



<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	15
26 June 2015	
10.00am	Public

POLICY UPDATE - GOVERNANCE COMPLIANCE STATEMENT, COMMUNICATIONS POLICY AND PENSIONS ADMINISTRATION STRATEGY

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1. Summary

1.1 The report outlines the requirement to produce and keep updated certain Policies under the Local Government Pension Scheme legislation and in line with the best practice principles published by the Communities & Local Government Department. This report recommends updates to three policies; the Governance Compliance Statement, the Communication Policy and Pensions Administration Strategy.

2. Recommendations

2.1 The Committee is asked to approve, with or without comment, the revised Governance Compliance Statement at Appendix A. and

2.2 The Communication Policy at Appendix B. and

2.3 The Pensions Administration Strategy at Appendix C

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Risk management is considered by Committee in making decisions under the governance arrangements outlined.

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

3.3 There are no direct environmental, equalities or climate change consequences of this proposal.

- 3.4 The reviewed policies will be issued to employers and published on the Scheme's website.

4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5. Background

Governance Compliance Statement

- 5.1 In February 2006 Members approved the Governance Compliance Statement for the Shropshire Fund which outlined the governance arrangements that had been in existence since 1994. This document was published following consultation with employers.
- 5.2 The Governance Compliance Statement was last updated and approved by Committee in March 2015 following the creation of the Pensions Board.

Communication Policy

- 5.3 The Local Government Pension Scheme Regulations 2013 states that an administering authority must prepare maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.
- 5.4 The Communications Policy was last reviewed in June 2014 to take account of changes in legislation from the introduction of the new LGPS Regulations and other relevant legislation. Fund Employers were advised on the changes.

Pension Administration Strategy

- 5.5 The Local Government Pension Scheme Regulations 2013 enables the Pension Fund Administering Authorities to publish a strategy for the sole purpose of improving the processes with their Fund.
- 5.6 The Shropshire County Pension Fund introduced its Pension Administration Strategy in June 2012 and the latest version was approved at committee in June 2014.

Statement of Investment Principles

- 5.7 There are no changes currently required to the Statement of Investment Principles which was approved by Committee on 20 March 2014. This document is due to be updated later in the year when the changes in relation to unconstrained bonds and Liability Driven Investment have been implemented.

6. Annual Review

- 6.1 The Governance Compliance Statement was recently updated to take account of the creation of the local pension board. However this was prior to the annual review being undertaken.
- 6.2 Over the last year the application of the Administering Authority discretions have been monitored to ensure they are relevant and being applied. As a result several discretions have been removed as they are no longer relevant and a couple need to be rewritten.
- 6.3 Of note is the discretion that where an Employer no longer exists within the Fund the Employer's discretion passes to the Fund. A discretion has been added that should the Fund be asked to exercise these discretions then the case will be looked at individually however additional costs will be given a significant relevance in reaching the decision. The decision in these circumstances is recommended to be delegated to the Scheme Administrator.
- 6.4 Also the Fund can charge employers interest on late payments. The current Policy states interest will be charged. As interest rates are currently so low it is recommended that, as it is no longer always cost effective to collect small interest amounts, cases be looked at on a case by case basis and interest charged when it is cost effective to do so.
- 6.5 The revised Governance Compliance Statement is attached at **Appendix A.**
- 6.6 The Communications Policy has been reviewed to ensure all changes in legislation from the introduction of the new LGPS Regulations and other relevant legislation have been incorporated e.g. Annual Benefit Statements have to now be issued by 31 August at the latest. It has also been updated to ensure the changes in methods of communication are recognised. The revised Statement is attached at **Appendix B.**
- 6.7 The Administration Strategy Statement has been updated to take account of new practices introduced as a result of the changes in legislation from the introduction of the new LGPS last year and other relevant legislation. The revised Statement is attached at **Appendix C**
- 6.8 Following approval these documents will be issued to all employers and published on the website.

Pensions Committee, 26 June 2015: Policy Update - GOVERNANCE COMPLIANCE STATEMENT, COMMUNICATION POLICY and PENSIONS ADMINISTRATION STRATEGY

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

Pensions Committee, 20 March 2015-Governance Compliance Statement and 20 June 2014 _ Communication Policy and Pensions Administration Strategy.

Cabinet Member

N/A

Local Member

N/A

Appendices

A – Governance Compliance Statement (revised June 2015)

B _ Communications Policy (revised June 2015)

C – Pension Administration Strategy Statement (revised June 2015)