



Committee and date

Pensions Board

16 November 2018

9.30am

Item

Public

## Breaches of LGPS Regulations

**Responsible Officer** Rebecca Clough

Email: [rebecca.clough@shropshire.gov.uk](mailto:rebecca.clough@shropshire.gov.uk) Tel: 01743 254457

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**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,
- 4.2** 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.
- 4.3** Any potential breaches by the Administration Team or Fund Employers' are recorded on the Breaches Log and reported quarterly to Pensions Committee. Over the 2018/2019 financial year so far, most of breaches have been the result of, contributions and/or data not being submitted on time.
- 4.4** For the 2018/2019 year, so far, nine employers have been reported as being in breach for not supplying a discretions policy. One of these breaches has been resolved. Of the remaining eight employers, four have been engaging with the pensions team to resolve this issue. The other four employers have not been responding and are due to receive a formal letter confirming an employers responsibilities under the regulations.
- 4.5** So far in 2018/2019, one employer has appeared on the breaches log with a total of six or more breaches. This employer has been written to and the Fund will work with them to improve practises.
- 4.6** A small number of employers have accrued four beaches this year and will be closely monitored over the coming months and will be written to if six or more breaches are accrued.
- 4.7** It was reported on 13 April 2018 that twelve employers accrued six or more breaches over the 2017/2018 financial year. Of these twelve employers, two have ceased their employer status in the fund, and a third has merged with another employer. Five further employers have improved their performance significantly and are currently not causing concern. Although, will be monitored to ensure this improvement continues.
- 4.8** The remaining four employers, all of whom are schools belonging to the same Academy Trust with separate employer status, continue to appear on the breaches spreadsheet. Progress with this group of employers has been slow, but the frequency of their breaches is decreasing, and the Fund continues to offer support to improve performance. A previous issue with late data submission has now largely been resolved. However, each school has been recorded for a breach arising from not submitting pension contributions on behalf of a six employees across the schools since November 2016. Each school is being written to to address this issue.

- 4.9** 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 7 - Pensions Board Meeting 13 April 2018 Update on Breaches of LGPS Regulations

Item 22 - Pensions Committee Meeting 27 July 2019 Record of Breaches Report (Exempt paper)

Item 16 - Pensions Committee Meeting 21 September 2018 Record of Breaches Report (Exempt paper)

**Cabinet Member (Portfolio Holder)**

NA

**Local Member**

NA

**Appendices**

NA