for employer contribution rates.

4.5 Jeremy Hunt thanked Steven Law for his presentation.

5. Pension Administration Update

5.1 Rachel Wood, Pension Fund Investment Strategist, introduced the item and explained that the administration transfer to Hampshire County Council had completed on time and the payroll system was running well. The external auditor EY was happy with the data transfer.

5.2 Andrew Lowe from Hampshire County Council gave a presentation that explained how the partnership working was happening and what the organisation structure for Hampshire Pension Services looked like.

5.3 Andrew Lowe explained how Hampshire Pension Services delivered their administration service, and explained that their next key piece of work would be publishing the annual benefit statements on the portal.

5.4 An attendee queried the timescales for when Hampshire Pension Services expected business as usual levels to resume. – *Andrew Lowe explained that Hampshire County Council were working with the West Sussex County Council to improve performance as soon as possible.*

5.5 Jeremy Hunt reiterated his request that employers encourage their employees to use the portal, where they would be able to check their pension record and also update their personal details. Andrew Lowe welcomed this encouragement and reported that Hampshire Pension Services had received good feedback on portal usage.

5.6 Jeremy Hunt thanked Andrew Lowe and his team.

The meeting ended at 15:10

Chairman

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Tony Kershaw
Director of Law and Assurance

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17 October 2019

Pensions Panel

A meeting of the panel will be held at **10.00 am** on **Friday, 25 October 2019** at **County Hall, Chichester**.

Tony Kershaw
Director of Law and Assurance

Agenda

Part I

10.00 am 1. **Declarations of Interests**

Members and officers are invited to make any declaration of personal or prejudicial interests that they may have in relation to items on the agenda and are reminded to make any declarations at any stage during the meeting if it becomes apparent that this may be required when a particular item or issue is considered.

It is recorded in the register of interests that:

- Mr Donnelly is a Horsham District Councillor
- Mr Elkins is a Member of the Littlehampton Harbour Board and Arun District Council
- Mr Hunt is the Chairman of the Chichester Harbour Conservancy
- Mr Jupp is a Member of Horsham District Council and has a daughter who works for Blackrock
- Dr Walsh is a Member of the Littlehampton Harbour Board, Arun District Council and Littlehampton Town Council

These financial interests only need to be declared at the meeting if there is an agenda item to which they relate.

10.00 am 2. **Part I Minutes of the last meeting** (Pages 5 - 10)

The Panel is asked to agree the Part I minutes of the meeting of the Panel held on 24 July 2019 attached (cream paper).

- 10.03 am 3. **Minutes from the Annual Meeting of the Pensions Panel and the Employers in the Fund** (Pages 11 - 14)
- The Panel is asked to agree the minutes from the annual meeting held on 24 July 2019 attached (cream paper).
- 10.03 am 4. **Urgent Matters**
- Items not on the agenda, which the Chairman of the meeting is of the opinion, should be considered as a matter of urgency by reason of special circumstances.
- 10.03 am 5. **Part II Matters**
- Members are asked to indicate at this stage if they wish the meeting to consider bringing into Part I any items on the Part II agenda.
- 10.03 am 6. **Pension Advisory Board Minutes - Part I**
- The Panel is asked to note the confirmed Part I minutes from the meeting of the Pension Advisory Board on 22 May 2019 and the agenda from the meeting of the Pension Advisory Board on 4 September 2019.
- (a) **22 May - Part I Pension Advisory Board Minutes** (Pages 15 - 22)
- (b) **4 September - Pension Advisory Board Agenda** (Pages 23 - 26)
- 10.05 am 7. **Actuarial Valuation 2019** (Pages 27 - 30)
- Report by the Director of Finance and Support Services.
- The Panel is asked to note the update.
- The Panel also to receive a presentation from the fund actuary.
- 10.25 am 8. **Business Plan** (Pages 31 - 44)
- Report by the Director of Finance and Support Services.
- The Panel is asked to note the updates to the Business Plan.
- 10.28 am 9. **Equitable Life transfer to Utmost Life and Pensions (AVCs)** (Pages 45 - 68)
- Report by Director of Finance and Support Services.
- The Panel is asked to approve the recommendation to vote in favour of the Scheme and Change to the Articles.

10.35 am 10. **Pension Administration Performance** (Pages 69 - 92)

Report by the Director of Finance and Support Services.

The Panel is asked to note the update on the Administration Performance; the changes to the Administration Strategy; and agree the Breaches Policy.

10.50 am 11. **Date of the next meeting**

The next meeting of the Pensions Panel will be 10.00 a.m. 27 January 2020 at County Hall.

Part II

10.50 am 12. **Exclusion of Press and Public**

The Board is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as indicated below, and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

10.50 am 13. **Part II Minutes of the last meeting** (Pages 93 - 98)

To confirm the Part II minutes of the meeting of the Panel held on 24 July 2019, for members of the Panel only (yellow paper).

10.55 am 14. **Pension Advisory Board Minutes - Part II** (Pages 99 - 100)

The Panel is asked to note the confirmed Part II minutes from the meeting of the Pension Advisory Board on 22 May 2019 (yellow paper).

10.55 am 15. **ACCESS Update** (Pages 101 - 128)

Report by the Director of Finance and Support Services attached for members of the Panel only (yellow paper).

The Panel is asked to consider the recommendations within the report.

11.15 am 16. **Review of Pension Performance**

The following reports are for the Panel to review Pension performance over the last quarter.

(a) **Transaction and Performance** (To Follow)

Paper by the Director of Finance and Support Services summarising transactions and performance during the quarter, for members of the Panel only (yellow paper).

(b) **Independent Fund Advisor Comments** (To Follow)

Paper from the independent fund advisor giving comments on the quarter, for members of the Panel only (yellow paper).

11.30 am 17. **Presentation by UBS**

The Panel to receive a presentation on portfolio performance.

To all members of the Pensions Panel

Pension Advisory Board

20 November 2019

Regulations and Guidance Update

Report by the Chairman of the Pension Advisory Board

Executive Summary

Members of the Pension Advisory Board (PAB) are required to maintain a suitable level of knowledge and understanding in relation to the Scheme Regulations and Guidance.

This report provides an update on issues covered by the LGPC bulletins, by the Scheme Advisory Board at its meetings, and other guidance.

Recommendations

The Board is asked to note the current issues relating to Scheme Regulations and Guidance.

1. Knowledge & Skills Resources

- 1.1 Access to the LGPS website remains the primary source of information on the LGPS regulations and guidance, and to changes under consideration or consultation. There are no new regulations of which Board members should be aware.

2. LGPS Bulletins

- 2.1 Since the May meeting report was prepared, LGPC have issued three bulletins and brief details of these, together with a brief status report on any action required, including past bulletins, are set out in **Appendix A**. Full details are available on the LGPC website.

3. Scheme Advisory Board

- 3.1 The next meeting of the SAB is due to be held on 7 November 2019 and the outcome of their discussions may not be available before the Board meeting.
- 3.2 The key items on their agenda include the good governance review, guidance on responsible investment, UK Stewardship Code, member representation on pools, the CMA Order and tPR's report on engagement with ten LGPS funds. Some of these items are covered elsewhere on the agenda and further information is available on the website.
[www.lgpsboard.org "Board Publications" section].

4. Guidance

- 4.1 **MHCLG draft guidance on pooling** - There appears to have been no further information issued by MHCLG on this consultation although there are suggestions that draft guidance may be issued for consultation before the year end and for implementation on 1 April 2020.
- 4.2 **The Investment Consultancy and Fiduciary Management Investigation Order 2019** – As reported previously, the application of this order to LGPS funds has not been clear. However, it has been announced recently by SAB that Remedy 7 (obligation to set strategic objectives for investment consultants) will apply and comes into force on 10 December. An oral update will be given at the meeting.
- 4.3 **Responsible investment guidance from SAB** - Draft guidance is due to be considered by SAB on 7 December. An extract from the agenda papers is set out in **Appendix B**.

5. Equality Impact Review

- 5.1 An Equality Impact Review is not required as there are no relevant decisions to be taken.

Peter Scales

Chairman of the Pension Advisory Board

Contact: Adam Chisnall, Democratic Services Officer, 033 022 28314

Appendices

Appendix A - Knowledge & Skills Resources - LGPS Bulletins

Appendix B – Extract from Scheme Advisory Board meeting agenda for 7 December 2019 on responsible investment guidance

Background papers

None

West Sussex Pension Advisory Board
Knowledge & Skills Resources - LGPS Bulletin update

Bulletin	Relevant content	Report
2018 176 Sept	The Pensions Regulator - New approach to workplace pensions regulation - for further review as details emerge	TBR
2019 181 Feb	Consultation on fair deal to strengthen the pension protections for employees transferring to a service provider	TBR
188 August	Local valuation cycle – 280 responses to Consultation MHCLG to respond in autumn Good Governance review process TPO proposals for earlier determination TPR Scheme return due in October CMA TPR issue draft guides on requirements	Note TBR Note
189 Sept	Court proceedings – notify MHCLG Submission of annual reports by 29 November DWP Tell us Once messaging brought in house TPR publishes engagement report with LGPS funds	Note
190 October	SF3 data published GAD request for valuation data by 18 November TPR initiative to improve data quality TPR report on Barnet Pension Fund McCloud possible remedy advise employers September rate of CPI set at 1.7%	Note TBR Note

TBR = To be reported

November 2019

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Extract from the SAB agenda papers for 7 December 2019

Responsible Investment Guidance – Part 1

1.1. Part 1 of the guidance on Responsible Investment has reached a stage where it needs to be discussed by the committee and a decision taken on the recommendation to be made to the Board when it meets on the 6th November. If the Board is content, the intention is to run a short consultation with scheme stakeholders to the end of the year with publication early in the New Year.

1.2. The aim of Part 1 of the guidance is to assist those responsible for investment decision making in the LGPS to recognise their responsibilities for developing and maintaining responsible investment policies according to scheme regulations, statutory guidance and the general public law. The aim is also to give investment decision makers a clear indication of the extent to which they can take into account non-financial factors without straying outside these duties. It also reflects, where appropriate, the government's response to recent Law Commission reports on Fiduciary Duty and Social Investment and the regulations introduced recently for schemes based on trust law.

1.3. The guidance will also assist those responsible for investment decision making and **local pension boards** in their compliance role to ensure that they are acting in accordance with scheme regulations and statutory guidance relevant to responsible investment.

1.4. As well as Board and committee members, the consultation would be extended to include the **Chairs of** pension committees and **local pension boards**, CIPFA, LAPFF, PIRC, ALATS, PLSA, MHCLG, the Pensions Regulator, DWP, trade unions and the CPCG Responsible Investment Group.

1.5. Work on Part 2 of the guidance will commence early in the New Year with the main focus being on the journey along the spectrum of capital which can be used to chart where an administering authority's responsible investment policy sits between two extremes, that is, at one end of the spectrum, the sole aim to achieve long term financial returns, to the other, the sole aim of investing for social or ethical impact with no aspiration to achieve financial returns. Details of the information and resources available to assist administering authorities in making this journey will be included in the guidance. It will also include practical case studies to demonstrate how fund authorities have been able to integrate ESG and impact investment policies into their investment strategies.

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Pension Advisory Board

20 November 2019

Governance reviews and surveys

Report by the Chairman of the Pension Advisory Board

Executive Summary

This report refers to progress on taking forward the published report by Hymans Robertson on their Good Governance Review, and on the Pensions Regulator's Survey and the Scheme Advisory Board (SAB) survey for 2019.

Recommendations

The Board is asked to note the current position on progress on the SAB governance review and to agree how best to manage responses to the surveys expected from The Pensions Regulator (tPR) and SAB.

1. Hymans Robertson's report on good governance

- 1.1 As reported previously, the draft report was submitted to the Scheme Advisory Board (SAB) on 8 July and published in its final form on 31 July. SAB set up two working groups to consider the report which have met twice during the past two months. The SAB is due to consider the recommendations of the working groups at its meeting on 7 November.
- 1.2 According to the agenda papers for that meeting, the working groups have recommended, in summary, that:
 - Publication of a new Governance Compliance statement to include LGPS responsible person, resources allocated to function, scheme of delegations for LGPS decisions, LGPS budget process and outcome measures;
 - Outcome measures should use existing indicators where possible;
 - Updated guidance should be published or signposted/approved by MHCLG;
 - Guidance should set out minimum requirements of knowledge and understanding for responsible person and decision makers;
 - Governance review should be biennial and must be on a consistent basis but may use external or internal resource, and
 - Introduction of an LGPS 'Peer Challenge' process
- 1.3 Subject to SAB's agreement, the project will proceed to phase 3 which will include specific work to identify the outcome measures to be used. The Board can expect to be consulted in some way as these proposals are developed.

2. The Pensions Regulator's Survey 2019

- 2.1 The Survey was issued in November. A blank version has been appended (Appendix A) for the Board's feedback and comments on how best to manage the response.

3. Local Pension Board Survey 2019

- 3.1 The Board agreed a response to the draft survey at its meeting in September, but SAB had not issued the Survey formally at the time of writing this report. Subject to there being no significant changes to the draft, the Board's agreed response will be submitted.

4. Equality Impact Review

- 4.1 An Equality Impact Review is not required as there are no relevant decisions to be taken.

Peter Scales

Chairman of the Pension Advisory Board

Contact: Adam Chisnall, Democratic Services Officer, 033 022 28314

Appendices

Appendix A - The Pensions Regulator's Survey 2019

Background papers

None

The Pensions Regulator

Public Service Governance and Administration Survey 2019

This document is intended to be used as a guide to help you gather the information required for the survey. Please note, however, that we need you to complete the questionnaire through the [online survey link](#) contained in your invitation email.

Thank you for taking the time to complete this survey. Please answer the questions in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful.

SECTION A – GOVERNANCE

The first set of questions is about how your pension board works in practice.

A1. EVERYONE TO ANSWER

Does your scheme have a documented policy to manage the pension board members' conflicts of interest?

Please select one answer only

1. Yes
2. No
3. Don't know

A2. EVERYONE TO ANSWER

Does your scheme maintain a register of pension board members' interests?

Please select one answer only

1. Yes
2. No
3. Don't know

A3. EVERYONE TO ANSWER

Focusing on the scheme's pension board meetings in the last 12 months, please tell us the following:

Please write in the number for each of a-c below

- a) Number of board meetings that were scheduled to take place (in the last 12 months)
- b) Number of board meetings that actually took place (in the last 12 months)
- c) Number of board meetings that were attended by the scheme manager or their representative (in the last 12 months)

A4. EVERYONE TO ANSWER

Do the scheme manager and pension board have sufficient time and resources to run the scheme properly?

Please select one answer only

1. Yes
2. No
-3. Don't know

A5. EVERYONE TO ANSWER

Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

Please select one answer only

1. Yes
2. No
3. Don't know

A6. EVERYONE TO ANSWER

How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

Please select one answer only

1. At least monthly
2. At least quarterly
3. At least every six months
4. At least annually
5. Less frequently
6. Never
7. Don't know

A7. EVERYONE TO ANSWER

On average, how many hours of training per year does each pension board member have in relation to their role on the pension board?

Please write in the number below

..... hours per year

A8. EVERYONE TO ANSWER

Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?

Please select one answer only

1. Yes
2. No
3. Don't know

A9. EVERYONE TO ANSWER

Is the pension board able to obtain sufficient specialist advice on the following matters when it needs to?

<i>Please select one answer per row</i>	Yes	No	Don't know
a) Administration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Cyber security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Legal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A10. EVERYONE TO ANSWER**Focusing on the composition of your pension board, please tell us the following:***Please write in the number for each of a-d below*

- a) Number of current board members
- b) Number of vacant positions on the board
- c) Number of members that have left the board
in the last 12 months
- d) Number of members that have been appointed
to the board in the last 12 months

A11. EVERYONE TO ANSWER**Does the scheme have a succession plan in place for the members of the pension board?***Please select one answer only*

1. Yes
2. No
3. Don't know

A12. EVERYONE TO ANSWER**Has the scheme manager delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person?***Please select one answer only*

1. Yes
2. No
3. Don't know

SECTION B – MANAGING RISKS**The next set of questions is about managing risks.****B1. EVERYONE TO ANSWER****Does your scheme have its own documented procedures for assessing and managing risk?****Please select 'No' if your scheme relies on your local authority's documented procedures for assessing and managing risk.***Please select one answer only*

1. Yes
2. No
3. Don't know

B2. EVERYONE TO ANSWER**Does your scheme have its own risk register?****Please select 'No' if your scheme relies on your local authority's risk register.***Please select one answer only*

1. Yes
2. No
3. Don't know

B3. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings reviewed the scheme's exposure to new and existing risks?

