



Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Date: Thursday, 29 June 2017

**Committee:  
Pensions Board**

**Date: Friday, 7 July 2017**

**Time: 10.00 am**

**Venue: Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

You are requested to attend the above meeting.  
The Agenda is attached

Claire Porter  
Head of Legal and Democratic Services (Monitoring Officer)

**Members of Pensions Board**

Liz Furey – Employer Rep  
Pat Hockley – Pensioner Rep  
Mike Morris – Pensioner Rep (Chairman)  
Vacancy – Employer Rep

Your Committee Officer is:

**Michelle Dulson** Committee Officer

Tel: 01743 257719

Email: [michelle.dulson@shropshire.gov.uk](mailto:michelle.dulson@shropshire.gov.uk)

# **AGENDA**

## **1 Apologies**

## **2 Declarations of Conflicts of Interest**

Members are reminded that they should declare any interests which may lead to conflicts of interest in the subject area or any specific agenda item of this meeting. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

## **3 Minutes of the previous meeting (Pages 1 - 6)**

The Minutes of the meeting held on 10 February 2017 are attached for confirmation, marked 3.

Contact: Michelle Dulson (01743) 257719

## **4 Public Question Time**

To receive any questions from the public, notice of which has been given.

## **5 Pensions Committee Updates**

To highlight any papers/reports arising from the recent Pensions Committee meeting which may of relevance to the Board.

Please click on the link below to access the reports considered by the Pensions Committee at its last meeting on 23 June 2017.

<http://shropshire.gov.uk/committee-services/ieListDocuments.aspx?CId=260&MIId=3448&Ver=4>

## **6 LGPS Central Update**

A verbal update will be given.

Contact: Justin Bridges (01743) 252072

## **7 Administration and Regulatory Updates (Pages 7 - 16)**

Report attached, marked 7.

Contact: Debbie Sharp (01743) 252192

**8 Breaches of LGPS Regulations (Pages 17 - 20)**

Report attached, marked 8.

Contact: Rebecca Purfit (01743) 254457

**9 Scheme Advisory Board Survey**

A verbal update will be given.

Contact: Rebecca Purfitt (01743) 254457

**10 Future Training Requirements**

A verbal update will be given.

Contact: Rebecca Purfitt (01743) 254457

**11 Date of Next Meeting**

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## Committee and Date

Pensions Board

7 July 2017

## **PENSIONS BOARD**

**Minutes of the meeting held on 10 February 2017**

**In the Bridgnorth Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

**10.00 am - 12.10 pm**

**Responsible Officer:** Michelle Dulson

Email: [michelle.dulson@shropshire.gov.uk](mailto:michelle.dulson@shropshire.gov.uk) Tel: 01743 257719

### **Present**

Liz Furey – Employer Rep

Pat Hockley – Pensioner Rep

Mike Morris – Pensioner Rep (Chairman)

### **1 Apologies**

1.1 An apology was received from Stuart Wheeler.

### **2 Declarations of Conflicts of Interest**

2.1 No conflicts of interest were declared.

### **3 Minutes of the previous meeting**

#### **3.1 Paragraph 10 – Outline of the Institutions for Occupational Retirement Provision Directive 11 (IORP11)**

It was confirmed that this item would be discussed at a future meeting.

#### **3.2 Paragraph 12.2 – Pension Related Complaints**

In response to a query, it was reported that the stage 2 appeal had not gone any further and progress would be reported to a future meeting.

#### **3.3 RESOLVED:**

That the Minutes of the meeting held on 25 July 2016 be approved and signed by the Chairman as a correct record.

### **4 Public Question Time**

4.1 No public questions were received.

## **5 Update on Insurance Liability Cover for Pension Board Members**

- 5.1 The Head of Treasury and Pensions informed the Board that Mr Sulman from Aon Risk Solutions had been double booked and was unable to attend the meeting. He was however available from 10am on Monday 20 February 2017.
- 5.2 A brief discussion ensued and Members expressed concern about their personal liability should anything happen to the Pension Fund and wished to go ahead with the insurance cover. Members therefore requested sight of the draft Insurance Policy followed by a conference call with Mr Sulman to discuss the level of cover etc.
- 5.3 **RESOLVED:**

That a conference call be arranged for 11am on Monday 20 February 2017 with Mr Bill Sulman from Aon Risk Solutions.

