

Pension Fund Committee

5 December 2019

Pensions Regulator – Code of Practice for Public Service Pension Schemes – Gap Analysis



Report of John Hewitt, Corporate Director of Resources

Purpose of the Report

- 1 To provide the Board Members with an update on the Council's level of compliance with the Pensions Regulator's Code of Practice on the governance and administration of public service pension schemes ('the Code of Practice').

Executive summary

- 2 The Pensions Regulator issued the Code of Practice in April 2015. Codes of practice are not statements of law and there is no penalty for failing to comply with them. It is not necessary for all the provisions of a code of practice to be followed in every circumstance. However, any alternative approach needs to meet the underlying legal requirements.
- 3 A number of areas were previously identified where the Fund is partially compliant with the Code. Work is ongoing in these areas to improve the level of compliance. Commentary is provided in Appendix 1.

Recommendation(s)

- 4 The Board is asked to note this report, with an update to be provided to the Board in March.

Background

- 5 The Pensions Regulator issued the Code of Practice in April 2015. Codes of practice are not statements of law and there is no penalty for failing to comply with them. It is not necessary for all the provisions of a code of practice to be followed in every circumstance. However, any alternative approach needs to meet the underlying legal requirements.
- 6 The Code of Practice covers the following four main areas:
 - (a) Governing your scheme
 - Knowledge and understanding required by pension board members
 - Conflicts of interest and representation
 - Publishing information about schemes
 - (b) Managing risks
 - The requirement for scheme managers to establish and operate adequate internal controls
 - (c) Administration
 - Scheme record-keeping
 - Maintaining contributions
 - Providing information to members
 - (d) Resolving issues
 - Internal dispute resolution
 - Reporting breaches of the law
- 5 A comparison between the Code of Practice and the Council's current practices (as Administering Authority to the Pension Fund) was undertaken by the Board in December 2018. This comparison demonstrated a good level of overall compliance with the Code of Practice, although there were some areas where the Council is only partially compliant.
- 6 Work has continued to improve compliance with the Code, including the development of Monthly Data Collection, improvement in Data Quality and a significant reduction in outstanding work. A commentary on each area of partial compliance is included in Appendix 1. It is proposed to provide the Board a further update in March.

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Appendix 1 – Areas of Partial Compliance with the Pensions Regulator’s Code of Practice 14 - governance and administration of public service pension schemes

Code of Practice Requirement	Comments
A more structured, detailed training programme is required for local pension board members	Training needs assessment carried out. Training to be arranged to address the self-identified needs of the Board
All relevant scheme documents should be easily accessible	Board and Committee papers made available electronically. Fund’s online content currently under review.
Determine when and how reports of breached should be made to the Regulator	Fund undertaking work to enhance Disclosure reporting. Breach policy to be developed in conjunction with enhanced reporting, to be brought to Board.
Member data to be subject to quarterly data evaluation using Reporting Tools to improve data accuracy	Most recent Data Quality assessment demonstrated significant improvement in quality of data held by Fund. Data collected monthly for Fund’s biggest employer.
Web-based systems for better exchange of information with scheme employers is being piloted with 2 employers. This will be further developed and rolled out to more employers	Most employers transacting year end information as well as starters, leavers, and changes electronically through the Fund’s web-based systems. Data collected monthly for Fund’s biggest employer.
Further work ongoing to enable better monitoring of monthly contributions, facilitated by the new web-based portal	Data now collected monthly for Fund’s biggest employer. Electronic monitoring to be developed.

Recently appointed staff will address delays in providing information to deferred leavers	Significant reduction in outstanding deferred processes, completed in an advance of submission of triennial valuation data
Tracing exercises to target 'gone aways' under age 50 and deferred members have been undertaken and now commenced for active members employed	Tracing exercise carried out targeting 'gone away' deferreds. Fund to consider additional tracing in advance of launching online services