Please write in the number below

.....

B4. EVERYONE TO ANSWER

To what do the top three governance and administration risks on your register relate? If you do not have a risk register, please tell us to what the top three governance and administration risks facing your scheme relate.

Please select up to three options below

1. Funding or investment
2. Record-keeping (i.e. the receipt and management of correct data)
3. Guaranteed Minimum Pension (GMP) reconciliation
4. Securing compliance with changes in scheme regulations
5. Production of annual benefit statements
6. Receiving contributions from the employer(s)
7. Lack of resources/time
8. Recruitment and retention of staff or knowledge
9. Lack of knowledge, effectiveness or leadership among key personnel
10. Poor communications between key personnel (board, scheme manager, administrator, etc.)
11. Failure of internal controls
12. Systems failures (IT, payroll, administration systems, etc.)
13. Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
14. Administrator issues (expense, performance, etc.)
15. Other (please specify):
16. Don't know

SECTION C – ADMINISTRATION AND RECORD-KEEPING PROCESSES

The next set of questions is about administration and record-keeping.

C1. EVERYONE TO ANSWER

Does the scheme have an administration strategy?

Please select one answer only

1. Yes
2. No
3. Don't know

C2. EVERYONE TO ANSWER

Which of the following best describes the scheme's administration services?

Please select one answer only

1. Delivered in house
2. Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract
3. Outsourced to a commercial third party
4. Other
5. Don't know

C3. EVERYONE TO ANSWER

Which of the following do you use to measure the performance of your administrators (whether in-house or outsourced)?

Please select all the options that apply

1. Performance against a service level agreement or service schedule
2. Member satisfaction ratings
3. 'Right first time' statistics
4. Testing the accuracy of calculations
5. Analysis of errors
6. Complaints volumes and trends
7. Volumes of rework required
8. Assessing project delivery against initially agreed time and cost
9. Benchmarking against the market
10. Auditing administration functions and systems
11. None of these
12. Don't know

C4. EVERYONE TO ANSWER

To what extent are the following processes automated?

A process is automated if it is completed through the use of technology, for example through a software platform, with minimal human intervention.

Please select one answer per row

	Fully automated	Mainly automated with some manual intervention	Mainly done manually	All done manually	Don't know
a) Verification and input of employer data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Reconciliation of contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Reporting – data quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Reporting – complaints and issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Benefit value calculations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Transfer value calculations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Production of benefit statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Monitoring workload and resourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C5. EVERYONE TO ANSWER

What, if any, barriers do you face to automating more of the scheme's processes?

Please select all the options that apply

1. Lack of suitable technology
2. Difficulty in integrating it with the scheme's existing systems
3. The initial set-up costs involved
4. Securing the necessary internal approval
5. Internal resistance to (further) automation
6. Lack of knowledge/expertise about how to implement this
7. Poor quality of the data
8. Other (please specify):
9. No barriers to automating more of the scheme's processes
10. Don't know

C6. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings had administration as a dedicated item on the agenda?

Please write in the number below

.....

C7. EVERYONE TO ANSWER

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

Please select one answer only

1. Yes
2. No
3. Don't know

C8. EVERYONE TO ANSWER

Does the scheme have an agreed process in place with the employer(s) to receive, check and review data?

Please select one answer only

1. Yes
2. No
3. Don't know

C9. EVERYONE TO ANSWER

Is your scheme single employer or multi-employer?

Please select one answer only

1. Single employer scheme (i.e. used by just one employer)
2. Multi-employer scheme (i.e. used by several different employers)

C10. ANSWER IF SINGLE EMPLOYER SCHEME (C9=1)**Does your participating employer...***Please select one answer per row*

	Yes	No	Don't know
a) Always provide you with timely data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Always provide accurate and complete data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Submit data to you monthly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Submit data to you electronically?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C11. ANSWER IF MULTI-EMPLOYER SCHEME (C9=2)**What proportion of your scheme's employers...***Please write in the percentage (from 0% to 100%) for each of a-d below. If you do not know exactly, please give an approximate percentage.*

- a) Always provide you with timely data? %
- b) Always provide accurate and complete data? %
- c) Submit data to you monthly? %
- d) Submit data to you electronically? %

C12. EVERYONE TO ANSWER**Does the scheme have a process in place for monitoring the payment of contributions?***Please select one answer only*

1. Yes
2. No
3. Don't know

C13. EVERYONE TO ANSWER**Does the scheme have a process in place for resolving contribution payment issues?***Please select one answer only*

1. Yes
2. No
3. Don't know

SECTION D – CYBER SECURITY

The next set of questions is about your scheme's cyber security.

D1. EVERYONE TO ANSWER

Which, if any, of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'?

By 'cyber risk' we mean the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes.

Please select all the options that apply

1. Roles and responsibilities in respect of cyber resilience are clearly defined and documented
2. Cyber risk is on the risk register and regularly reviewed
3. Assessment of the vulnerability to a cyber incident of the key functions, systems, assets and parties involved in the running of the scheme
4. Assessment of the likelihood of different types of breaches occurring in the scheme
5. Access to specialist skills and expertise to understand and manage the risk
6. System controls (e.g. firewalls, anti-virus and anti-malware products and regular updates of software)
7. Controls restricting access to systems and data
8. Critical systems and data are regularly backed up
9. Policies on the acceptable use of devices, passwords and other authentication, and on home and mobile working
10. Policies on data access, protection, use and transmission which are in line with data protection legislation and guidance
11. An incident response plan to deal with any incidents which occur
12. The scheme manager has assured themselves of third party providers' controls (including administrators)
13. The scheme manager receives regular updates on cyber risks, incidents and controls
14. The pension board receives regular updates on cyber risks, incidents and controls
15. None of these
16. Don't know

D2. EVERYONE TO ANSWER

Have any of the following happened to your scheme, including at your administration provider, in the last 12 months?

Please select all the options that apply

1. Computers becoming infected with ransomware
2. Computers becoming infected with other viruses, spyware or malware
3. Attacks that try to take down your website or online services
4. Hacking or attempted hacking of online bank accounts
5. People impersonating your scheme in emails or online
6. Staff receiving fraudulent emails or being directed to fraudulent websites
7. Unauthorised use of computers, networks or servers by staff, even if accidental
8. Unauthorised use or hacking of computers, networks or servers by people outside your scheme
9. Any other types of cyber security breaches or attacks
10. None of these
11. Don't know

D3. ANSWER IF EXPERIENCED ANY CYBER SECURITY BREACHES IN THE LAST 12 MONTHS (D2=1-9)

Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months (including at your administration provider), which, if any, of the following happened as a result?

Please select all the options that apply

1. Software or systems were corrupted or damaged
2. Personal data (e.g. on members, beneficiaries or staff) was altered, destroyed or taken
3. Permanent loss of files (other than personal data)
4. Temporary loss of access to files or networks
5. Lost or stolen assets, trade secrets or intellectual property
6. Money was stolen
7. Your website or online services were taken down or made slower
8. Lost access to any third-party services you rely on
9. None of these
10. Don't know

SECTION E – DATA REVIEW

The next set of questions is about your scheme's approach to reviewing and improving its data.

E1. EVERYONE TO ANSWER

When did your scheme last complete a data review exercise?

Please select one answer only

1. Within the last 12 months
2. More than 12 months ago
3. Never completed one
4. Don't know

E2. ANSWER IF SCHEME HAS EVER COMPLETED A DATA REVIEW EXERCISE (E1=1 OR 2)

Did your scheme's most recently completed data review exercise identify any issues or problems with the following?

Please select one answer per row

	Yes	No	Don't know
a) National insurance number	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) First name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Surname	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) First line of address	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Postcode	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Membership start date	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) Other data item(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E3. ANSWER IF REVIEW IDENTIFIED ISSUES WITH ANY OF THE SPECIFIC DATA ITEMS (YES AT ANY OF E2a-k)

Focussing just on the specific data items that you identified issues or problems with in your most recently completed data review, approximately what percentage of the scheme memberships were affected by each one?

Please select one answer per row

% of memberships affected

<i>(just for those selected at E2)</i>	<1%	1-9%	10-19%	20-29%	30%+	Don't know
a) National insurance number	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) First name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Surname	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) First line of address	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Postcode	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Membership start date	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E4. ANSWER IF DATA REVIEW IDENTIFIED ISSUES WITH ANY DATA ITEMS (YES AT ANY OF E2a-l)

Has any action been taken to address the issues or problems identified with the data?

Please choose one answer that most closely describes the action your scheme has taken to date

1. An improvement plan is in development
2. An improvement plan is in place but rectification work is not yet complete
3. An improvement plan has been put in place and rectification work has been completed
4. Rectification work has been undertaken without an improvement plan
5. No improvement plan has been developed and no work has been undertaken
6. Don't know

SECTION F – ANNUAL BENEFIT STATEMENTS

The next set of questions is about members' annual benefit statements.

F1. EVERYONE TO ANSWER

In 2019, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

..... %

F2. ANSWER IF DEADLINE WAS MISSED FOR ANY MEMBERS (F1=0-99%)**Was the missed deadline for issuing active member statements reported to TPR?***Please select one answer only*

1. Yes - and Breach of Law report made
2. Yes - but decided not to make a Breach of Law report
3. No - not reported
4. Don't know

F3. ANSWER IF MISSED DEADLINE WAS NOT REPORTED TO TPR (F2=3)**What was the main reason for not reporting the breach?***Please select one answer only*

1. Not material - few statements affected
2. Not material - very short delay
3. Other reason (please specify):
4. Don't know

F4. EVERYONE TO ANSWER**What proportion of all the annual benefit statements the scheme sent out in 2019 contained all the data required by regulations?***Please write in the percentage below. If you do not know exactly, please give an approximate percentage.*

..... %

SECTION G – RESOLVING ISSUES**The next set of questions is about resolving issues or complaints the scheme has received.****G1. EVERYONE TO ANSWER****Does the scheme have a working definition of what constitutes a complaint?***Please select one answer only*

1. Yes
2. No
3. Don't know

G2. EVERYONE TO ANSWER**Focusing on the complaints you have received in the last 12 months from members or beneficiaries in relation to their benefits and/or the running of the scheme, please tell us the following information.***Please write in the number for each of a), b) and c) below. The number at b) should be equal to or lower than the number at a). The number at c) should be equal to or lower than the number at b).*

- a) **Total number of complaints received**
- b) **Number of these complaints that have entered the Internal Dispute Resolution (IDR) process**
- c) **Number of these complaints that were upheld by the IDR process**

G3. ANSWER IF ANY COMPLAINTS ENTERED THE IDR PROCESS IN THE LAST 12 MONTHS (G2b>0)

To what did the top three types of complaint going through the IDR process relate?

Please select up to three options below

1. Slow or ineffective communication
2. Inaccuracies or disputes around pension value or definitions
3. Delays to benefit payments
4. Disputes or queries about the amount of benefit paid
5. Delay or refusal of pension transfer
6. Inaccurate data held and/or statement issued
7. Pension overpayment and recovery
8. Eligibility for ill health benefit
9. Other (please specify):
10. Don't know

SECTION H – REPORTING BREACHES

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

H1. EVERYONE TO ANSWER

Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify breaches of the law?

Please select one answer only

1. Yes
2. No
3. Don't know

H2. EVERYONE TO ANSWER

In the last 12 months, have you identified any breaches of the law that are not related to annual benefit statements?

Please select one answer only

1. Yes
2. No
3. Don't know

H3. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

What were the root causes of the breaches identified?

Please select all the options that apply

1. Systems or process failure
2. Failure to maintain records or rectify errors
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of the employer(s) to provide timely, accurate or complete data
5. Late or non-payment of contributions by the employer(s)
6. Other employer-related issues (please specify):
7. Something else (please specify):
8. Don't know

H4. EVERYONE TO ANSWER

Are there procedures in place to assess breaches of the law, and report these to TPR if required?

Please select one answer only

1. Yes
2. No
3. Don't know

H5. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do not include any breaches that related to annual benefit statements.

Please select one answer only

1. Yes
2. No
3. Don't know

SECTION I – GOVERNANCE AND ADMINISTRATION

The next set of questions is about your progress in addressing governance and administration issues.

I1. EVERYONE TO ANSWER

What do you believe are the top three factors behind any improvements made to the scheme's governance and administration in the last 12 months?

Please select up to three options below

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved engagement by TPR
3. Improved understanding of the risks facing the scheme
4. Resources increased or redeployed to address risks
5. Administrator action (please specify):
6. Scheme manager action (please specify):
7. Pension board action (please specify):
8. Other (please specify):
9. No improvements made to governance/administration in the last 12 months
10. Don't know

I2. EVERYONE TO ANSWER

What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

Please select up to three options below

1. Lack of resources or time
2. Complexity of the scheme
3. The volume of changes that are required to comply with legislation
4. Recruitment, training and retention of staff and knowledge
5. Lack of knowledge, effectiveness or leadership among key personnel
6. Poor communications between key personnel (board, scheme manager, administrator, etc.)
7. Employer compliance
8. Issues with systems (IT, payroll, administration systems, etc.)
9. The McCloud judgement
10. Other (please specify):
11. There are no barriers
12. Don't know

SECTION J – PERCEPTIONS OF TPR

The final set of questions is about your views of TPR.

J1. EVERYONE TO ANSWER

Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) Tough	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Visible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Fair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Respected	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Evidence-based	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Decisive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Approachable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

J2. EVERYONE TO ANSWER

Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?

Please select one answer only

1. Very effective
2. Fairly effective
3. Neither effective nor ineffective
4. Not very effective
5. Not at all effective
6. Don't know

J3. EVERYONE TO ANSWER

To what extent do you agree or disagree with the following statements?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) TPR is effective at bringing about the right changes in behaviour among its regulated audiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) TPR is proactive at reducing serious risks to member benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION K – ATTRIBUTION

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

K1. EVERYONE TO ANSWER

Which of the following best describes your role within the pension scheme?

Please select one answer only

1. Scheme manager*
2. Representative of the scheme manager
3. Pension board chair
4. Pension board member
5. Administrator
6. Other (please specify):

**In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

K2. EVERYONE TO ANSWER

What other parties did you consult with to complete this survey?

Please select all the options that apply

1. Scheme manager
2. Representative of the scheme manager
3. Pension board chair
4. Pension board member
5. Administrator
6. Other
7. Did not consult with any other parties

K3. EVERYONE TO ANSWER

To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose
2. No, I would like my responses to remain anonymous

K4. EVERYONE TO ANSWER

And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board
2. No, I would like my responses to remain anonymous

K5. EVERYONE TO ANSWER

TPR may conduct some follow up research on this topic to improve their advice and engagement with schemes such as yours. Would you be willing for us to pass on your name, contact details and relevant survey responses to them so that they, or a different research agency on their behalf, could invite you to take part?

You may not be contacted and, if you are, there is no obligation to take part. Your contact details will be stored for a maximum duration of 12 months, before being securely destroyed.

Please select one answer only

1. Yes, I am happy to be contacted for follow-up research
2. No, I would prefer not to be contacted for follow-up research

K6. EVERYONE TO ANSWER

Please record your name below. This is just for quality control purposes and will not be passed on to TPR (unless you have agreed that they can contact you for follow-up research).

Please write in below

.....

K7. EVERYONE TO ANSWER

Finally, please use the space below if you have any other comments or would like to clarify/ explain any of the answers you have given.

Please write in below if applicable

.....

.....

.....

.....

.....

.....

.....

Thank you. Please now submit your responses through the [online survey link](#) contained in your invitation email. If you have any queries or technical issues please contact James Murray (Director, OMB Research) at james.murray@ombresearch.co.uk or on 01732 220582.

