

Breaches of LGPS Regulations**Responsible Officer** Rebecca PurfitEmail: rebecca.purfit@shropshire.gov.ukTel: 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