## **6 Administration and Regulatory Updates**

- 6.1 The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes - which provided Members with the latest administration and regulatory updates affecting the local Government Pension Scheme. The Pensions Administration Manager took Members through the main points of the report and answered a number of queries.
- 6.2 In response to a query, the Pensions Administration Manager explained how access to the system was restricted and that penetration testing was undertaken to ensure that the system could not be hacked. Employees with access were bound by the Council's Rules and Policies and were trained in protecting information on an annual basis. She was happy that information about Scheme Members was fully protected. The Section 151 Officer assured Members that the Council had very robust processes in place upon which it was audited.
- 6.3 **RESOLVED:**

That the contents of the report be noted.

## **7 Pensions Committee Updates**

- 7.1 The reports considered by the Pensions Committee at its meeting on 25 November 2016 had been received by the Board. The Head of Treasury and Pensions updated Members in relation to the LGPS Central Investment Pool and he reported that the Pension Committee's Terms of Reference needed to be updated as they would no longer have responsibility for appointing Investment Managers.
- 7.2 The Head of Treasury and Pensions informed the Board that a head hunter had been appointed to assist with finding suitable candidates for the key roles. Candidates would be expected to have LGPS and/or Investment Management experience and be employed on open ended contracts with, it was hoped, an attractive salary. The

packages had not yet been agreed however performance would be monitored by the Shareholder Forum.

- 7.3 It was confirmed that the Head of Finance Governance & Assurance (S151 Officer) sat on the Programme Board which met every three weeks and which Local Authorities were able to hold to account. The Head of Finance Governance & Assurance (S151 Officer) agreed to check whether Members of the Pensions Board could receive copies of the reports and Minutes from those meetings.
- 7.4 In response to a query the Head of Treasury and Pensions explained the cost sharing principles that had to be agreed and included in the Business Case to ensure it was fair and equitable to all funds involved.
- 7.5 It was confirmed that the 2016 Actuarial Valuation Report by the Funds Actuary, Mercer had been undertaken. At the last valuation in 2013, the funding level was determined to be 76% (i.e. the assets held to meet future liabilities were valued at 76% of those liabilities.) In the latest valuation, the funding level had increased and was now at 84%.
- 7.6 It was reported that the Funding Strategy Statement had been out to consultant and would be presented to the Pension Committee for approval in March. The Fund had increased by £200m since March 2016 and the December figures were expected shortly. The Head of Treasury and Pensions expected to see an increase in inflation of 1% however this had not yet been confirmed.

## **8 Breaches of LGPS Regulations**

- 8.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which informed Members of the steps taken to reduce the number of breaches of the LGPS regulations being recorded which were due to employers not adhering to the regulations.
- 8.2 The Pensions Communication Officer informed the Board that as at November 2016 41 breaches had been recorded but none were deemed materially significant to report to the Pensions Regulator. 13 of the breaches related to the payment of contributions whilst 27 related to employers not preparing a Discretions Policy. 16 Discretion Policies had since been received.

### **8.3 RESOLVED:**

That the contents of the report be noted.

## **9 Overview of Ill-Health Retirements**

- 9.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with an update on the number of ill health retirements which took place in 2015/16 and to date in 2016/17.
- 9.2 In response to a query it was confirmed that the Independent Registered Medical Practitioner (IRMP) would be appointed by the employer and it was the employers'

decision whether to agree with the opinion of the IRMP. The fund was at liberty to challenge any decision it felt was incorrect.

**9.3 RESOLVED:**

That the contents of the report be noted.

**10 Tracing Deferred Pension Members**

10.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with an update on the regulatory requirements for record keeping in the LGPS. In particular, it provided details on the number of 'gone away' records held on the Pensions Administration System and the plans in place to trace them.

10.2 It was reported that due to a resource issue, a Member Tracing exercise was only undertaken when benefits became due for payment however specialised companies had been approached to work with the Fund in order to assist with tracing 'gone away' members.

**10.3 RESOLVED:**

That the contents of the report be noted.

**11 Disaster Recovery Plan for Funds Pensions Administration System**

11.1 The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes – which provided Members with an update on the Funds current disaster recovery plan.

11.2 It was reported that the current disaster recovery plan was not felt to be robust enough, as, although the most recent test had been successful in terms of transferring the system to the Nuneaton site and back again, the mirror server ran much slower and it would prove difficult for more than three users to connect to the server at any one time. The Fund therefore may have to look at external providers in the future due to the lack of space on the Shropshire Council server.

**11.3 RESOLVED:**

That the contents of the report be noted.

**12 Work Plan**

12.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with information on areas to be considered for future work planning. The Pensions Communication Officer circulated a summary of the assessment exercise which set out the five priority areas identified as requiring improvement.