Pension Advisory Board

20 November 2019

Business Plan Update

Report by the Chairman of the Pension Advisory Board

Executive Summary

The Board has approved a Business Plan for 2019/20 and 2020/21. This report provides an update on progress against the Plan and provides an opportunity for the Board to consider any changes to the risk profiles or work plan. A copy of the update report to the Pensions Panel is also included.

Recommendations

That the updates to the Business Plans of the Board and the Panel are noted

1. Background

- 1.1 The Board agreed its Business Plan on 22 May which was approved by the Governance Committee on 24 June. The Board agreed to review progress on the Plan at each meeting and update the Plan where necessary.

2. Business Plan update

- 2.1 A brief review of progress in delivering key tasks is set out in **Appendix A** and includes an 'aide memoire' column as a reminder of action to be taken. For ease of reference, **Appendix B** is the work plan agreed for 2019-20 annotated to show changes in the plan.
- 2.2 The Board is making good progress on core activities but some of the planned special activities and reviews will need to be deferred as follows:
 - The MHCLG has not yet issued revised guidance on pooling and although this is expected this autumn, it will not be possible for the Board to consider the implications and a revised Investment Strategy Statement before its meeting in February.
 - The Surveys from SAB and tPR have not yet been received.
 - The internal audit of pensions administration is still in progress and will not be available to the Board before February.
 - Due to the slippage in these items, the review of other pension boards will need to be moved forward to 2020/21
 - The planned review of tPR e-training requirements is awaiting progress on arranging a presentation to the Board.
- 2.3 As reported elsewhere on the agenda, revised guidance on the governance framework following the report by Hymans Robertson on Good Governance is expected to be issued for consultation by December and will likely form a new activity for the February meeting.

3. Risks

- 3.1 A new potential risk has been identified in relation to SAB and tPR surveys where there is a danger of those bodies misinterpreting 'crude' responses to survey questions. The delay in their issue poses a risk that the Board may not have adequate time to consider its response.

4. Training

- 4.1 The agreed Training Strategy is being followed and training activity recorded on the log for regular review. All members have completed the tPR toolkit but there is no further news as to when this will be revised.
- 4.2 The SAB has indicated that there will be new requirements for knowledge and understanding based on the good governance review. In addition, CIPFA has announced a joint initiative with AON Consulting to issue revised guidance. These will need to be reviewed when available.

5. Pensions Panel Business Plan

- 5.1 Given the link now established between the Board's and the Panel's Business Plans a copy of the Update Report for the Panel's Plan is attached as **Appendix C**.

6. Equality Impact Review

- 6.1 An Equality Impact Review is not required as there are no relevant decisions to be taken.

Peter Scales

Chairman of the Pension Advisory Board

Contact: Adam Chisnall, Democratic Services Officer, 033 022 28314

Appendices

Appendix A - Update on progress on Business Plan

Appendix B - PAB Work Plan 2019/20

Appendix C - Update report on Pensions Panel Business Plan

Background papers

None

Pension Advisory Board - Business Plan 2019/20

Update on progress to 4 September 2019

Aide memoire

Business planning and performance

- Programme of work, budget and resources agreed 22/05/19
- Plan reported to Governance Committee and Pensions Panel
- Attendance at Pensions Panel and AGM in July

- Arrange self-assessments for January
- No new risks

Compliance checks

- Register of interests linked on website
- Members attended briefing on statement of accounts
- Annual Report and Accounts reviewed 04/09/19
- Draft FSS reviewed 22/05/19
- Communications Policy reviewed 22/05/19
- Regulation changes, LGPC Bulletins and SAB meeting notes reviewed at each meeting
- Policy on reporting breaches and compliance with CoP 14 reviewed 20/11/19
- tPR self-assessment tool reviewed 20/11/19

- Monitor LGPS website
- Monitor SAB website
- No new risks

Governance arrangements

- Pensions Panel meetings monitored
- SAB meeting notes monitored for policy changes
- SAB draft survey considered 04/09/19
- PAB minutes now reported to Pensions Panel
- Contribution made to Good Governance Review

- Watch for tPR survey
- New risk of misinterpretation by SAB and tPR
- Watch for new guidance on governance compliance

Administration procedures and performance

- Reports from Hampshire and pension team reviewed at each meeting
- Key monitoring indicators being developed
- Data recovery plan under review
- Key requirements being reported to Panel and PAB

- Early workload problems
- Monitor priorities
- ABS performance

Investment and funding

- | |
|---|
| <ul style="list-style-type: none">• Progress on MHCLG guidance being monitored• FSS reviewed in draft - employers' comments noted• Receiving reports on valuation process• Request for ACCESS governance memorandum• Consultation with employers on valuation noted |
|---|

- Watch for new guidance on RI
- Role to be clarified by SAB

Communications

- | |
|---|
| <ul style="list-style-type: none">• More information requested on use of portal• Monitoring transition to new administrator• Review of new arrangements reviewed 20/11/19 |
|---|

- Pick up role on newsletters and other communications

Training

- | |
|---|
| <ul style="list-style-type: none">• Training log maintained and reviewed• Monitoring 'outwash' from Good Governance review |
|---|

- Be alert to training needs and new requirements

Pension Advisory Board - Work plan for 2019-20

Standing agenda items
<p>Declarations of interests and conflicts</p> <p>Minutes of the previous meeting</p> <p>Progress report</p> <p>Pensions Panel business</p> <p>Business planning and performance</p> <p>Regulations and guidance update</p> <p>Review of pension fund policy documents</p> <p>Administration procedures and performance</p> <p>Investment pooling and ACCESS work update</p> <p>Training</p>

Wednesday 4 September 2019	
PrAM: 31 Jul	Despatch: 26 Aug
Standing agenda items	
Special activities and reviews	
<ul style="list-style-type: none"> Review annual report and CIPFA guidance Review ISS and MHCLG guidance 	
	Defer to February

Wednesday 20 November 2019	
PrAM: 30 October	Despatch: 11 Nov
Standing agenda items	
Special activities and reviews	
<ul style="list-style-type: none"> Review internal audit programme Test internal controls for potential weaknesses 	
	Defer to February
	Defer to February

Wednesday 26 February 2020	
PrAM: 5 Feb	Despatch: 17 Feb
Standing agenda items	
Special activities and reviews	
<ul style="list-style-type: none"> Review other local pension boards operations Reviewing tPR e-training requirements Review new governance compliance requirements 	
	Defer to 2020/21
	Defer to 2020/21

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Pension Panel

25 October 2019

Business Plan Update

Report by Director of Finance and Support Services

Summary

The Pensions Panel approved its Business Plan for 2019/20 when it met on 29 April 2019.

The Panel will receive an update on progress against the Business Plan objectives, details impact on risk (where applicable) and proposes actions each quarter.

Recommendation

That the updates to the Business Plan are noted.

Background

1. The Business Plan sets out the aims and objectives of the fund over the coming year, its core work and how the objectives will be achieved.
2. The Pensions Panel approach, historically, has been to review its business plan annually at the start of the year and consider the risks faced by the Fund. A report based on any emerging key business issues, any issue with the highest levels of risk identified, any area of concern with administration performance or any other matter the Director of Finance Performance and Procurement wishes to bring to the attention of the Panel is then provided to the Panel each quarter.
3. The Fund's overarching objectives are set out below:
 - **Governance:** Act with integrity and be accountable to stakeholders for decisions, ensuring that they are robust, and well based, ensuring sound governance, risk management and compliance and that the management of the Fund is undertaken by people who have the appropriate knowledge and expertise.
 - **Investments and Funding:** To maximise returns from investments within reasonable risk parameters and with clear investment decisions based on a prudent long term funding priorities given the preference to keep employer contribution rates are reasonably stable where appropriate.
 - **Administration and Communication:** Deliver a high quality administration service to all stakeholders with processes and procedures to ensure that the Fund receives all income due and payments are made to the right people at the right time, clear communication and robust accounting and reports.

Update on Business Plan Priorities – Q2

4. The table below provides an update on the Business Plan Priorities for 2019/20.

	Area	Update
a)	Pension Administration (including Employer data quality)	<p>Hampshire Pension Services have published Annual Benefit Statements for active and deferred members by the statutory deadline. Work is now underway between Hampshire Pension Services and West Sussex County Council to agree and implement plans for data quality improvement and to consider the findings from the Pension Regulators 'deep dive' with other Administering Authorities (a summary of which has been appended (Appendix A)).</p> <p>A detailed update is provided elsewhere on the agenda.</p>
b)	Reconciliation to HMRC of GMP (Guaranteed Min Pension)	Officers are continuing to work with specialist reconciliation team.
c)	Annual Report and Accounting	The Annual Report and Accounts have been published on the Pension Fund's website prior to the 31 December 2019 deadline. The final Auditor letter will be considered by the County Council's Regulation, Audit and Accounts Committee at their meeting on 4 November 2020 following external audit work by Ernst & Young.
d)	GDPR	The County Council currently has a Data Sharing Agreements with 67% of the Fund employers. Further reminders will be sent employers during the next quarter.
e)	Investment Strategy	Following the Pension Panel's agreement to consider further investment in infrastructure and private debt investments via a market search, officers have engaged with the County Council's procurement team to determine the appropriate route.
f)	Working collaboratively on the ACCESS Pool and working at Fund level to reflect the addition of the ACCESS Pool	The ACCESS Joint Committee met on 9 September 2019. A detailed update is provided elsewhere on the agenda.
g)	ESG	Officers are working to develop the reporting on ESG.

	Area	Update
h)	Custodian transition	Complete.
i)	2019 valuation preparation	The draft Funding Strategy Statement has been consulted. Data has been provided to the Actuary and employer meetings are scheduled for October and November to provide initial results, with further engagement opportunities prior to March 2020.
j)	Work by the Scheme Advisory Board	Initial Good Governance findings presented in July 2019. A summary is included as Appendix B. SAB has formed two working groups to put forward options for implementation which officers will consider.

Risks

5. The Risk Register includes a risk relating to the political environment (locally or nationally) which impacts on investment markets and legislative requirements. The likelihood of this is considered to have increased due to inactivity in relation to various potential benefit changes and the delay to the Government's pooling consultation.
6. The Risk Monitor is included in Appendix C.

Training

7. A Training Strategy has been established to aid the Pension Panel and Pension Advisory Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities.
8. Training completed by the Panel and appropriate future training events are shown in Appendix D.

Katharine Eberhart Director of Finance and Support Services

Contact: Rachel Wood, Pension Fund Strategist (0330 222 3387)

Appendices

Appendix A - Sixty Second Summary TPR Headline Conclusions
Appendix B - Scheme Advisory Board Good Governance Survey
Appendix C - Risk Register
Appendix D - Training Register

Background Document

The Pension Regulators Report -

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report#0beb0d2047954672b2a73de451ef7eab>

Good Governance report – <http://www.lgpsboard.org/images/PDF/GGreport.pdf>

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Sixty second summary

TPR headline conclusions:

- TPR recognises that not all funds are the same and there are equally valid approaches to the mitigation of risk across LGPS funds
- Clear benefits to the operation of LGPS funds when there is an engaged s.151 (E&W) or s.95 (Scotland) officer who is directly involved
- Robust internal controls and risk management are required to ensure the scheme is administered and managed in accordance with scheme rules and the wider requirements of the law
- Good quality data and record keeping underpins a successful LGPS fund

TPR 'deep dive'

Back in Autumn of 2018, The Pensions Regulator (TPR) announced plans to conduct engagement sessions with 10 LGPS funds throughout the latter half of 2018 and into summer 2019. These sessions were sparked as TPR identified a slowdown in improvements across LGPS funds and wanted to gain a better understanding of the reasons for this. The reviews were to be completed at a high level and were, in the main, based on the Code of Practice 14: Governance and administration of public service pension schemes. Each Fund completed 5 meetings with TPR on various risk areas:

- Administration, data and communication
- Internal controls and complaint handling
- Contributions, employer compliance and funding affordability
- Pension Board knowledge and understanding, relationship between Board and Scheme manager and conflicts of interest
- Fraud, mitigation of scams and cyber security

These meetings gave TPR a strong insight into current governance and administration practice and standards at LGPS funds. In order to be "Regulator ready", our recent 60 Second Summary suggested focus needs to be placed on the 3 P's – Policies, Processes and People. This messaging has been backed up in the findings set out in TPR's recently published engagement report which covers feedback from its meetings with the 10 LGPS funds.

Conclusions of TPR engagement – lots for funds to consider and action

As part of the recent Good Governance project we undertook on behalf of the SAB, there is recognition that a universal structure and mandated policies and processes may hinder, rather than help, good outcomes at LGPS funds. This is reflected in TPR's findings, where it is recognised that one size does not fit all. They also recognise that an engaged s.151 officer leads to better run funds. Even so, as you might expect, a number of recommendations are made across each element covered as part of TPR's engagement with funds, and the key points are summarised below.

Record keeping – accuracy of member data should be measured correctly, regularly reviewed and, importantly, understood by the scheme manager and pension board. Ensuring you have an administration strategy in place can assist in clearly setting out roles and responsibilities and consequences of non-compliance.

Internal controls – while taking a holistic view of risk funds should have a risk register in place, that should be regularly reviewed by the pension board. Funds should also record all internal controls and processes, reducing the possible impact of key-person risks

Administrators – whether in-house or outsourced, performance targets should be agreed, measured and if required challenged if not met. Funds should have an open dialogue with the service provider to monitor performance.

Member communication – ensure all communication is clear, precise and free from jargon. Consideration should also be given to measuring the effectiveness of all material, to ensure it is understood by the audience.

Internal dispute resolution – information on the dispute process should be easily available for those who might use it. Funds should have a policy on dealing with complaints, with the pension board having regular oversight on them, along with their outcomes. Learning lessons from complaints, and compliments, should be used as a means of improving the service.

Pension Boards – funds should ensure individual training plans are in place and ensure appropriate training is available and, importantly, attended. A process should exist for dealing with ineffective pension board members.

Employers and contributions – funds should have a greater understanding of the financial position of their participating employers. Reviewing strength of covenant should be considered more regularly than at each formal valuation. An admissions and cessation policy can help in managing the introduction of new employers, security required and dealing with employers when they exist the scheme.

Cyber security – funds should put this on their risk registers, carry out penetration testing and not rely solely on Local Authority security processes and systems.

Internal fraud and false claims – funds should ensure procedures are in place to minimise the risk of fraud, including the actions to be taken where a fraud has been uncovered.

Conclusion

TPR's findings continue the theme and trends that we hear daily from LGPS funds – their push to improve their Policies, Processes and People. It is pleasing TPR confirms that many of the governance and administration conversations and actions happening in the LGPS are heading in the direction expected of them, although there is always room for further improvement.

Andrew McKerns Benefits and Governance Consultant

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Scheme Advisory Board Good Governance Survey

In February 2019 the Scheme Advisory Board (SAB) commissioned Hymans Robertson to facilitate a consultation on Good Governance structures for the LGPS. Hymans issued a survey to all stakeholder groups and fund types throughout April and May. The Pension Advisory Board received a report on the survey at their meeting in May.

Hymans presented their findings to the SAB on 8 July and SAB published the report on the 31 July. The report is summarised below.

Findings

The results show that improved practice and greater ringfencing of pension fund management are preferred to creating a new joint committee for decision making or creating a separate legal entity to carry out the pension function.

There was also an almost unanimous view that a single model of LGPS governance should not be imposed on all funds and that one size does not fit all. The training requirement of Pension Committee/Panel members should be mandated to be the same as Pension Board members.

There was strong support for the professionalism of s151 officers and the role they play but felt that statutory/fiduciary clarity would be useful. There was also a sense that conflicts were managed well but that there needed to be a better distinction between the employer and the administering authority role within Councils.

Proposals

Hymans have made a number of proposals –

1. **Outcomes based approach** to LGPS governance rather than a prescribed governance structure. This would involve a consultation from SAB regarding desirable features and attributes of LGPS governance, what outcomes governance arrangements should be expected to deliver and how this can be evidenced by administering authorities. Once identified this should be set out in statutory MHCLG guidance.
2. The **critical features of the outcomes based model** Hymans recommend are mandatory include –
 - a. **Robust conflict management** including a published conflicts policy, protocols for setting and managing budgets, schemes of delegations and documented roles and responsibilities of elected members on s101 committees, s151 officers and pension fund officers.
 - b. **Assurance administration and other resource sufficient to meet regulatory requirements and budget appropriate** including a transparent budget setting and managing process, possibly using market supplements to attract and retain staff who should not be tied to council staffing policies such a recruitment freezes. This could be evidenced by benchmarking, internal or external audit or using the Pension Board with appropriate expert advice.

