

Fund Administration Policies

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1. Summary

The report provides Pension Board Members with information on the Administration Policies of the Shropshire County Pension Fund.

2. Recommendations

Pension Board Members are asked to note the contents of this report.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to risks to the Fund are minimised.

3.2 Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

3.3 Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

3.4 Financial Implications

Currently there are no direct financial implications arising from this report.

4. Administration Policies

4.1 The Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the Pensions Regulator. The guidance issued by the Pensions Regulator states:

'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.'

Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.'

- 4.2** Board members have previously been made aware of the policy documents adopted by the Fund which can be found on the website www.shropshirecountypensionfund.co.uk
- 4.3** It is a regulatory requirement under the Local Government Pension Scheme rules to have certain policies in place. The administration policies currently in use by the Fund are:
- Administration Strategy Statement
 - Communications Policy Statement
 - Governance Compliance Statement
 - Reporting Breaches Policy
 - Termination Funding Policy
 - Training Policy
- 4.4** All Fund administration policies have been agreed by the Pensions Committee and the most up to date versions are on the Fund's website. Each policy sets the Fund's approach for securing compliance with Regulations.
- 4.5** The Pension Regulators survey from 2016 last year – asked all public service pension schemes to assess how they were being run. Results were released in May 2018, **Appendix A**. The top risks identified in The Pensions Regulators 2016 survey were:
- Governance
 - Internal controls
 - Record keeping
 - Member communications
- 4.6** The Fund undertook its own compliance review earlier in the year which was shared with the Pensions Board. Some of the areas highlighted in the review as requiring work have already been tackled in projects set up this year such as the Data Accuracy report. Internal Controls are now being looked at. Regularly reviewing all of the above policies forms part of good governance, as they are the Funds formal recording of a lot of its internal controls.
- 4.7** In the coming months the Administration Team will be reviewing its Policies and their compliance against all codes /regulatory requirements and how they are measured. An action plan of any improvements will be put in place and any changes in Policies will be drafted and circulated to Employers for consultation. This area of review has already been communicated with Scheme employers at a meeting held on the 9th November.

5. New Employer Events Policy

- 5.1 A new policy is currently being drafted called an 'Employer Events Policy'. This will replace the current 'Terminations Funding Policy' with a more comprehensive policy that will cover the various 'life stages' of an employer within the Fund. It will summarise the events that could affect employers whilst in the Fund and the possible outcomes from the events right up until an employer withdraws from the Fund. There are more employers in the Fund, coming and going, resulting from increased services being outsourced and re-let. There are also an increasingly number of Academy schools joining Multi Academy Trusts and this policy aims to outline the setup of these type of organisations within the Fund.
- 5.2 Within the new policy there will also be some changes to how exit payments are calculated. A consultation will be undertaken with employers and a draft copy of the policy, when available, will be shared with the Pensions Board.
- 5.3 In terms of documented policies, the Pension Regulators Code of Practice 14 states the following are examples of administration policies the regulator expects to be documented and with which a Pensions Board must have a working knowledge:
- **Conflicts of interest** - This is covered within Shropshire Council's Constitution.
 - **Record-keeping** - Covered in a Record Keeping compliance document held by the Administration team, **Appendix B**.
 - **Internal dispute resolution** – Process covered in the LGPS Regulations 2013 (a guide covering appeals is on the Fund's website)
 - **Reporting breaches** - covered in the Reporting Breaches Policy held on the Fund's website.
 - **Maintaining contributions to the scheme** – Covered in the LGPS Regulations 2013 and further expanding on in the Pensions Administration Strategy, held on the Fund's website.
 - **The Terms of Reference of the Pensions Board** – Published on the Fund's website.
 - **Risk assessments / management and risk register policies for the scheme** – The Risk Register is annually updated and taken to Pensions Committee. Pension Board members receive copies of Committee reports.
 - **Scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures** – All Scheme communication such as scheme guides and newsletters are held on the Fund's website and the Fund's communication responsibilities outlined in the Communications Policy Statement held on the Fund's website.

- **Statements of policy about the exercise of discretionary functions** – Where the Fund has made a policy on the discretionary functions it is entitled to under the regulations these can be found in the Governance Compliance Statement held on the Fund's website.
- **Statements of policy about communications with members and scheme employers** – Held in the Communications Policy Statement on the Fund's website.
- **The pension administration strategy** – Held on the Fund's website.
- **Any admission body policies** – The Fund does not hold this type of policy but does have a Termination Funding Policy which is set to be replaced with an 'Employers Events Policy' as mentioned in this report.

5.4 The Regulator also states that if Pension Board members of a funded scheme (e.g local government schemes) members should also have a working knowledge of other documented policies such as investment governance.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Board Meeting 10 February 2017 – Areas to be considered for work plan

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – TPR survey results 2017

Appendix B – Record Keeping Matrix