12.2 It was suggested that these areas could be fed into topics to be covered in future training sessions which could be tied in to meetings of the Board. It was confirmed that details of the Trustees Annual Conference would be forwarded to Members once received. Members were also booked on to the Pensions Board Seminar, details of which were awaited.

**12.3 RESOLVED:**

That the contents of the report be noted and that items for future work planning be identified.

**13 Date of Next Meeting**

13.1 It was agreed that the next meeting would be held on Friday 7 July 2017.

13.2 A brief discussion ensued in relation to compliance monitoring and whether it was robust enough. It was explained that both Internal and External Audit reviewed compliance of the scheme and any issues raised should be reported to the Board. It was requested that Internal Audit be a standing item on future agendas.

**14 Exclusion of Press and Public**

**14.1 RESOLVED:**

That in accordance with the provision of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of item 15 on the grounds that it involves the likely disclosure of exempt information as defined by the categories specified against it.

**15 Exempt Minutes (Exempted by Category 3)**

**15.1 RESOLVED:**

That the exempt Minutes of the meeting held on 25 July 2016 be approved and signed by the Chairman as a correct record.

Signed ..... (Chairman)

Date: .....

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## Committee and date

Pensions Board

7 July 2017

10.00am

### **Administration and regulatory updates**

**Responsible Officer** Rebecca Purfit

Email: [rebecca.purfit@shropshire.gov.uk](mailto:rebecca.purfit@shropshire.gov.uk)

Tel: 01743 254457

#### **1. Summary**

The report provides Pension Board Members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

#### **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 topics covered at Pensions Committee on the 23 June 2017**

- 4.1** The Pensions Board are advised to note the Pensions Administration Report to pension committee on 23 June 2017 which included updates on;

- Scheme Advisory Board – published its 2016 Annual Report for the LGPS in England and Wales
- Performance and Team statistics for the Pension Administration Team
- Contracted Out Reconciliation exercise
- Pensions Increase for April 2017
- The results of the Regulator's 2016 governance and administration survey

## **5. Launch of new administrator website by Local Government Association**

- 5.1** On Monday 15th May, the new LGPS administrator website, [www.lgpsregs.org](http://www.lgpsregs.org) was launched. The main changes made to the site were summarised in a document circulated by the Local Government Association (LGA), attached as **Appendix A**. The website is the main source of information for LGPS Scheme administrators. The Pensions Board may wish to familiarise themselves with the new layout.
- 5.2** Since the launch, the timeline Regulations (where the LGPS regulations are all listed) have been updated to take into account the latest statutory updates and also now include a timeline version of the Investment Regulations 2016.

## **6. Pensions dashboard**

- 6.1** As reported in the February 2017 administration report the Government announced in 2016 that it intended to ensure that the pensions industry would, by April 2019, design, fund and launch a 'pensions dashboard'. This would allow individuals to view all their pensions' savings in one place; and to be able to keep in touch with multiple pension arrangements/providers.
- 6.2** HM Treasury appointed the Association of British Insurers (ABI), in autumn 2016, to lead the development of a prototype pensions dashboard by the end of spring 2017. A project group was created to assist the ABI with this.
- 6.3** During April and May 2017, the project group have launched the prototype dashboard at a number of events held around the country. A website has also been set up to demonstrate the prototype and how it works - <https://pensionsdashboardproject.uk> .
- 6.4** Whilst the prototype demonstrates that the Dashboard is possible from an IT perspective, the LGA, still have major questions outstanding, including:

- Legislation – will it be compulsory for pension schemes to participate?
- Funding – how will the costs of establishing and maintaining the Dashboard be met?
- Data – what data will members be able to find on the Dashboard and what will be the security arrangements to ensure the data is not compromised?
- Governance – who will regulate the Dashboard on an ongoing basis?

**6.5** Although this project is in its infancy, on 17 May 2017 the ABI announced an interim phase of the Dashboard project; so as not to lose momentum during the recent general election. The interim phase has four main aims:

- To establish a cost benefit analysis for the wider industry.
- To research customer needs and establish what features people are likely to find most useful in a dashboard.
- To establish the requirements and costs for a secure end-to-end service between data providers and data consumers.
- To further develop the technical data standards for all firms and work with PASA (the Pensions Administration Standards Association) on agreeing a Code of Conduct in line with requirements from The Pensions Regulator.

**6.6** The Pensions Board will be provided with further updates on the development of the Dashboard as the project develops.