- c. Explain policy on employer and member engagement and representation in governance. Currently employer and member representation should be encouraged but not compelled. Decisions on the approach to member representation should remain at a local level but administering authorities should explain their approach.
 - d. Regular independent review of governance to assess the effectiveness of administering authority's governance arrangements. This could be done by internal or external audit, Pension Board scrutiny or a peer review process.
3. **Enhanced training requirements** for all s151s and s101 committee members. This is to include all s151 officers and not just those with current administering authority responsibility. Hymans suggest that CIPFA develop a CPD model for s151 officers and that SAB/MHCLG issue guidance to require s101 committees to have the same level of training as Pension Boards.
4. **Update relevant guidance and provide better signposting.** This will provide greater clarity to officers and elected members on their statutory and fiduciary responsibilities. There are currently a few of documents that are out of date and pre date the involvement of the Pensions Regulator and therefore Hymans recommends that CIPFA and MHCLG review and update their guidance.

Next steps

The Scheme Advisory Board has invited the Hymans Robertson project team to assist the Secretariat in taking forward the next stage of the good governance project. Two working groups will be established, one to focus on defining good governance outcomes and the guidance needed to clearly set them out and the other to focus on options for the independent assessment of outcomes and mechanisms to improve the delivery of those outcomes. Both groups will comprise a wide range of scheme stakeholders to ensure a full range of views and options are considered. The aim is for an options report to be ready for the Board's consideration when it meets in November. Any proposals agreed by the Board would be subject to a full stakeholder consultation before being put to MHCLG.

Risk Register

Risk Theme	Action
Insufficient funds to meet liabilities resulting in increased contributions required from employers or changing to a higher risk investment strategy	Prudent assumptions adopted by the Fund Actuary. Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement. Regularly review investment performance and funding levels.
Insufficient resources to comply with the Administering Authority's Regulatory responsibilities.	Develop and monitor Business Plan on a regular basis. Ensure service contracts are clearly specified and obligations met.
Poor quality data resulting in error and misstatement.	Develop and implement a Data Improvement Plan. Maintain robust accounting records.
Officer, Panel and Board knowledge and understanding resulting in poor decision making and disengagement on key issues.	Develop, implement and monitor a Training Strategy.
Performance of the Fund's assets creates volatility and pressure on employer contribution rates.	Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement. Clear Investment Management Agreements in place. Regularly review investment performance and funding levels. Consideration of Environmental, Social and Governance issues on the performance of the portfolio.
The introduction of asset pooling impacts on the Fund's ability to implement its investment strategy successfully or the Administering Authority is considered to not comply with the relevant statutory guidance.	Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level.
Change to payroll and pension admin provider resulting in incomplete or inaccurate data being transferred and stakeholders not adopting new requirements.	Well defined project which is robustly managed including appropriate due diligence and testing throughout the project. Clear communication with stakeholders during project and as part of business as usual.
Failure to secure value for money through managing contracts with third parties	Strong contract management Compliance with procurement requirement and standing orders for provision of services to the Fund.
Political environment (locally or nationally) impact on investment markets and legislative requirements.	Work closely with investment managers, other suppliers and advisers to understand potential impacts and responses. Develop, implement and monitor a Training Strategy.
Conflict of interest for members and employers	Clearly defined roles and responsibilities for those working for the Pension Fund. Maintenance of Conflict of Interest policy and register by the County Council.
Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	Clear Admission Agreements in place. Guidance published and reviewed relating to the Scheme requirements. Proactive engagement with employers.
Cyber crime resulting in personal data for members being accessed fraudulently.	Strong IT environment for administration system and web-based Portals.

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Training Register

Training	Trainer	Date	David Bradford	Joy Dennis	Brian Donnelly	Roger Elkins	Jeremy Hunt	Nigel Jupp	Judith Taylor	Deborah Urquhart	James Walsh
Local Authority Governance	PLSA	13 - 15 May 2019		✓							
Financial Statements 2018/19	WSCC	13 June 2019		✓	✓	✓	✓	✓			✓
Introduction to the LGPS	CIPFA	25th September 2019						✓			
ACCESS Investor Day	Link	16 October 2019	✓					✓	✓		
LGPS Governance Training Fundamentals - Day 2	LGA	06 November 2019					✓				
LGPS Governance Training Fundamentals - Day 3	LGA	18 December 2019					✓				
Baillie Gifford: LGPS training & Investment Seminar	Baillie Gifford	9-10 October 2019	✓				✓	✓	✓		✓
Local Authority update	PLSA	12 November 2019		✓				✓	✓		
Annual LGPS Governance Conference	LGA	23 - 24 January 2020							✓		
2020 Aberdeen Standard Investments Global Investment Forum	Aberdeen Standard	6 February 2020					✓	✓			
Local Authority Conference	PLSA	18-20 May 2020							✓		

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Pension Advisory Board

20 November 2019

Review of Pension Fund Policy Documents

Report by Director of Finance and Support Services

Summary

Following the review of the Terms of Reference of the Pension Advisory Board in 2018 it was been agreed to update the regular agenda items including the review of policy documents.

Recommendations

- (1) That the Board note the register of policy documents
- (2) That the Board feedback on the policy presented at the meeting

1. Introduction

- 1.1 The Pension Regulator Code of Practice 14 requires that –

Pension board members must be conversant with their scheme rules, which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme

- 1.2 It has been agreed that the regular agenda items would be increased to include, amongst others, a review of policy documents.
- 1.3 By reviewing policy documents on a regular basis the Board will be fulfilling their role in supporting the Scheme Manager by ensuring compliance with regulations. This would also assist members in ensuring they have the relevant knowledge and understanding.

2. Pension Fund policy documents

- 2.1 The Pension Fund is required by law to keep and maintain a number of policy documents.
- 2.2 A list of all Pension Fund Policy Documents is included at Appendix A.
- 2.3 It is proposed that as policies are reviewed by Officers they will be presented to the Board for review against Regulations or Guidance.

3. Breaches Policy

- 3.1 The Pension Fund has recently reviewed its policy on identifying, managing and, where necessary, reporting breaches of the law. This is reflective of the Pensions Regulator's Code of Practice no 14: Governance and administration of public service pension schemes ("the Code of Practice"). The relevant excerpt has been appended as Guidance (Appendix B).

- 3.2 The Breaches Policy was considered and agreed by the Pension Panel at their meeting on 25 October 2019 and has been published on the Pension Fund's website. The full version is included (Appendix C) for the Board's feedback.

4. Recommendation

- 4.1 That the Board note the register of policy documents
- 4.2 That the Board feedback on the policy presented at the meeting

Katharine Eberhart

Director of Finance and Support Services

Contact: Rachel Wood, Pension Fund Investment Strategist, 033 022 23387

Appendices

Appendix A – List of All Policy Documents

Appendix B – Excerpt from Code of Practice No. 14

Appendix C – Breaches Policy

Background Papers

None

Register of Policy Documents

Policy	Where to find policy	Regulation	Importance	How often it should be reviewed	Previous PAB review date	Next date for PAB to review
Actuarial valuation	https://www.westsussex.gov.uk/media/12635/lgps_wscs_pension_fund_valuation_report.pdf	Regulation 62 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/62/made)	Statutory required (must have)	Every 3 years		May-20
LGPS Administering Authority Discretions	https://www.westsussex.gov.uk/media/12976/admin_authority_discretions_policy.pdf	Regulation 60 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/60/made)	Statutory required (must have)	Every 4 years	Apr-19	Apr-23
Pension Administration Strategy	https://www.westsussex.gov.uk/media/12977/pension_admin_strategy.pdf	Regulation 59 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/59/made)	Highly recommended	Annually	Mar-19	Mar-20
Annual Report	https://www.westsussex.gov.uk/media/13122/lgps_annual_report_2018-19.pdf	Regulation 57 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/57/made)	Statutory required (must have)	Annually		Sep-19
Breaches policy	https://www.westsussex.gov.uk/media/7103/pensions_breach_policy.pdf	Regulation 70 Pensions Act 2004 (http://www.legislation.gov.uk/ukpga/2004/35/pdfs/ukpga_20040035_en.pdf)	Highly recommended	Every 2 years	May-19	May-21
Communications Policy Strategy	https://www.westsussex.gov.uk/media/5557/communication_policy_statement.pdf	Regulation 61 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/61/made)	Statutory required (must have)	Annually	May-19	May-20
Conflict of Interest	http://www2.westsussex.gov.uk/ds/constitution/part5-1.pdf	Regulation 5(4) and 5(5) The Public Service Pension Act 2013 (http://www.legislation.gov.uk/ukpga/2013/25/section/5)	Highly recommended	Every 3 years		Apr-21
Employers Guide - West Sussex LGPS	Employer Administration Tools and Guidance Hantsweb		Recommended	Every 3 years		
Funding Strategy Statement	https://www.westsussex.gov.uk/media/9536/lgps_funding_strategy_statement.pdf	Regulation 58 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/58/made)	Statutory required (must have)	Every 3 years	May-19	May-20
Governance Policy and Compliance Statement	https://www.westsussex.gov.uk/media/7105/governance_policy_and_compliance_statement.pdf	Regulation 55 LGPS Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/regulation/55/made)	Statutory required (must have)	Annually		Nov-19
IDRP (Internal Dispute Resolution Procedure)	https://www.westsussex.gov.uk/media/12556/internal_dispute_resolution_procedure.pdf	The Pension Regulator & Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 (https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/resolving-internal-disputes)	Highly recommended	Every 3 years		Nov-21

Policy	Where to find policy	Regulation	Importance	How often it should be reviewed	Previous PAB review date	Next date for PAB to review
Investment Strategy Statement	https://www.westsussex.gov.uk/media/10157/lgps_investment_strategy_statement.pdf	LGPS Regulations (Management and Investment of Funds) 2016 (http://www.legislation.gov.uk/ukxi/2016/946/regulation/7/made)	Statutory required (must have)	Every 3 years		Jul-20
LGPS Privacy Notice	https://www.westsussex.gov.uk/media/8756/lgps_privacy_notice.pdf	Data Protection Act 2018 and General Data Protection Regulation (EU) 2016/679	Statutory required (must have)	Every 3 years		Mar-21
Risk Register	https://westsussex.moderngov.co.uk/documents/b6532/Items%205%206%207%2012%2015%20to%20follow%20documents%2029th-Apr-2019%2010.30%20Pensions%20Panel.pdf?T=9	The Pensions Regulator Code of Practice no.14 (https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice)	Highly recommended	Annually		Sep-20
Treasury Management Strategy	https://westsussex.moderngov.co.uk/documents/b6406/Items%206%2011a%2011b%2028th-Jan-2019%2010.00%20Pensions%20Panel.pdf?T=9			Annually	Mar-19	Mar-20

Importance determined based on information from Hymans Robertson (Hymans list of LGPS policies Apr-18). The Policies list by Hymans did not include the Treasury Management Strategy (which remains unscored) and the LGPS Privacy Notice (where a 'Required' status has been adopted).

Extract from The Pension Regulator Code 14: Governance and administration of public service pension schemes

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 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

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
- members of pension boards
- any person who is otherwise involved in the administration of a public service pension scheme
- employers: 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 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.

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

Practical guidance

244. Schemes 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.

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'. 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.
- 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.

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Reporting Breaches of the Law to the Pensions Regulator

Background

In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) covering Governance and Administration of Public Service Pension Schemes.¹

This document sets out the procedure established to ensure that those with a responsibility to make reports are able to meet their legal obligations by describing the procedure for the West Sussex LGPS and relates to all of the Fund's areas of operation.

A Breach

There are a number of statutory requirements within the Local Government Pension Scheme (LGPS) for which there is a statutory duty to report to the Pensions Regulator if these are not complied with, i.e. a breach occurs. The objective is to:

- protect the benefits of pension scheme members
- promote, and improve understanding of, the good administration of work-based pension schemes;
- maximise compliance with the duties and safeguards of the Pension 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) it therefore carries great weight in relation to pension Funds complying with their responsibilities under the above legislation.

Examples of breaches have been set out in Annex 1 and the Highlight report template is set out in Annex 2.

Reporters

Certain people are required to report breaches to the Pensions Regulator ("the Regulator") where they have reasonable cause to believe that a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with and the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

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

- scheme managers;
- members of the pension board (meaning, in the case of the WSPF, the Local Pension Advisory Board);
- any person who is otherwise involved in the administration of the Fund;
- employers, and 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;

¹ [Pensions Act 2004 –section 70\(1\), 70\(1\) \(a\) to \(e\), 70\(2\) and 70\(2\)\(a\) // Section 90A - Inserted by Schedule 4 of Public Service Pensions Act 2013](#)

Agenda Item 10

Appendix C

- professional advisers including auditors, actuaries, legal advisers and fund managers; and
- any person who is otherwise involved in advising the managers of the scheme in relation to the scheme.

The statutory duty to report a breach of the Law or Regulations overrides any other duties a Reporter may have such as confidentiality but does not mean that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, must be disclosed (legal privilege).

Process for notifying, considering and reporting (suspected) breaches

The table below sets out the process followed for notifying, considering and reporting a (suspected) breach.

1.	<p>A Reporter should notify the Principal Pensions Consultant (Administration and Employers) of a suspected breach in a timely and expedient manner.</p> <p>Tara Atkins, Principal Pensions Consultant (Administration and Employers) Room 216, East Wing, County Hall, Chichester, PO19 1RG 0330 222 8787 tara.atkins@westsussex.gov.uk</p> <p>In the absence of the Principal Pensions Consultant (Administration and Employers) a Reporter should notify the Pension Fund Strategist</p> <p>Rachel Wood, Pension Fund Strategist Room 216, East Wing, County Hall, Chichester, PO19 1RG 0330 222 3387 / 07540 641821 rachel.wood@westsussex.gov.uk</p>
2.	<p>The Principal Pensions Consultant will consider whether there is reasonable cause to believe that a breach has occurred and will investigate.</p> <p>In cases of potential dishonesty or suspected fraud checks which might alert those implicated or impede the actions of the police or a regulatory authority should be avoided.</p>
3.	<p>If the Principal Pensions Consultant determines that a breach has occurred it should be logged and actively managed by the Principal Pensions Consultant.</p>

4.	<p>The Principal Pensions Consultant will need to be notified of the proposed response to the breach.</p> <p>In all cases this should include the action taken to investigate and correct the breach, what steps have been put in place to minimise the risk of it happening again, how many members have been affected and whether those members have been notified of the breach.</p>
5.	<p>Once the relevant steps above have been taken the Principal Pensions Consultant should consider whether the breach should be considered material taking into account:</p> <ul style="list-style-type: none"> • the cause of the breach (dishonesty, poor governance or administration, slow or inappropriate decision making practices, incomplete or inaccurate advice and acting or failing to act in deliberate contravention of the law are all considered to be of material significance by the Regulator); • the effect of the breach including, any other breaches occurring as a result of the initial breach and the effects of those resulting breaches should also be taken into account. • the response to the breach (e.g. whether prompt and effective action is taken to investigate and correct the breach to a proper conclusion in order to minimise the risk of recurrence and if affected scheme members have been notified). • the wider implications of the breach (e.g. whether it is more likely that other breaches will emerge in the future). • other reported and unreported breaches of which they are aware (although historical information should be considered with care)
6.	<p>If a breach is considered to be material breach a recommendation will be made to the Scheme Manger. The report must include:</p> <ul style="list-style-type: none"> • Full name, address and registry number of the Fund; • Breach date and any relevant dates; • Description of the breach or breaches (and the reason the breach is thought to be of material significance to the Regulator); • Whether the breach has been rectified and the steps taken to rectify the breach; • 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 Fund.

7.	<p>The Scheme Manager will then determine whether, in their opinion, the breach is of material significance.</p> <p>If the breach is considered to be of material significance to the Regulator, the Pensions Regulator must be informed and necessary responses and information will be provided.</p>
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Periodic Reporting

A highlight report showing all breaches will be provided to the Director of Finance, Corporate Resources and Services, and the Director of Law, Assurance and Strategy (the Scheme Manager) on a quarterly basis based on the Pension Regulators "traffic light system":

- Red breaches must be reported to the Pension Regulator;
- Amber breaches are less clear cut: and judgement is needed to decide whether it needs to be reported;
- Green breaches do not need to be reported to the Pension Regulator

A version of the report will be provided to the Pension Panel and Pension Advisory Board.

Whistleblowing protection and confidentiality

When a breach is reported, the Regulator will do his best to protect a Reporter's identity (if desired) and will not disclose this information except where lawfully required to do so. This is in addition to protection for employees making a whistleblowing disclosure to the Regulatory under the Employment Rights Act 1996 (ERA).

Where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision from their employer 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.

The County Council's whistleblowing policy can be found in its [Constitution](#).²

² <https://www.westsussex.gov.uk/about-the-council/how-the-council-works/constitution/>

Example of breaches

The following table shows examples of potential breaches, set out using a traffic light system. These examples are not exhaustive and are illustrative only:

As each breach of law will have a unique set of circumstances, there may be elements which apply from one or more of the red, amber and green sections. Judgement should be used to determine which overall reporting traffic light the breach falls into.

Note: Red breaches must be reported to the Pension Regulator, Amber breaches are less clear cut: and judgement is needed to decide whether it needs to be reported and Green breaches do not need to be reported to the Pension Regulator

Knowledge and understanding required by pension board members Example scenario: The scheme manager has breached a legal requirement because pension board members failed to help secure compliance with scheme rules and pension law.				
Potential investigation outcomes:				
	Cause	Effect	Reaction	Wider implications
● Red	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours The scheme manager does not take appropriate action to address the failing in relation to conflicts	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed

	Knowledge and understanding required by pension board members Example scenario: The scheme manager has breached a legal requirement because pension board members failed to help secure compliance with scheme rules and pension law.			
	Potential investigation outcomes:			
	Cause	Effect	Reaction	Wider implications
● Amber	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager
● Green	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

	Scheme record-keeping Example scenario: An evaluation of member data has identified incomplete and inaccurate records			
	Potential investigation outcomes:			
	Cause	Effect	Reaction	Wider implications
● Red	Inadequate internal processes that fail to help employers provide timely and accurate data, indicating a systemic problem	All members affected (benefits incorrect/not paid in accordance with the scheme rules, incorrect transactions processed and poor quality information provided in benefit statements)	Action has not been taken to identify and tackle the cause of the breach to minimise the risk of recurrence nor to notify members	It is highly likely that there are wider scheme issues caused by inadequate processes and that the scheme will be in breach of other legal requirements
● Amber	A failure by some – but not all – participating employers to act in accordance with scheme procedures, indicating variable standards of implementing those procedures	small number of members affected	Action has been taken to identify the cause of the breach, but progress to tackle it is slow and there is a risk of recurrence	It is possible that there are wider scheme issues and that the scheme may be in breach of other legal requirements
● Green	A failure by one participating employer to act in accordance with scheme procedures, indicating an isolated incident	No members affected at present	Action has been taken to identify and tackle the cause of the breach and minimise the risk of recurrence	It is unlikely that there are wider scheme issues or that the scheme manager will be in breach of other legal requirements

	Providing Information to Members Example scenario: An active member of a defined benefit (DB) public service scheme has reported that their annual benefit statement, which was required to be issued within 17 months of the scheme regulations coming into force, has not been issued. It is now two months overdue. As a consequence, the member has been unable to check: <ul style="list-style-type: none"> • personal data is complete and accurate • correct contributions have been credited • what their pension may be at retirement 			
	Potential investigation outcomes:			
	Cause	Effect	Reaction	Wider implications
● Red	Inadequate internal processes for issuing annual benefit statements, indicating a systemic problem	All members may have been affected	Action has not been taken to correct the breach and/ or identify and tackle its cause to minimise the risk of recurrence and identify other members who may have been affected	It is highly likely that the scheme will be in breach of other legal requirements
● Amber	An administrative oversight, indicating variable implementation of internal processes	A small number of members may have been affected	Action has been taken to correct the breach, but not to identify its cause and identify other members who may have been affected	It is possible that the scheme will be in breach of other legal requirements
● Green	An isolated incident caused by a one off system error	Only one member appears to have been affected	Action has been taken to correct the breach, identify and tackle its cause to minimise the risk of recurrence and contact the affected member	It is unlikely that the scheme will be in breach of other legal requirements

	Internal Controls Example scenario: A DB public service scheme has outsourced all aspects of scheme administration to a third party, including receiving contributions from employers and making payments to the scheme. Some contributions due to the scheme on behalf of employers and members are outstanding.			
	Potential investigation outcomes:			
	Cause	Effect	Reaction	Wider implications
● Red	The administrator is failing to monitor that contributions are paid to them in time for them to make the payment to the scheme in accordance within the legislative timeframes and is therefore not taking action	The scheme is not receiving the employer contributions on or before the due date nor employee contributions within the prescribed period	The administrator has not taken steps to establish and operate adequate and effective internal controls and the scheme manager does not accept responsibility for ensuring that the failure is addressed	It is highly likely that the administrator is not following agreed service level standards and scheme procedures in other areas. The scheme manager is likely to be in breach of other legal requirements such as the requirement to have adequate internal controls
● Amber	The administrator has established internal controls to identify late payments of contributions but these are not being operated effectively by all staff at the administrator	The scheme is receiving some but not all of the employer contributions on or before the due date and employee contributions within the prescribed period	The scheme manager has accepted responsibility for ensuring that the failure is addressed, but the progress of the administrator in training their staff is slow	It is possible that the administrator is not following some of the agreed service level standards and scheme procedures in other areas. It is possible that the scheme manager is in breach of other legal requirements
● Green	Legitimate late payments have been agreed by the scheme with a particular employer due to exceptional circumstances	The employer is paying the administrator the outstanding payments within the agreed timescale	The scheme has discussed the issue with the employer and is satisfied that the employer is taking appropriate action to ensure future payments are paid on time	It is unlikely that the employer is failing to adhere to other scheme processes which would cause the scheme manager to be in breach of legal requirements

Annex 2

Highlight Report Template

		[Date]	[Status]	[RAG]
Case	[Summary] [Actions / Escalations]			
Description	Cause Effect Response Wider Implications			
Themes and mitigations	Related breaches Future Mitigations			
Next Steps				
Other Notes				

		[Date]	[Status]	[RAG]
Case	[Summary] [Actions / Escalations]			
Description	Cause Effect Response Wider Implications			

Themes and mitigations	Related breaches Future Mitigations
Next Steps	
Other Notes	

Key			
● Red Must be reported.	● Amber Judgement required.	● Green Do not report.	● Unclassified Status pending

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Pension Advisory Board

20 November 2019

The Pensions Regulator Code of Practice 14 (Compliance)

Report by Director of Finance and Support Services

Summary

The Pensions Regulator has issued a Code of Practice 14 covering relevant pensions legislation.

The Pension Fund has reviewed its compliance with the guidance.

Recommendation

That the Board feedback on the compliance checklist presented at the meeting

1. Introduction

- 1.1 The Pension Regulator has issued a Code of Practice 14 (Code in force: April 2015) relating to public service pension schemes with the intention to 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”.

2. Code of Practice

- 2.1 The Code covers the following areas:
 - Governing the Scheme
 - Managing Risks
 - Administration
 - Resolving Issues
- 2.2 The Code is not a statement of the law but it is considered good practice to use the document to demonstrate how the Pension Fund meet the underlying legal requirements relating to the Scheme.
- 2.3 The Code is particularly directed at Scheme Managers and the members of the Pension Boards. 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.

3. Compliance Checklist

- 3.1. Officers have developed a Compliance Checklist which is drawn from the Pension Regulators Code of Practice [and Guidance from the Scheme Advisory Board].
- 3.2. The checklist will help inform any improvements required by the Pension Fund in order to comply with the Pension Regulators expectations.
- 3.3. The latest compliance checklist has been appended (Appendix A) for the Board's comments.

4. The Pension Regulator (tPR) Public Sector Assessment Tool

- 4.1 Separately the Pensions Regulator has published an assessment tool to provide an indicative risk rating for the Scheme in certain key areas to achieve best practice, as well as guidance and links to further information.
- 4.2 The assessment has been reviewed by Officers. It is considered that all areas included within the Pension Regulators Assessment Tool are covered within the existing compliance checklist. However the assessment tool has been populated by officers and can be made available on request.

5. Recommendation

- 5.1 That the Board feedback on the compliance checklist presented at the meeting

Katharine Eberhart

Director of Finance and Support Services

Contact:

Vickie Hampshire, Finance Manager - Pension Fund Governance - 033 022 23386

Appendices

Appendix A – TPR Compliance Checklist

Background Papers

Code 14: Governance and administration of public service pension schemes

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

The Pension Regulators Tool for Assessing Your Scheme

[https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/further-resources/assess-a-public-service-\(ps\)-pension-scheme](https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/further-resources/assess-a-public-service-(ps)-pension-scheme)

Compliance v The Pension Regulators Code 14: Governance and administration of public service pension schemes

Section 1: General Requirements

No.	Requirements	Status	Note Future Action
1	Local pension board to be established by 1 April 2015 and to have had its first meeting within 4 months of that date	Jul-15	
2	Determine the manner and terms by which members of the local pension board are appointed and removed.	Met	
3	Local Pension Board to have equal number of scheme member representatives and employer representatives which is no fewer than 4 in total.	Met	
4	To ensure the representation of the pension board has the right balance of skills, experience and representation	Met	Training Strategy in place to cover Pension Advisory Board, Pension Panel and Officers.
5	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	Met	The role of the Board reflected in the Constitution and Breaches Policy. The County Council's Conflicts of Interest applies to the Board.
6	Pension board members to receive training in respect of these policies	Met	Included as part of Pension Advisory Board member induction.
7	Pension board to have its own policy on knowledge and understanding requirements	Met	See comments above.
8	A nominated person to be in place and responsible for ensuring the knowledge and understanding policy is implemented and necessary training delivered	Met	Training Strategy reflects role of Finance Manager (Governance).
9	The administering authority to provide access to the required training (including induction training) for pension board members	Met	See comments above.
10	The administering authority to be satisfied that persons appointed to the local pension board do not have a conflict of interest.	Met	Conflicts of interest considered at each meeting
11	All pension board members to have a personalised training plan in place that is regularly monitored and updated	Pending	Action: To discuss at Pension Advisory Board November 2019.

No.	Requirements	Status	Note Future Action
12	The administering authority to have regard to guidance issued by the Secretary of State	Met	

SECTION 2: Knowledge and Understanding

No.	Requirements	Status	Note Future Action
1	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	Met	See comments above.
2	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	Met	See comments above.
3	The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	Met	See comments above.
4	The administering authority should designate a person to take responsibility for ensuring that a framework is developed and implemented.	Met	See comments above.
5	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.	Met	See comments above. Pension Advisory Board includes Policy Documents as standing item.
6	The roles and responsibilities of pension board members should be clearly documented	Met	Terms of Reference for Pension Advisory Board reflected within the Constitution.
7	Local pension board members are aware of their personal legal responsibilities in terms of knowledge and understanding.	Met	Responsibility reflected within the Training Strategy.

No.	Requirements	Status	Note Future Action
8	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	Met	Action: To discuss at Pension Advisory Board in November 2019.
9	Administering authorities should offer pre-appointment training or mentoring if appropriate	Met	Induction training reflected within the Training Strategy.
10	The administering authority should maintain individual training plans for local pension board members, together with records of learning activities required	Met	Action: To discuss at Pension Advisory Board in November 2019.
11	Local pension board members should invest sufficient time in their learning and development alongside their other responsibilities	Pending	Action: To discuss at Pension Advisory Board in November 2019.
12	Have pension board members completed tPR's e-learning programme, which is provided to help meet the needs of local pension board members	Met	The TPR e-learning has been completed by all members of the Pension Advisory Board.

Section 3: Conflicts and Interests

No.	Requirements	Status	Note Future Action
1	The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported	Yes	Conflicts of interest reflected in Constitution and Pension Advisory Board Guidance.
2	The conflicts of interest policy should have a regular review date incorporated in to it	Yes	The Policy is reviewed as appropriate by West Sussex County Council.
3	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	Yes	Conflicts of interest are included as part of the mandatory training.

No .	Requirements	Status	Note Future Action
4	The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised , reviewing them appropriately	Yes	A register is maintained. Democratic Services to request a check of previously notified and additional potential conflicts to non-County Council Members of Pension Advisory Board and Pensions Panel.
5	Declaration of conflicts (or potential conflicts) of interest should be disclosed on appointment and at regular intervals	Yes	Declaration forms part of the Pension Advisory Board induction process.
6	Declaration of conflicts (or potential conflicts) of interest should be a standing item on all Fund related meetings and agendas	Yes	Conflicts of Interest is a standing item on the Pension Advisory Board agenda.

Section 4: Publishing Information about the Scheme

No .	Requirements	Status	Note Future Action
1	The administering authority must publish information about the local pension board and keep that information up to date	Yes	Included on the Committee pages of the County Council's website.
2	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	Yes	See comments above.
3	The published information should include the local pension board appointment process	Yes	The appointment process is covered in Terms of Reference within the Constitution.
4	The administering authority should publish information about the local pension board's business	Yes	See comments above.
5	The administering authority should consider any requests for additional information to be published to encourage scheme member engagement and promote a culture of transparency	Yes	

Section 5: Managing Risks and Internal Controls

No	Requirements	Status	Note Future Action
1	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)	Yes	Internal controls form part of Internal Audit's annual plan for Fund.
2	The administering authority should have in place a process to identify and evaluate risks and establish appropriate internal controls	Yes	See comments above.
3	The administering authority should have in place a risk register to record all risks and actions taken, which is reviewed regularly	Yes	A risk register is included within the Pension Panel's Business Plan and reviewed as part of its meeting.
4	The administering authority should regularly review the effectiveness of its risk management and internal control processes	Yes	See comments above.
5	Risk management and internal controls should be a standing item on the Pension Committee and pension board agendas	Yes	See comments above.

Section 6: Scheme Record Keeping

No	Requirements	Status	Note Future Action
1	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	Yes	The Authority work closely with Employers and the Administration team and has agreed an Administration Strategy and Communication Strategy which covers expectations and training.
2	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	Yes	Administration team run data analytics.

No	Requirements	Status	Note Future Action
3	The administering authority must keep specific data which will enable it to uniquely identify a scheme member and calculate pension benefits correctly	Partial	Data Improvement Plan being developed.
4	The administering authority should require participating employers to provide them with timely and accurate data	Yes	See comments above.
5	The administering authority should seek to ensure that employers understand the main events which require information about members to be communicated	Yes	See comments above.
6	The administering authority should have policies and procedures in place for the regular monitoring of data	Yes	See comments above.
7	The administering authority should carry out regular (at least annually) data reviews	Yes	See comments above.
8	The administering authority should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes	Yes	See comments above.
9	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	Yes	All transactions recording on the County Council's accounting system
10	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.	Yes	See comments above.
11	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	Yes	The retention policy is included as part of the Privacy Notice.
12	Where the administering authority has identified poor quality or missing data there should be a data improvement plan in place	Yes	See comments above.
13	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	Yes	The Administration team have a process in place which reconciles member records with employers. The Administration team have a process to

No	Requirements	Status	Note Future Action
			identify and contact members approaching retirement.
14	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.	Yes	Reflected in Agreement with the Administration team.
15	The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation	Yes	

Section 7: Maintaining Contributions

No	Requirements	Status	Note Future Action
1	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	Yes	Contribution receipts are regularly monitored
2	Employers should be provided with the necessary guidance to ensure they provide the required information to enable contributions to be monitored	Yes	Remittances are provided by employers.
3	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)	Pending	A formal procedure being developed
4	The administering authority should maintain a record of investigations and communications in relation to payment failures	Yes	See comments above.
5	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.	Yes	See comments above.