## **7. Number of ill health retirements in 2016/17**

**7.1** Following the report provided to the February 2017 Pensions Board members requested that the total number of ill health retirements which occurred during 2016/17 should be reported at this meeting:

	2016/17
Active Members	10 Tier 1 - 9 cases Tier 2 – 0 Tier 3 – 1 case
Deferred Members	7

## **8. Data Accuracy**

**8.1** The Fund has previously highlighted that it is working to meet the requirements set out in The Pensions Regulator's (TPR) Code of

Practice 14. The results of the Regulator's 2016 governance and administration survey of public service pension schemes highlighted that TPR expect all schemes to undertake an annual data review and put an improvement plan in place (if required). TPR will consider enforcement action where scheme managers fail to demonstrate that they are taking appropriate steps to improve their records where gaps had been identified.

- 8.2** The Fund is confident that the work that is being undertaken by the Pensions Administration Team, on data quality, is in line with the TPR's priorities. As part of an improvement exercise the Fund is working on a pilot for a Data Quality Review with their Pension Administrator software provider.

The exercise will provide:

- A detailed report on the quality of the Funds data, benchmarked against TPR common and conditional data guidelines
- A suggested correction plan
- Potential for year-on-year tracking to illustrate progress

- 8.3** By undertaking a Data Quality Review the Fund can demonstrate its level of data quality and establish a robust correction plan (if required) to improve the quality of the data held.

- 8.4** If the Data Quality Review highlights missing, or inconsistent data fails which impact on the calculation of member benefits or correct administration of the Scheme then the correction plan will be used to identify the priority data issues to ensure greater compliance with the Pensions Regulators Code of Practice 14.

- 8.5** The pilot is currently underway and the Fund has provided feedback on the initial reports provided. The Pensions Board will be fully briefed on the results of the exercise and any correction plan put in place later in the year.

- 8.6** Work is continuing on the project to identify members with no current address held on the system. Tracing the members will have to be done by a Third Party and appointment of that third Party will need to comply with the Council's procurement rules.

## **9. Data Security**

- 9.1** The Fund is in discussion with Shropshire Council's IT department on the issue of improving the strength of the recovery position of the Pensions Administration System; which includes the Member Self-Service facility, 'My Pension Online'. Alternative external hosting options have not been ruled out but the recommendation is looking likely that by moving the Pension Administration System on to a larger virtual server set-up, which can be provided by the Council, costs would be less than external hosting solutions but recovery resilience would be still be strengthened. Further technical and investigative work

is underway to ensure the recommended solution meets the current and future IT requirements of the Fund and the costs provide best value to the Fund.

- 9.2** In recent months there has been an increased number of Cyber Attacks on IT systems within the Public Sector, the largest being directed towards the NHS. The attack that was particularly aimed at the NHS is called “Ransomware”, which is software that encrypts files on the device and files on any networks the user has access to. The Ransomware then asks for a payment (the ransom) in order to de-crypt the files and restore access to them.
- 9.3** The Fund uses Shropshire Council to provide IT infrastructure and following the Cyber Attack this statement was provided to the Fund;
- ‘This Cyber Attack took advantage of a Microsoft vulnerability, “a bug” which allowed it to spread from one computer to another that also had the same bug. Microsoft released a patch for this bug in March this year, so anyone who had applied the patch was not vulnerable to this attack. This patch had been applied to Council machines, so fortunately we were protected against this particular attack.’*
- 9.4** The Fund follows the guidance issued by Shropshire Council with regards to IT security and is satisfied that updates are being installed regularly and anti-virus software is also deployed across the network as another layer of defence which is crucial in keeping the Funds IT infrastructure safe.

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

Item 14 - Pensions Administration Monitoring Report – Pensions Committee 17 March 2017

Item 11 - Pensions Administration Monitoring Report – Pensions Committee 23 June 2017

**Cabinet Member (Portfolio Holder)**

NA

**Local Member**

NA

**Appendices**

Appendix A –the new LGPS administrator websites

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## The new LGPS administrator websites

<http://lgpsregs.org> and <http://scotlgpsregs.org>

Over the last year, the LGPC secretariat have been working on developments to our webpages for scheme administrators and are pleased to announce the launch of new versions of <http://lgpsregs.org> and <http://scotlgpsregs.org>, which replace the old site with immediate effect.

The new sites are designed to help scheme administrators find information more easily and to introduce a structure and a design that will remain relevant and practical for the foreseeable future.