No	Requirements	Status	Note Future Action
6	The administering authority must report payment failures which are likely to be of material significance to tPR	Yes	The scenario is reflected within the Authority's Breaches Policy

Section 8: Member Communications

No	Requirements	Status	Note Future Action
1	Scheme regulations require the administering authority to provide an annual benefit statement to all active, deferred and pension credit members containing certain legal information	Yes	
2	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	Yes	Statements provided by Administration team
3	The administering authority must provide scheme members with basic scheme information, meeting minimum legal requirements	Yes	Information available through Member Portal and as required.
4	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	Yes	See comments above.
5	Where information is provided electronically it should comply with legal requirements	Yes	Currently compliant and working to align communications with current administrators.
6	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	Yes	Tracing used as required.
7	Requests for information should be acknowledged if information requested cannot be immediately provided.	Yes	

Section 9: Internal Dispute Resolution Procedure

No	Requirements	Status	Note Future Action
1	The administering authority has in place an Internal Dispute Resolution Procedure	Yes	The IDRP is published on the Pension Fund's website.
2	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 (tPAS, Pensions Ombudsman);- appropriate timescales	Yes	This is reflected in IDRP.
3	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	Yes	
4	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)	Yes	Reflected in Policy Document review timetable.
5	The administering authority should ensure it appropriately draws attention to the pension dispute process in any correspondence or other Fund material where appropriate	Yes	This is sign-posted in relevant communications

Section 10: Breaches of the Law

No	Requirements	Status	Note Future Action
1	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:	Yes	
2	The administering authority should have a breaches of the law policy in place	Yes	The Policy has been published on the Council's website.

No	Requirements	Status	Note Future Action
3	The administering authority should have identified a person responsible for maintaining the breaches of the law policy, reporting and recording processes	Yes	This is included within the Policy.
4	The administering authority should maintain a breaches log, setting out all breaches, whether or not reported to tPR	Yes	This is included within the Policy.

Pension Advisory Board

20 November 2019

Administration Procedures and Performance

Report by Director of Finance and Support Services

Summary

This report provides a high level view of the administration process and performance in support of the Pension Fund and its members, active, deferred and retired.

Recommendation

That the Pension Advisory Board receives the report and proposes any further information that they require.

1. Background and Context

- 1.1 As the Board are aware Hampshire County Council now provide the Pension Administration Service for the West Sussex Local Government Pension Scheme. The administration team are based in Winchester and the County Council will work closely with Hampshire County Council as the Pension Administration Partner.

2. Compliance with Scheme Regulations

- 2.1 The Terms of Reference for the Pension Advisory Board includes assisting the Scheme Manager to secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it. The following projects are therefore considered relevant to note work being undertaken to comply with changes.

Actuarial Guidance Review

- 2.2 Further to the September Board report the Ministry of Housing, Communities and Local Government (MHCLG) have issued a revised actuarial factor spreadsheet following notification that the previous spreadsheet contained an error relating to Club transfer factors. The revised factors were effective immediately from their notification on 20 September 2019.
- 2.3 The pension administration software (UPM) has been updated for each factor change.

Tell Us Once

- 2.4 The Tell Us Once (TUO) system is a service, enabling customers to notify central, local government departments (including LGPS administering authorities) and public sector partners at the same time about a verified registered death and dispenses with the need to provide a death certificate.
- 2.5 From June 2019 the service moved to be run in-house by the Department for Work and Pensions (DWP).
- 2.6 The Organisation Administrators (in the case of West Sussex Pension Scheme this is officers to Hampshire Pension Services) log into the TUO system on a daily basis to download notifications and associated actions are set up.

Scheme Return

- 2.7 The Pension Regulators (tPR) return is to be submitted by 19th November 2019. This includes a scoring against Common and Conditional data. A copy of the Scheme return can be provided to the Board on request.

3. Performance

- 3.1 The principal functions of the Board's include "seeking assurance that administration performance is in compliance with the Administration Strategy". The following items are considered relevant in respect of compliance of the Fund and its employers in line with the Strategy and Regulations.
- 3.2 The Administration Report considered by the Pension Panel at their meeting on 25 October is appended at Appendix A. A copy of the contributions monitor is available at Appendix B.

Katharine Eberhart

Director of Finance and Support Services

Contact: Tara Atkins, Principal Pensions Consultant – 033 022 28787

Appendices

Appendix A Pensions Panel Administration Report

Appendix B Contributions Monitor

Background Papers

None

Pension Panel

25 October 2019

Pension Administration Performance

Report by Director of Finance and Support Services

Summary

Hampshire Pension Services provide Pension Administration, on behalf of West Sussex County Council, to the 79,210 active, deferred and pensioner members participating in the Local Government Pension Scheme.

An Administration Strategy has been agreed and is monitored. Current performance against service standards for key processes has been impacted due to legacy issues following the transfer. Issues identified are being used to inform a data improvement plan and the expectation is that this would reduce the legacy issues and improve the performance.

Annual Benefit Statements were provided to most active and deferred members by 31 August 2019, and were made available to members via the member portal, unless members had elected for a hard copy.

Recommendations

1. That the update on the Administration Performance is noted.
2. That the changes to the Administration Strategy are noted.
3. That the Breaches Policy is agreed.

Background

1. Hampshire County Council now provides the Pension Administration Service for West Sussex County Council. The administration team are based in Winchester and the County Council work closely with Hampshire County Council as our Pension Administration Partner.
2. The Pension Panel has a key objective within its Business Plan to deliver a high quality administration service to all stakeholders with processes and procedures to ensure that the Fund receives all income due and payments are made to the right people at the right time.
3. The table below summarises membership within the Scheme at the end of each month. Membership movements may vary more than expected whilst backlog and cleanse activities are completed.

	July	Aug	Sept
Active	30,038	30,255	29,807
Deferred	27,791	27,749	28,119
Pensioners	20,344	20,422	21,284
Total	78,173	78,426	79,210

Performance

4. The Pension Panel have agreed an Administration Strategy which sets out performance expectations for employers and the Administering Authority. The current performance against service standards for key processes (1 April to 30 Sept) are summarised below, and shown in detail in Appendix A. For the majority of cases the service standard is 15 working days.

	Quarter 1		Quarter 2		YTD	
	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time
Active Retirement	113	98.2%	110	100.0%	223	99.1%
Deferred Retirement	166	89.2%	210	100.0%	376	95.2%
Estimates	417	68.3%	419	83.1%	836	75.7%
Deferred Benefits	274	50.7%	811	55.1%	1085	54.0%
Transfers in / out	18	50.0%	13	92.3%	31	67.7%
Divorce	57	59.7%	28	35.7%	85	51.8%
Refunds	100	92.0%	160	99.4%	260	96.5%
Rejoiners	36	66.7%	51	100.0%	87	86.2%
Interfunds	33	60.6%	38	23.7%	71	40.8%
Death Benefits	99	92.9%	135	98.5%	234	96.2%
Total	1,313		1,975		3,288	

5. It should be noted:

- The team have continued to ensure that processes resulting in payments to members or beneficiaries are prioritised

- The quarterly information includes the processing of 246 leaver forms received in March 2019 but which were not processed due to capacity. The timescales for completing this work is included within the Deferred Benefits performance, which is impacted as a result.
 - The continued 'backlog' and 'data quality' issues has been impacting performance. This was anticipated as part of the transfer and the Hampshire team are working with West Sussex officers on resourcing requirements. Issues identified are being used to inform a data improvement plan and the expectation is that this would reduce the legacy issues and improve the performance.
6. The Administration Strategy has also been updated to correct some erroneous service level timescales (15 working days rather than 10 working days in line with the delegation agreement), to include reference to the charging arrangements for estimates and remove references to the legacy administrator. An extract showing the changes has been included as Appendix B.

Breach Reporting

7. There are a number of statutory requirements within the Local Government Pension Scheme (LGPS) for which there is a statutory duty to report to the Pensions Regulator if a material breach occurs.
8. Officers have recently reviewed the breaches policy and a copy of the policy is available at Appendix C. There were no material changes made to the policy, other than to the format, to provide clarity in the process.
9. There has been a breach with regards to the production of annual benefit statements that is currently being investigated as to whether this is constituted as a material breach. More details are set out in the section below.

Key Milestones - Annual Benefit Statement

10. The statutory deadline for production of Annual Benefit Statements (ABS) is 31 August each year. Hampshire County Council produces these on the Funds behalf.
11. The team produced annual benefit statements for most members and these were made available via the member portal, unless members have elected for a hard copy.
12. For those members considered 'transitional' there is a need to work with employers to understand the member status and update the member record accordingly.
13. Since the ABS deadline further statements have been produced.

14. Whilst the Fund has produced all records where it holds the necessary information, the non-production of annual benefit statements constitutes a breach in Regulations. This is being investigated, as to whether it constitutes as a material breach.

Key Milestone - Pension Saving Statements

15. The statutory deadline to produce Pension Saving Statements is 6 October each year. Hampshire Pension Services produce these on the Funds behalf.
16. The team have written to 35 members of the West Sussex LGPS who have exceeded their annual allowance for 2018/19.

Member Portal Access

17. LGPS members can register for a pensions account so that they can see their annual benefit statements online, as well as access and update their personal details. Pensioner members are able to view their payslips and P60s. The table below shows current registrations:

	Number	% of population
Active	6,184	20.8%
Deferred	2,131	7.6%
Pensioner	1,093	5.1%
Total	9,408	11.9%

18. A promotion of the Portal was included as part of the Annual Benefit Statements becoming available. This has seen an increase in registrations.

Katharine Eberhart
Director of Finance and Support Services

Appendices

- Appendix A - Administration Performance
Appendix B - Extract of Amendments to the Administration Strategy
Appendix C - Reporting Breaches of the Law to the Pensions Regulator

Administration Performance

1 April 2019 – 30 September 2019

The table below shows performance against the relevant targets for the three months during the quarter.

The table does not include:

- Periodic tasks such as the triennial valuation, publication of the Annual Benefit Statements, End of Year processes or notification of changes to Regulations.
- Response times to enquiries made by members (which has a five working day expectation, but with a requirement to keep members or employers informed if it will take longer to resolve) or change of member details.

	April		May		June		Quarter 1	
	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time
Active Retirement	33	100.00%	29	100.00%	51	96.10%	113	98.20%
Deferred Retirement	35	94.30%	52	100.00%	79	79.80%	166	89.20%
Estimates	124	99.20%	144	39.60%	149	70.50%	417	68.30%
Deferred Benefits	17	100.00%	115	66.10%	142	32.40%	274	50.70%
Transfers in / out	2	50.00%	6	50.00%	10	50.00%	18	50.00%
Divorce	11	90.90%	35	51.40%	11	54.60%	57	59.70%
Refunds	42	100.00%	40	92.50%	18	72.20%	100	92.00%
Rejoiners	3	66.70%	12	58.30%	21	71.40%	36	66.70%
Interfunds	16	93.80%	2	0.00%	15	33.30%	33	60.60%

	April		May		June		Quarter 1	
	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time
Death Benefits	27	100.00%	28	100.00%	44	84.10%	99	92.90%
Total	310		463		540		1,313	

	July		August		September		Quarter 2		YTD	
	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time
Active Retirement	21	100.00%	41	100.00%	48	100.00%	110	100.00%	233	99.1%
Deferred Retirement	77	100.00%	81	100.00%	52	100.00%	210	100.00%	376	95.2%
Estimates	186	66.13%	130	99.23%	103	93.20%	419	83.05%	836	75.7%
Deferred Benefits	143	35.66%	139	81.29%	529	53.50%	811	55.12%	1085	54.0%
Transfers in / out	1	100.00%	7	100.00%	5	80.00%	13	92.31%	31	67.7%
Divorce	18	38.89%	5	20.00%	5	40.00%	28	35.72%	85	51.8%
Refunds	58	100.00%	31	100.00%	71	98.59%	160	99.37%	260	96.5%
Rejoiners	10	100.00%	14	100.00%	27	100.00%	51	100.00%	87	86.2%
Interfunds	22	18.18%	13	15.38%	3	100.00%	38	23.68%	71	40.8%
Death Benefits	40	100.00%	50	96.00%	45	100.00%	135	98.52%	234	96.2%
Total	576		511		888		1,975		3,288	

The table below shows outstanding work as of 30th September 2019. The time outstanding reflects the time from date of receipt of the initiating request, so includes time whilst cases are on hold pending further information;

Type of Case	Time Outstanding						Total
	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31+ days	
Active Retirement	11	9	1	0	0	0	21
Deferred Retirement	11	4	1	0	1	1	18
Estimates	26	47	22	8	7	5	115
Deferred Benefits	99	64	94	127	139	343	866
Transfers In & Out	0	5	0	4	2	8	19
Divorce	1	4	2	10	7	18	42
Refunds	12	0	3	0	0	0	15
Rejoiners	13	4	6	4	0	0	27
Interfunds	14	12	11	14	27	131	209
Death Benefits	12	4	1	1	5	2	25
GRAND TOTAL	199	153	141	168	188	508	1,357

Extract of Amendments to the Pension Administration Strategy (October 2019)

The table below sets out the levels of performance which Scheme employers, their contractors and the administering authority are expected to achieve in carrying out their Scheme functions.

Task	Scheme Employer (or their contractors) performance	Administering Authority (or their contractors) performance
Divorce Estimates		<p>The Administering Authority will provide estimates/actuals for pension sharing provided during the year within 15 working days of receiving all necessary information.</p> <p><u>The Administering Authority charges for estimates in accordance with its Pension Administrators estimates policy</u> https://www.hants.gov.uk/hampshire-services/pensions/local-government/employers/forms</p>
Death Benefits	Notification must be provided to the Administrator within 5 working days of the death of the member.	<p>The Administering Authority will:</p> <ul style="list-style-type: none"> • acknowledge in writing the death of a member enclosing claim forms to the informant or next of kin within 5 working days of being notified of the death. • Supply survivor beneficiaries with notification of their entitlements including the method of calculation within 15 working days of all the information being received. • pay any death grant due within 10 <u>15</u> working days of receipt of all necessary paperwork to be able to produce the calculation (this includes Grant of Probate or Letters of Administration). <p>As agreed by exception in certain circumstances (e.g. hardship cases)) the timescale can be contracted</p>

Task	Scheme Employer (or their contractors) performance	Administering Authority (or their contractors) performance
Provision of the LGPS Employee Guide to all new employees	<p>An employer must ensure that all new employees eligible to join the Local Government Pension Scheme (LGPS) receive a copy of the Employee Guide to the Scheme within two months of becoming employed.</p> <p>The Employee Guide can be found on the Fund's website.</p>	
New Starter including for Bulk Transfer In	<p>New Starter form to be provided within 10 working days following the end of the month in which the employee joined the LGPS.</p> <p>A member may elect to transfer other pensions into the Scheme by completing the necessary form within 12 months of joining.</p> <p>The Employer should notify the Administering Authority as soon as they identify that a bulk transfer is likely to take place.</p>	<p>The Administering Authority will set up a member record within 20 working days of receipt of the new starter form.</p> <p>Where a member transfers in other pension benefits the Administering Authority will update the members pension record and issue member with statutory notification with relevant details within 10 <u>15</u> working days of confirmation that the payment from the other pension scheme has been allocated to the pension fund.</p> <p>For bulk transfers, the performance level will be agreed between the Administering Authority, its Actuary the Administrator and the Predecessor Scheme on a case by case basis.</p>

Task	Scheme Employer (or their contractors) performance	Administering Authority (or their contractors) performance
Retirement Estimates	<p>The Employer must provide estimated pensionable pay details within 10 working days of the members' request.</p> <p>Employers may consider a previous years pay may be more beneficial to the member and should provide such information if necessary.</p>	<p>In line with the Employer Estimate Policy the Administrator will provide the retirement estimate within 15 working days of receipt of accurate pensionable pay details from an employer.¹</p> <p><u>The Administering Authority charges for estimates in accordance with its Pension Administrators estimates policy</u> https://www.hants.gov.uk/hampshire-services/pensions/local-government/employers/forms</p>
Year End Information	<p>The employer (or their payroll contractor / agency for whom the employer is responsible) shall provide Capita <u>the administrators</u> with year-end information as at 31 March each year in the notified format no later than 30 April.</p> <p>The information should distinguish those amounts representing deductions for voluntary contributions and the employees paying those voluntary contributions.</p>	<p>The Administering Authority will request information and provide specification to employers not later than the end of the first week in March. A reminder will be sent out 10 working days before the due date of 30 April.</p>

¹ In addition to online functionality employers can request a maximum of two estimates per employee in any 12 month period. Additional estimates provided to employers, subject to a separate administration charge. A member is restricted to one estimate in any 12 month period (in addition to their annual benefit statement).

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	Apr	May	Jun	Jul	Aug	Sep	YTD Average
Late	1	1	0	0	1	1	0.7
On time	191	190	190	192	191	191	190.8
Number of Active Employers	192	191	190	192	192	192	191.5
% Late of Active Employers	0.5%	0.5%	0.0%	0.0%	0.5%	0.5%	0.4%
Average Days Late	29	17	-	-	9	15	12
Total Amount Overdue (£)	546	188	0	0	28,081	645	4,910
Total Contributions (£'m)	10.75	10.77	10.82	10.86	10.74	10.76	10.79
% Late of total contributions	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.1%

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Pension Advisory Board

20 November 2019

Communication Strategy

Report by Director of Finance and Support Services

Summary

The terms of reference for the Pension Advisory Board includes consideration of the effectiveness of communication with employers and members including the Communication Strategy as part of the Pension Advisory Board's functions.

Recommendation

- (1) That the Board note the schedule of Communications drawn from the Communication Strategy
- (2) That the Board feedback on the Communications presented at the meeting

1. Background

- 1.1 The Pension Fund maintains a Communication Policy Statement which reflects the LGPS Regulatory requirement for the Administering Authority to maintain a Statement concerning communications with members, representatives of members, prospective members; and Scheme employers and describes how the Pension Fund will communicate with its broad range of stakeholders and the Pension Regulator's Code of Practice 14 which refers to necessary communications and their content.
- 1.2 By reviewing communications on a regular basis the Board will be fulfilling their role in considering the effectiveness of communication with employers and members, including the Communication Strategy and assisting with its knowledge and understanding of the Scheme.

2. Communication Strategy

- 2.1 The Communication Strategy was considered by the Pension Advisory Board at their meeting on 22 May 2019. The review was in respect of compliance with the Regulations.
- 2.2 Appendix A describes how the communications referred to within the Strategy are delivered in practice and the role of the Administering Authority and its administration provider in the fulfilment of this and the relevant calendar of communications or key activities.

3. Relevant Communications for the Period

- 3.1 As communications are provided to employers and members they are provided to the Board for review against Regulations, Guidance or best practice for their comments to inform future activities.

3.2 The relevant communication for the period has been included in Appendix B.

Katharine Eberhart

Director of Finance and Support Services

Contact: Tara Atkins, Principal Pensions Consultant, 033 022 28787

Appendices

Appendix A – Description and Calendar of Communication Deliverables

Appendix B – Communications for the relevant period (not included in Appendix A)

Background Papers

Communication Policy Statement

https://www.westsussex.gov.uk/media/5557/communication_policy_statement.pdf

Description and Calendar of Communication Deliverables

Using technology to enhance services, improve accessibility and broaden inclusion through:

- Email
- Website
- Member Portal
- Employer Portal

Work to increase the use of technology will be considered in consultation with Hampshire Pension Services.

Member Communication

	WSCC's Role	HCC's Role	Dates	Future Activity
Website	Review at least annually. Feedback on content on as required basis.	Maintain and review content of website as necessary.	Ongoing	Updated with amendments to regulations/processes. Review when feedback provided.
Member Portal	Feedback on content/messages displayed	Maintain and update functionality/messages as necessary.	Ongoing	Update/Amendments to functionality.
Annual newsletter for pensioners	Feedback on template	Draft template and sign off – will provide copy to WSCC for feedback before signing off.	April/May (advanced/arrears payrolls)	
Annual Benefit Statements	Feedback on template	Draft templates and sign off – will provide copy to WSCC for feedback before signing off.	31 st August	Provide active and deferred benefit statements to all eligible members.
Pensions Savings Statements	Feedback on template	Draft templates and sign off – can provide copy to WSCC for feedback.	6 th October	Provide pensions savings statement to members who have exceeded annual allowance.

	WSCC's Role	HCC's Role	Dates	Future Activity
Payslips (where their pension varies by £1).	Feedback on changes to content, when applicable.	Template based on HCC's existing version – changes will be made where necessary. Payslip production following monthly pensions payroll.	Monthly	Where pension varies by at last £1, payslip will be issued.
Latest news updates (specific topics, changes to the regulations)	Sign off of content when comms specific to West Sussex.	Website updates. West Sussex specific communications would be drafted, and template shared for feedback/sign off.	As required	Monthly Correspondence Meeting – feedback to Tara Atkins monthly.
Providing and advertising the Pre-Retirement course	Learning and Development run the pre-retirement course, this is advertised on their pages.	N/A		
Requesting feedback		Survey included in all emails sent by HPS – feedback recorded internally and shared with WS through monthly reporting (complaints/compliments).	Ongoing	
Requesting feedback from customers as part of the Customer Services Excellence accreditation.		HCC request from relevant parties.		

Scheme Employers

	WSCC's Role	HCC's Role	Dates	Future Activity
Website	Feedback on content	Maintain and review content of website as necessary	Ongoing	Updated with amendments to regulations/processes. Review when feedback provided.
Employer Portal	Feedback on content/messages displayed	Maintain and update functionality/messages as necessary	Ongoing	Update/Amendments to functionality.
Employer workshop sessions		Draft content and sign off.	Employer Days – twice yearly End of Year Workshops – March/April	Face-to-face
Providing calculations and costings of early retirement scenarios as requested	Provide HCC with revised factors when required.	HCC calculate as per normal processes.	Ongoing – as retirement cases are notified to HPS.	On receipt of an authorised Employer Initiated Retirement Form (EIRA).
Employer newsletters	Feedback on template	Draft template and sign off – will provide copy to WSCC for feedback before signing off.	Quarterly	
Stop Press publications	Feedback/sign off if West Sussex specific.	For LG wide - draft content and make WSCC aware of stop press. For West Sussex specific – draft content and provide copy for sign off.	As Required	

	WSCC's Role	HCC's Role	Dates	Future Activity
Annual General Meeting	Lead by WSPF	HCC provide an update on performance (HCC and Employer)	Annually	HPS feedback on Employer and Admin performance.
Training for small groups		Draft content and sign off	As Required	
Focus group meetings	Feedback on agenda.	Draft agenda and content and provide copy of agenda for feedback.	Twice, Yearly (June/November)	
Actuarial Valuation meetings	Agenda and content in line with Fund Actuary.	Attend as required	Triennial	
Training on provision of end of year member data, including the completion of the appropriate data capture spreadsheet.	Feedback on content	Draft content, provide to WSCC for feedback and sign off.	As above – March/April	
Requesting feedback from customers as part of the Customer Services Excellence accreditation.		HCC request from relevant parties. Training surveys sent to employer training attendees.	Ongoing	Training surveys

Communications for the relevant period

Annual Newsletter for Pensioners

<https://www.hants.gov.uk/hampshire-services/pensions/local-government/pensioner/news>

Employer Matters

An example of the employer matters, which has been sent to Hampshire's employers, is shown on the following page. This is used as a template for West Sussex employers.

Any urgent matters are sent out under a Stop Press publication.

Pensions matters

Summer/Autumn 2018

Hampshire Pension Fund employers' newsletter

We hope you find it informative, as always we welcome any feedback you may have.

Annual Employer Meeting – 12 October 2018	4
Upgrade to Member Portal.....	5
New member self-service platform.....	5
Employer Focus Group	6
Planned maintenance - downtime	6
Annual returns 2018	6
Employer Performance.....	8
General Data Protection Regulation (GDPR)	9
Discretions Policies - Updated.....	9
Employer Charging Policy – Organisational Changes.....	11
Charging Interest on Late Contribution Payments	11
Annual Benefit Statements – **Feedback required**	11
In house AVC's with the LGPS - Updates.....	12
Members Opting Out of the LGPS - Reminder	14
Other news.....	15
DCLG bulletins	15
Dates for your diary	15
Annual Employer Meeting (AEM)	15
Employer Focus Group	15
Employer training days 2018.....	16

Annual Employer Meeting – 12 October 2018

The Annual Employers' Meeting (AEM) is an important part of the Pension Fund's strategy for keeping all employers informed about the Fund and future developments. This year's AEM will take place on Friday 12 October 2018. The session will include:

- An update from the Chairman of the Pension Fund Panel and Board
- A review of the Annual Report for 2017/18
- An administration update
- A review of the importance of Data Quality in the LGPS
- Review of 2017/18 Accounts and Fund Performance
- The economic and market outlook
- An update from the Fund Actuary (AON) ahead of 2019 Valuation and will provide some indication of the potential impact to Scheme Employers

This year's key speaker is from AON, who will primarily be giving an overview of the importance of 'Data Quality' in the LGPS and the impacts to the results at valuation. This is in line with the greater emphasis from the Pensions Regulator on good quality data.

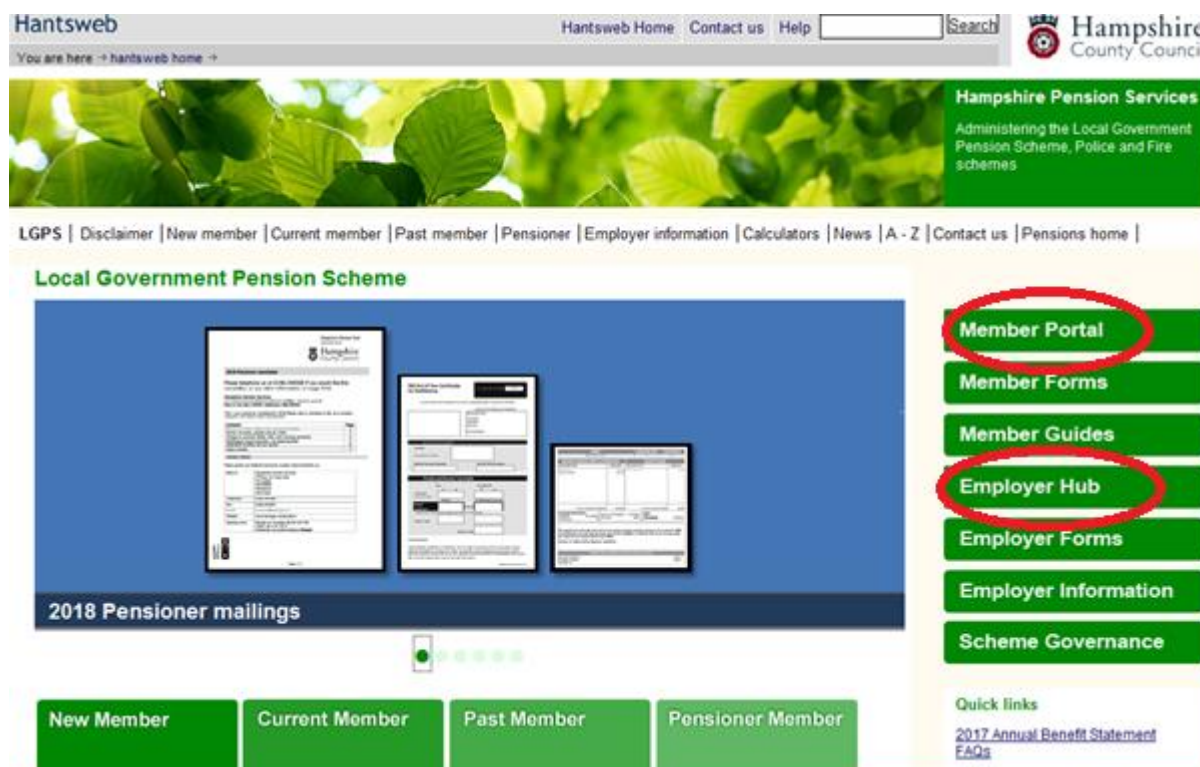
We will also have the following stands available outside of Ashburton Hall from 9am for you to visit before the meeting, during the break and at the end:

- Online Member Portal
 - Providing a demonstration of the new member online portal (available Jan '19)
- Employer Stand
 - Providing a demonstration of the online Employer Web
 - Providing opportunity to see resources available to Employers
 - Guidance on outsourcings and change of payrolls
 - Opportunity to meet the Employer Services Team

Reserve your place

Please reserve your place at this event by emailing servdev.pensions@hants.gov.uk. Please note that spaces are limited.

Upgrade to Member Portal



New member self-service platform

Work is currently ongoing to move to a new platform for 'Member Portal' users which will allow greater functionality and better user experience. The target date for this is **January 2019**.

Demonstration

At the Annual Employers Meeting on 12 October 2018, Civica our software supplier will be available before, after and during the break to provide online demonstrations of the new Member Portal – we would love to see what you think before the launch!

As we move closer to transition, we will provide a full update to Scheme Employers including information of the changes and any actions required.

Transition of members online accounts

Once transition has occurred existing online users who have fully upgraded their online member account will be able to login as normal.

Any members who have instigated the first stage of registration **only** and have not 'upgraded' their online account using their activation code would need to start the registration process again. To avoid this, please encourage any of your employees who are still to 'upgrade' their online account to do so.

If you would like a report of which employees have registered so that you can do your own internal promotion, please email pensions.system.team@hants.gov.uk

Employer Focus Group

Employer Focus Group on 22 November 2018 (10am to 12pm).

The focus of this meeting will be '**Member Portal – Changes and Communication**'

The Focus Group will be an opportunity for employers to see what the new web could look like and to be able to feed into the project which follows on from the initial feedback received from Employers at the Focus Group in June 2018.

We are also hoping to be able to provide a demo of the upgraded online Employer offering 'Employer Hub' due at the end of 2019.

We would welcome a wide range of employers who wish to come to this meeting; however spaces are limited and will be allocated on a first come first services basis.

Please email servdev.pensions@hants.gov.uk as soon as possible to register your interest.

Planned maintenance - downtime

Due to planned maintenance, access to the 'Employer Hub' and 'Member Portal' may not be available during the following times:

Wednesday 12 September 2018 - 5pm to 8pm

Sunday 23 September 2018 – all day

Friday 12 October 2018 - Sunday 15 October

Annual returns 2018

The deadline for the completed and signed annual returns was 30 April 2018.

Benchmarking Annual Return Employer Performance

As part of the annual return process, Hampshire Pension Fund benchmark Scheme Employers for timeliness, financial control and data quality.

We have now completed this process and will be writing to Scheme Employers identified as failing in one or more of these areas by the end of September.

Summary of results

	Return received before deadline		Return received between 1 May and 31 May		Return received more than 1 month late	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Timeliness	215 (67%)	260 (80%)	90 (28%)	58 (18%)	15 (5%)	9 (2%)
	No reconciliation issues		Minor reconciliation issues/quickly resolved		Major reconciliation issues and/or slow/failed to respond	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Financial control	185 (58%)	208 (64%)	123 (38%)	107 (33%)	12 (4%)	12 (4%)
	Data quality good		Minor data quality issues(less than 5% of membership)/quickly resolved		Major data quality issues (more than 5% of membership) and/or slow/failed to respond	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Data quality	178 (56%)	173 (53%)	72 (23%)	93 (26%)	70 (22%)	62 (21%)

Next Steps

- Scheme Employers should work with us to resolve any outstanding annual return queries as soon as possible
- Meetings with Scheme Employers where additional support is required to improve performance will be arranged
- A data validation exercise will need to be completed by Scheme Employers identified as red for 'Data quality' by Dec 2018. More information will be sent where relevant.

Annual return 2019 and Valuation

We are currently reviewing the annual return process and template for 2019 and will aim to let you know by the end of 2018 if there are any changes that you need to be aware of.

2019 is the triennial valuation meaning timescales are even tighter to enable the Fund to provide information to the Fund Actuary to carry out this work and provide details of Employer Contribution rates required from 1 April 2020. Although we will not be bringing the deadline forward for returns to be sent to the Fund from 30 April, we do ask that you:

- Check all outstanding Starters and Leavers have been provided to the Fund
- Review your processes to ensure that the Annual Returns sent are correct and on time
- Respond to any queries raised promptly

Employer Performance



We are continuing to monitor employer performance and continue to write to employers and report to the Pensions Funding Panel and Board for employers who significantly breach the expected timescales in the following key areas:

- Death of an active member
- Active members retiring
- Active members leaving the LGPS

Any employer included in the report will be invited to provide a short statement to be included in the information to the Pension Fund Panel and Board on what actions they are or will be taking to address any issues which caused the late provision of information to the Fund.