We encourage funds to familiarise themselves with the new sites and to circulate the links to employers and other parties who may have cause to use the site in the future.

### Two schemes, two sites

Aside from the differences in the design and layout, the most significant change is the introduction of separate sites for LGPS England and Wales and LGPS Scotland. The decision to host two websites for the two schemes gives more flexibility so that each site can be developed and adapted to individual scheme requirements as the need arises. It also frees up space so that the sites are less congested and have more scope to expand in the future.



### LGPS Regulations and Guidance

Welcome to the website for LGPS employers and pension funds in Scotland

Home	Scheme regulations	LGPC administration resources	
	Timeline Regulations 2014		Timeline Transitional Regulations 2014
	LGPC bulletins		Guides and sample documents



### LGPS Regulations and Guidance

Welcome to the website for LGPS employers and pension funds in England and Wales

Home	Scheme regulations	LGPC administration resources	
	Timeline Regulations 2013		Timeline Transitional Regulations 2014
	LGPC bulletins		Guides and sample documents

Easier navigation

The project has been an opportunity to reconsider how the website is structured to ensure that the site contains everything that administrators may need from a national website and to ensure that information is easy to find.

To that end, users will hopefully find the new structure more straightforward to navigate and documents produced by the LGPC secretariat easier to find. In particular, a guides and sample documents page (see [E&W](#) / [Scotland](#)) utilises filters to help users narrow down various documents produced by the LGPC secretariat by subject matter, intended audience, year of publication or any combination thereof.

Home

Scheme regulations

LGPC administration resources

Bulletins, circulars, minutes

Legal Landscape

Old Timeline

Guides and sample documents

Guides, sample documents and other publications issued by the LGPC Secretariat in respect of a variety of subjects. Use the filters menu to narrow down your search by subject matter, intended audience, year of publication or any combination thereof.

Publication date	Subject	Description	Intended audience	Status	Documents
09 February 2017	85 year rule	Technical guide	Pension Funds	Current	<a href="#">Version 1.11</a> [tracked] [PDF] <a href="#">Version 1.11</a> [clean] [PDF]
09 April 2016	Additional pension contributions	Technical guide	Pension Funds, Employers	Current	<a href="#">Version 1.8</a> [tracked] [PDF] <a href="#">Version 1.8</a> [clean] [PDF]
15 January 2016	Aggregation	Leaflets for re-joiners	Pension Funds	Current	<a href="#">Version 1.6</a> [tracked] [DOC] <a href="#">Version 1.6</a> [clean] [DOC]
16 October 2015	Aggregation	Technical guide	Pension Funds	Current	<a href="#">Version 1.8</a> [tracked] [PDF] <a href="#">Version 1.8</a> [clean] [PDF]

Filters

» Year of publication

» Subject

» Intended audience

» Status

Additionally, a Google search facility on each site gives users a different option for finding the documents or webpages they're after.

## News and updates

One of the features most often requested by users of the old website was the inclusion of news and updates and funds will notice a 'slider' on the homepage that will be kept up to date with updates to the sites as well as developments in the LGPS more generally.

A news and updates page ([E&W](#) / [Scotland](#)) also contains a record of all the news and updates featured on the homepage, along with relevant links.

Home	Scheme regulations	LGPC administration resources	Bulletins, circulars, minutes
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## News and Updates

### » 2017

#### 08 May - Updated trivial commutation guide issued

Version 1.7 of the LGPC guide to trivial commutation for LGPC administrators has now been issued and is available on our [Guides and sample documents](#) page.

#### 20 April - Transfer discharge forms updated

The transfer discharge forms have been updated. Clean and tracked versions are available (version 4.0).

#### 20 April - Scheme administrator factsheet published on the overseas transfer charge

A scheme administrator factsheet has been published on the overseas transfers charge that can apply to QROPS transfers from 9 March 2017.

#### 28 March - March 2017 bulletin published

The LGPC's March 2017 bulletin (no. 156) has been published containing a number of general items of information.

The bulletin is available on our [LGPC Bulletins](#) page.

#### 28 March - 2017 conference now open for booking

The LGPC's trustees' conference, taking place this year in Bournemouth on 29-30 June 2017, is now open for bookings.

Full details are available in [circular 303](#) and in the [conference flyer](#).

To book, visit the [LGA Events](#) website.

## Bulletins and circulars archive

The new site incorporates an archive ([E&W](#) / [Scotland](#)) of all bulletins and circulars issued by the LGPC secretariat from 2006 until 2013. This record should help funds locate and make use of historical information relating to the LGPS as and when necessary, and we are currently in the process of updating the site to include an archive of technical group minutes covering the same period.

## Transitional arrangements

We know that many administrators will have bookmarks that point to URLs from the old site that will now have changed. Additionally, Google may continue to show old pages in search results until the new sites have been up and running for a period of time, even though these have now been replaced.

To avoid any problems arising from these issues, a number of 'redirects' have been installed so that where a person clicks a link to an old page's URL, the website will automatically redirect them to the new, equivalent page instead.

Nevertheless, we ask that users do review internal bookmarks and links in documents to ensure that wherever necessary these are updated to point to the new site/s. In due course, the LGPC secretariat will also be updating our guides and documents to amend links in documents that may need updating.

## What's next?

The LGPC secretariat currently hold a variety of contact details for LGPS funds and will soon be launching a contacts management system to enable LGPS funds to maintain the following details online:

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- Pensions administration contacts for the national member websites (including <https://lgpsmember.org>),
- Pensions manager contacts for the <http://lgpsregs.org> and <http://scotlgpsregs.org> websites,
- Email addresses for the LGPC fund distribution list,
- Political contacts (E&W only) and
- Fund investment contacts (E&W only).

Details of the system and individual log-in details will be sent to funds in the coming weeks.

## Get in touch

If you have any comments or suggestions for developments of the sites, or if there are any problems, please do not hesitate to get in touch by emailing [Con Hargrave](#).

### LGPS Avon Pension Fund

 Pensions manager contacts

 Fund distribution list

 Member website contacts

 Fund investment contacts

 Political contacts



## Committee and date

Pensions Board

7 July 2017

10.00am

## **Breaches of LGPS Regulations**

**Responsible Officer** Rebecca Purfit

Email: [rebecca.purfit@shropshire.gov.uk](mailto:rebecca.purfit@shropshire.gov.uk)

Tel: 01743 254457

### **1. Summary**

The report provides Pension Board Members with the latest report on Breaches of LGPS regulations affecting 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. Recording and reporting of breaches**

#### **4.1** Section 70 of the Pensions Act 2004 imposes a requirement on the following persons to report a breach of law:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;

- a person who is otherwise involved in the administration of such an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme,

- 4.1** When deciding whether a breach is likely to be of material significance to the Pensions Regulator, the cause, effect, reaction to and wider implications of the breach should all be considered and, if a breach has occurred that is deemed material, it should be reported to the Pensions Regulator.
- 4.2** Any potential breaches by the Administration Team or Fund Employers' are recorded on the Breaches Log and reported quarterly to Pension's Committee. Largely, the breaches recorded and reported to Pensions Board in February 2017 were due to employers not preparing a discretions policy or Scheme contributions and/or data not being submitted on time.
- 4.3** In February 2017, a total of 11 discretions policies were outstanding. To date of these employers 1 has submitted a policy and 6 have either submitted a draft policy or requested a meeting with the Fund for guidance. The remaining 4 employers who have yet to engage with the Fund will continue to be logged as having breached the Scheme regulations and further support/training will continue to be offered. In total, there are 99 active or deferred members in the LGPS employed over these 4 employers. The primary pensions contact for these employers have been contacted several times regarding the outstanding discretions policy, however this will now be escalated to Senior Manager at each organisation.
- 4.3** The other main recorded breach is employers not complying with the regulations by not paying over Scheme contributions on time and or data not being submitted on time. Each breach recorded is reported to the employer and most employers engage with the Fund to ensure the breach does not happen again. These type of breaches are largely due to administration errors such as contribution cheques not being posted on time, the payment deadline of the 19th falling on a weekend or a new employer failing to correctly understand the responsibilities of becoming an employer in the Fund, particularly when separating from the Local Authority, such as Academy conversions.
- 4.4** Throughout 2016/17 there were 5 employers who appeared on the breaches log with a total of 4 or more breaches for the reasons set out above. These employers have all been contacted and the Fund is continuing to work with them to improve their practises.

- 4.5 No breach has yet been assessed as material and therefore none have needed to be reported to the Pensions Regulator.

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

Item 8 - Pensions Board Meeting 10 February 2017

Item 18 - Pensions Committee Meeting 17 March 2017 Record of Breaches Report (Exempt paper)

Item 16 - Pensions Committee Meeting 23 June 2017 Record of Breaches Report (Exempt paper)

**Cabinet Member (Portfolio Holder)**

NA

**Local Member**

NA

**Appendices**

NA

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