What are the expected timescales for notifications?

The Hampshire Pension Fund [Administration Strategy](#) sets out the required Service Level Agreements (SLAs) for all processes and notifications for both the Fund and Scheme Employers.

Please take particular note of some of the key timescales for Scheme Employers:

Notify HPF of a member's death and next of Kin details	Within 5 working days of death
Notification of Starters to the LGPS	Within 10 working days following the end of the month in which the employee joined the LGPS.
Notification of leavers (retirements)	Within 20 working days before an employee's retirement date
Notification of leavers (non-retirements/casuals)	Within 10 working days following the end of the month in which the employee was last paid

Do you have a payroll provider?

If you outsource all or some of your LGPS administration responsibilities to a third party payroll provider, as Scheme Employers you are still legally responsible for ensuring timely, accurate notifications are received by the fund.

General Data Protection Regulation (GDPR)

Memorandum of Understanding

To ensure that we are fully compliant with the requirements of GDPR, our memorandum of understanding is available on our website to all employers in the LGPS.

Useful links

[Memorandum of understanding](#)

This document sets out that participating employers in the scheme are able to share data with the LGPS administering authority **without** a data sharing agreement being in place. This is on the basis that both the employer and the administering authority are data controllers.

Documentation to send to the Fund

We would also like to remind Scheme Employers, that only the required information and documentation to enable the processing of Pension benefits should be sent to Hampshire Pensions.

We have had a couple of instances recently where we have been sent additional and sensitive information, for example:

- Full ill-health reports and doctors notes alongside the ill-health certificate for retirements
- Full personnel documentation with starter notifications

Sending more information than needed could be considered a **breach** to GDPR.

Discretions Policies - Updated

Following the LGPS (Amendment) Regulations 2018 [SI2018/493] which were laid on 19 April 2018, we have updated the information and example template for LGPS Discretions on our [website](#).

Useful Links

- [LGPS \(Amendment\) Regs 2018](#)
- [Employer Information - Discretions](#)

On our website you will find:

- Details of the discretions you **must** have a policy on
- General information to consider when formulating your policy
- Links to the LGA technical information on Discretions
- An example 'Discretions template'

Scheme employers should review their discretions policy if they wish to exercise the following new discretion

- Scheme employers, may in respect of deferred members who choose to voluntarily draw their benefits on or after age 55 and prior to age 60, choose to:
 - 'switch on' the 85 year rule in full
 - Waive on the grounds of compassion any reduction for early payment

If there is a strain on the fund, a payment will be required of the Scheme Employer

****Where no revised discretions policy is in place, the Fund will take the default approach that the Scheme Employer does not exercise this discretion.**

Does the Hampshire Pension Fund have a copy of your published 'Employer Discretions Policy'?

Scheme Employers must make sure as well as publishing their policy, that the Administering Authority (Hampshire Pensions) holds a copy of this.

Failure to do this will mean:

- A breach of the LGPS regulations
- Discretions cannot be applied
- Delays in processing

The image shows a draft template for an 'Employer Discretions Policy' document. At the top left is the 'lgps 2016' logo. The title 'Employer Discretions Policy' is centered in a large, bold font. A large, light grey 'DRAFT' watermark is oriented diagonally across the center of the page. At the bottom left, there is a table with three rows and two columns. The first row is labeled 'Employer name:', the second 'Employer number:', and the third 'Policy effective from:'. The table is currently empty, with only the first column containing text and the second column being blank. The page number '1' is centered at the very bottom.

Employer name:	
Employer number:	
Policy effective from:	

If we do not hold a copy of your most up to date policy, you should send these to:
servdev.pensions@hants.gov.uk

Employer Charging Policy – Organisational Changes

As set out in the Hampshire Pension Fund Administration Strategy, where Pension Services incur additional administration costs due to the pension implications of an Employer restructuring (eg outsourcing, creation of a company, change of legal status etc) a separate additional administration charge will be made. This is in addition to any actuary or legal fees incurred, which are also recharged.

As a guide for Scheme Employers, we have now published a '[Employer Charging Policy](#)' for this.

Charging Interest on Late Contribution Payments

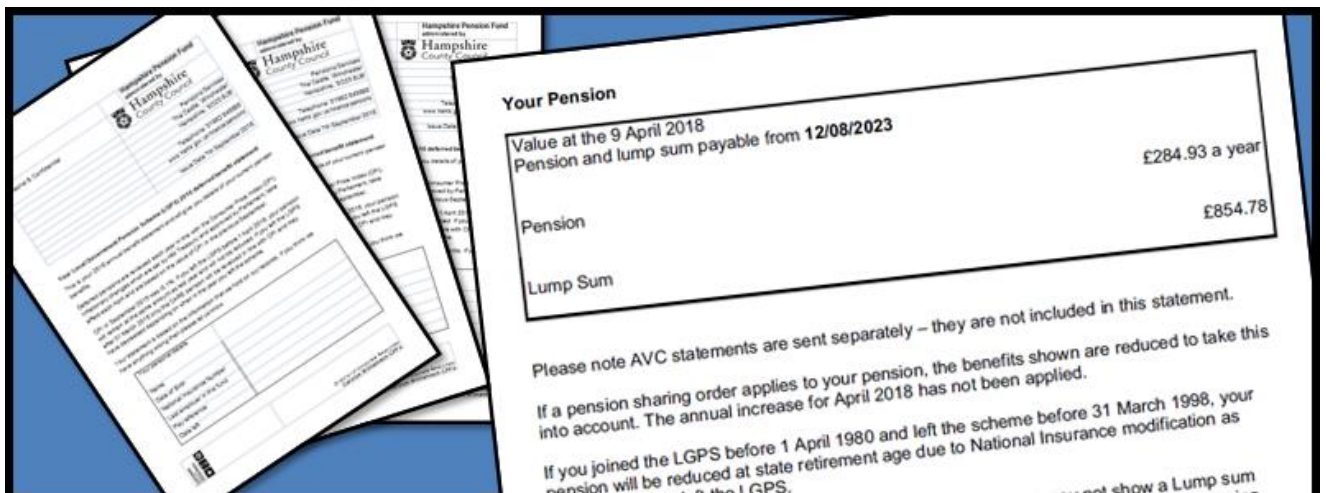
Under regulation 71(4) of the LGPS 2013 regulations, an administering fund has the right to charge interest at a rate of 1% above base rate on late contribution payments.

If contribution payments are not received by the 22nd of the month following the month in which deductions have been made, Hampshire Pension Fund will charge interest based on the number of days between the payment due date and the received date, if the total cost exceeds £10.

An employer will be allowed 1 late payment per annum before charging interest. In the event that an employer does make a second late payment and we decide to make an interest charge, the first late payment will also be subject to a charge.

Any payments received in respect of an interest charge will be accounted for separately to the normal pension contributions.

Annual Benefit Statements – **Feedback required**



Each year we review our Annual Benefit Statements (ABS) template taking account of any changes to scheme rules, as well as feedback and questions received from the previous year.

We understand a lot of employees direct their ABS queries to their employer before they get round to calling us. We would therefore like to ask for your feedback to help us with continuous improvement and would ask you to consider the following:

- The types of questions which are most common following the ABSs being issued
- Which part of the statement generated most queries
- Is there any wording that is/was particularly confusing
- How useful were the FAQs? If not, why not

Please can you send any feedback you have by email to servdev.pensions@hants.gov.uk

In house AVC's with the LGPS - Updates

From 14 May 2018, a number of changes were made to the LGPS regulations with the intention of aligning AVC contracts taken out before 1 April 2014 with those made after this date.

Note that:

- These changes do not apply to Councillors.
- Members who left the scheme before 1 April 2014 are still governed by the regulations in place at the date of leaving.
- A member who started their AVC contract before 13 November 2001 retains the right to buy scheme membership under regulation 66(8) of the 1997 regulations.

The main changes from 14 May 2018 are:

- From this date employers will need to deduct AVCs from pensionable pay as defined in the LGPS 2013 regulations (i.e. pensionable pay including additional pensionable elements such as overtime). ***We recommend that you advise members affected by this change.***

- The maximum contribution limit will be 100% (previously this was 50% for pre 2014 contracts). ***Members who took out an AVC before 1 April 2014 should be advised of this change.***
- When a member takes payment of their main scheme benefits they must also take their AVC benefits (apart from some flexible retirees). The option to defer payment of their AVC has been removed.
- Deferred members can now use their AVC to buy additional pension (previously this option was only open to members leaving active membership who were entitled to immediate payment of their benefits).
- If a member dies before the AVC plan has come into payment then the administering authority can use their discretion to pay the death grant and any life assurance sum to the member's nominee, personal representative or a person appearing to have been a relative or dependent of the member.
- There are new provisions which aim to reduce the number of "orphan" AVCs left attached to an old record when a deferred member rejoins the scheme. In essence, the following classes of members who rejoin on or after 14 May 2014 **must** aggregate their pre 2014 AVC plan at the same time that their main scheme benefits are aggregated:
 - i) members with a deferred refund containing only pre 2014 membership
 - ii) members with a deferred benefit containing only pre 2014 membership who rejoin with a break of less than 5 years membership in a public service pension scheme and do not elect to be treated as if they were a member on 31/3/2014 and 1/4/2014 within 12 months of rejoining
 - iii) members with a deferred benefit containing only pre 2014 membership who rejoin with a break of more than 5 years membership in a public service pension

(Previously members would have had to elect to aggregate their AVC plan)

Equitable Life

As you are aware, Equitable Life closed to new business in 2000. They are now looking to bring Equitable to an end and transfer all their existing policies to Reliance Life. Unit linked policies will be transferred directly to Reliance Life however, major changes are expected for holders of “with-profits” AVCs. Equitable Life have put forward a proposal to:

- Increase the current 35% capital distribution to a level expected to be between 60% and 70%
- Close the “with-profits” fund (which means that the guaranteed value of members’ benefits would end and so would the guaranteed annual increases)
- Convert all “with-profits” policies to unit-linked policies
- Then transfer all these policies to Reliance Life

It is expected that holders of “with-profits” AVCs will be asked to vote on this proposal in mid 2019.

Note that if a member proceeds with the disinvestment of their AVC fund before the transfer to Reliance Life they will not be entitled to the later potential enhancement arising from this proposal. We are not authorised or allowed to give advice on this matter, but the member may wish to seek advice from a registered Independent Financial Advisor.

For more information about Equitable Life including questions and answers on this proposal please find a link to their website: <http://www.equitable.co.uk/>

Please would you remind all holders of Equitable Life “with-profits” AVCs to ensure that they keep Pension Services up to date with any change of address and to expect further details of the proposed changes.

Members Opting Out of the LGPS - Reminder

We have recently received an update from LGA which reminds Scheme Employers that, since July 2012, they have not been allowed to take any action to encourage, persuade or induce a member to:

- opt out of the Scheme or
- opt out in order to transfer their benefits to a Defined Contribution scheme

The Pensions Regulator can fine scheme employers who contravene the above law (fine of up to £50,000)

Other news

DCLG bulletins

Since the last Pensions Matters the DCLG have released the following bulletins on their website

<http://www.lgpsregs.org/index.php/resources/news-updates>

Bulletin 172 – May 2018

- LGPS amendment regulations

Bulletin 173 – June 2018

- The Pensions Regulator
 - Proactive engagement with LGPS Funds
- European Court of Justice ruling on transgender rights

Bulletin 174 – July 2018

- Exit Credit – tax position confirmed
- Warning of cold-calls from fraudsters claiming to be from TPR

Bulletin 175 – August 2018

- High Court Judgement – Elmes V Essex
- Equitable Life update

Dates for your diary

All meetings are held in our Winchester offices, unless otherwise stated

Annual Employer Meeting (AEM)

The AEM will take place on **Friday 12th October 2018**

Employer Focus Group

The next Focus Group will take place on **Thursday 22nd November 2018** (10am to 12pm)

Employer training days 2018

If you are new to the LGPS, either as a new employer in the scheme or if you have recently taken on a role that involves LGPS administration for the first time, this is an ideal opportunity to come along to a session aimed at helping you understand some of the complexities of the employer role in the LGPS. The sessions could also be used as a refresher for existing staff.

Following feedback from employers, we will now run the day in two halves, covering the following:

- 28th September 2018 – 9.30 to 4.30pm

Morning – LGPS overview 9.30 – 12.30

Afternoon – Pensionable pay workshop 1.30 – 4.30

- 30th November 2018 – 9.30 to 4.30pm

Morning – LGPS overview 9.30 – 12.30

Afternoon – Pensionable pay workshop 1.30 – 4.30

If you would like to register your interest or book a place on the full or partial day, please email servdev.pensions@hants.gov.uk

All sessions are held in Winchester.

We hope you find this edition of *Pensions matters* helpful. If you have any comments or queries please email servdev.pensions@hants.gov.uk and we'll be glad to help.

Training Sessions Delivered at County Hall and External

	22 June 2015	22 June 2015	23 October	23 October 2015	22 June 2015	22 June 2015	23 October	23 October 2015	16 March 2016	6 December 2016	27-Feb-17	2 March 2017	21 June 2017	28 June 2017	29 & 30 June 2017	5 July 2017	19 September 2017
	Training from Baillie Gifford on Investment Managers work	Training from Steve Harrison on background of the West Sussex LGPS	Training from Peter Scales on Pension Board Governance	Training from Clare Chambers on the work of Capita	Training from Baillie Gifford on Investment Managers work	Training from Steve Harrison on background of the West Sussex LGPS	Training from Peter Scales on Pension Board Governance	Training from Clare Chambers on the work of Capita	Training from EY and from Internal Audit	Training from Peter Scales on the Investment Regulations	CIPFA LGPS Spring Seminar for LPPs	Training from Richard Cohen on the UK taxation system and the wider pension landscape.	Pensions Panel Induction Training	CIPFA LPBs Two Years On	LGA LGPS Trustees Conference	LGPS Pooling Update	Pension and Lifetime Savings Conference
Peter Scales	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓
Richard Cohen	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓			✓	✓
Christopher Scanes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓	
Kim Martin										✓		✓	✓				
Tim Stretton																	
Becky Caney																	
Miranda Kadwell																	

	26 February 2018	13-Jun-18	27-Jun-18	18-Jul-18	15-Oct-18	21-Nov-18	27-Feb-19	06-Mar-19	22-May-19	13-Jun-19	26-Jun-19	04-Sep-19
	CIPFA Local Pension Board	WSPF Financial	CIPFA Local	Risk Framework	CIPFA Local Pension	Actuary Training	CIPFA Local	WSPF Overview	Hampshire Pension	Financial Statement	CIPFA Local Pension	Pension Governance
Peter Scales	✓	✓		✓	✓	✓	✓	✓	✓			✓
Richard Cohen		✓		✓		✓		✓	✓	✓		✓
Christopher Scanes		✓	✓	✓		✓	✓	✓	✓			✓
Kim Martin		✓				✓		✓	✓	✓		Received Slides
Tim Stretton	✓		✓			✓		✓	✓		✓	✓
Becky Caney						✓		✓	✓			✓
Miranda Kadwell						✓	✓	✓	✓			✓

Pension Regulator Toolkit - Module Progress

	Conflicts of Interest	Managing risk and internal controls	Maintaining accurate member data	Maintaining member contributions	Providing information to members and others	Resolving internal disputes	Reporting breaches of the law
Peter Scales	Passed	Passed	Passed	Passed	Passed	Passed	Passed
Becky Caney	Passed	Passed	Passed	Passed	Passed	Passed	Passed
Richard Cohen	Passed	Passed	Passed	Passed	Passed	Passed	Passed
Miranda Kadwell	Passed	Passed	Passed	Passed	Passed	Passed	Passed
Kim Martin	Passed	Passed	Passed	Passed	Passed	Passed	Passed
Christopher Scanes	Passed	Passed	Passed	Passed	Passed	Passed	Passed
Tim Stretton	Passed	Passed	Passed	Passed	Passed	Passed	Passed

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