



# BERKSHIRE PENSION BOARD

THURSDAY, 24TH NOVEMBER, 2016

At 1.00 pm

in the

MINSTER COURT - 22-30 YORK ROAD MAIDENHEAD,

## SUPPLEMENTARY AGENDA

### PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
7.	<u>RISK MANAGEMENT - REVIEW RISKS AND PROCESS</u> To review Risks and Process.	3 - 24
8.	<u>CONFLICTS OF INTEREST - REVIEW POLICY AND PROCESS</u> To review the Policy and Process.	25 - 38
9.	<u>REPORTING BREACHES OF THE LAW - REVIEW POLICY, PROCESS AND BREACHES</u> To review the Policy, Process and Breaches.	39 - 62

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## MANAGING RISKS





## CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>5</b>
<b>2</b>	<b>RISK MANAGEMENT POLICY .....</b>	<b>5</b>
<b>3</b>	<b>PENSION FUND OBJECTIVES .....</b>	<b>6</b>
	<i>Operational objectives .....</i>	<i>6</i>
	<i>Strategic objectives.....</i>	<i>7</i>
<b>4</b>	<b>PENSION FUND RISKS .....</b>	<b>7</b>
	<i>Operational risks.....</i>	<i>8</i>
	<i>Strategic risks.....</i>	<i>8</i>
<b>5</b>	<b>RISK MANAGEMENT PROCESS .....</b>	<b>9</b>
	<i>Stage 1 – Identification .....</i>	<i>9</i>
	<i>Stage 2 - Assessment.....</i>	<i>9</i>
	<i>Stage 3 - Control.....</i>	<i>10</i>
	<i>Stage 4 - Monitoring.....</i>	<i>10</i>
<b>6</b>	<b>RISK APPETITE.....</b>	<b>10</b>
<b>7</b>	<b>RISK MANAGEMENT ROLES AND RESPONSIBILITIES .....</b>	<b>11</b>
<b>8</b>	<b>CORPORATE RISK FINANCING STRATEGY .....</b>	<b>13</b>
<b>9</b>	<b>RISK REGISTER .....</b>	<b>15</b>



## 1 INTRODUCTION

A Scheme Manager (Administering Authority) of a public service pension scheme must establish and operate internal controls which must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. The Royal Borough of Windsor & Maidenhead, as the Administering Authority to the Royal County of Berkshire Pension Fund, has a risk management policy and strategy and the Fund's operational and strategic risks are integrated into, and have a direct correlation with, the Royal Borough's risk management framework. Great emphasis is placed on risk management and the reason why the Pension Fund differentiates between operational and strategic risks is to secure the effective governance and administration of the Local Government Pension Scheme.

Risk can be identified as "*the chance of something happening which may have an impact on the achievement of an organisation's objectives*". The difference between a risk and an issue is one of timing:

- A risk event has not happened yet;
- An issue is a result of an event that is happening right now or has already happened;
- As the risk event is a future event, the task is to assess its probability of occurring and estimate the impact that would be caused if it did occur;
- An issue event has already happened so there is no need to assess its probability but what must be taken into account is the impact and what reaction is required to deal with it;
- There is a possibility for a risk to turn into an issue when it is realised.



The main internal controls for the Pension Fund are:

- Arrangements and procedures to be followed in administration, governance and management of the scheme;
- Systems and arrangements for monitoring that administration, governance and management; and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.

## 2 RISK MANAGEMENT POLICY

Risk management decisions and practices will be in accordance with appropriate codes of best practice, ethical standards and values applicable to the governance and administration of the LGPS and as applied to the officers of the Pension Fund.

To deliver this policy it is necessary for Pension Fund staff, Elected Members of the Pension Fund Panel, members of the Pension Fund Advisory Panel and members of the Pension

Board to adopt a consistent and systematic approach to managing risks. The way in which risk is managed can have a major impact on the Pension Fund's key objectives and service delivery to its stakeholders.

The foundations of this policy are based upon a common understanding and application of the following principles:

- The informed acceptance of risk is an essential element of good business strategy;
- Risk management is an effective means to enhance and protect the Pension Fund over time;
- Common definition and understanding of risks is necessary in order to better manage those risks and make more consistent and informed business decisions;
- All risks are to be identified, assessed, measured, monitored and reported on in accordance with the Administering Authority's risk management strategy;
- All business activities are to adhere to risk management practices which reflect effective and appropriate internal controls.

### 3 PENSION FUND OBJECTIVES

#### *Operational objectives*

- To manage the scheme in accordance with scheme regulations and associated pension law;
- To ensure that the appropriate knowledge and experience is maintained within the Pension Fund so that all duties are discharged properly;
- To maintain a high quality pension member database;
- To ensure that all pension payments are made on the correct pay date;
- To ensure that payments do not continue to be made to deceased members of the scheme;
- To have continuous access to the pension administration software during normal working hours and extended hours as required;
- To ensure that pension contributions are received from Scheme employers by the Pension Fund within required timescales;
- To maintain an appropriate level of staff to administer the scheme effectively and efficiently;





- To maintain a pension administration strategy and service level agreement and ensure that key performance indicators are achieved and reported to the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board;
- To communicate effectively and efficiently with all scheme members;
- To ensure that third party operations are controlled and operate effectively and cost efficiently;
- To monitor and review the performance of Fund Investment Managers to ensure maximum benefit for the Pension Fund.

### *Strategic objectives*

- To achieve a funding level of 100%;
- To achieve stable employer contribution rates;
- To set appropriate funding targets;
- To ensure that investment performance is satisfactory and not volatile;
- To monitor the effect of improving life expectancy and to mitigate against any negative impact on funding levels;



- To monitor and manage exposure to overseas currency fluctuations and to mitigate against any negative impact on funding levels;
- To monitor and manage exposure to changing interest rates and to mitigate against any negative impact on funding levels;
- To monitor and manage the effects of inflation and to mitigate against any negative impact on funding levels;

- To ensure employer covenants are sufficient to meet employer obligations;
- To maintain a high level of governance of the Pension Fund.

## **4 PENSION FUND RISKS**

If risk is not properly managed it can have a significant impact on the Pension Fund. The effective management of risk is a critical part of the Pension Fund's approach to delivering sound governance and administration performance that provides better outcomes for all of its stakeholders. The Pension Fund identifies the operational and strategic risks associated with its operational and strategic objectives.

The objective of risk management is not to completely eliminate all possible risks but to recognise risks and deal with them appropriately. Everyone connected to the Pension Fund

should understand the nature of risk and systemically identify, analyse, treat, monitor and review those risks.

Risk management requires:

- A consistent management framework for making decisions on how best to manage risk;
- Relevant legislative requirements to be taken into account in managing risks;
- Integration of risk management with existing planning and operational processes;
- Leadership to empower staff in the management of risk;
- Good quality information.

### *Operational risks*

Key operational risk covers such areas as:

- Administration of member records;
- Payments of member benefits;
- Management of the Pension Fund's cash and investments;
- Receipt of employee and employer contributions;
- Business continuity and disaster recovery;
- Lack of knowledge and expertise; and
- Staff shortages.

### *Strategic risks*

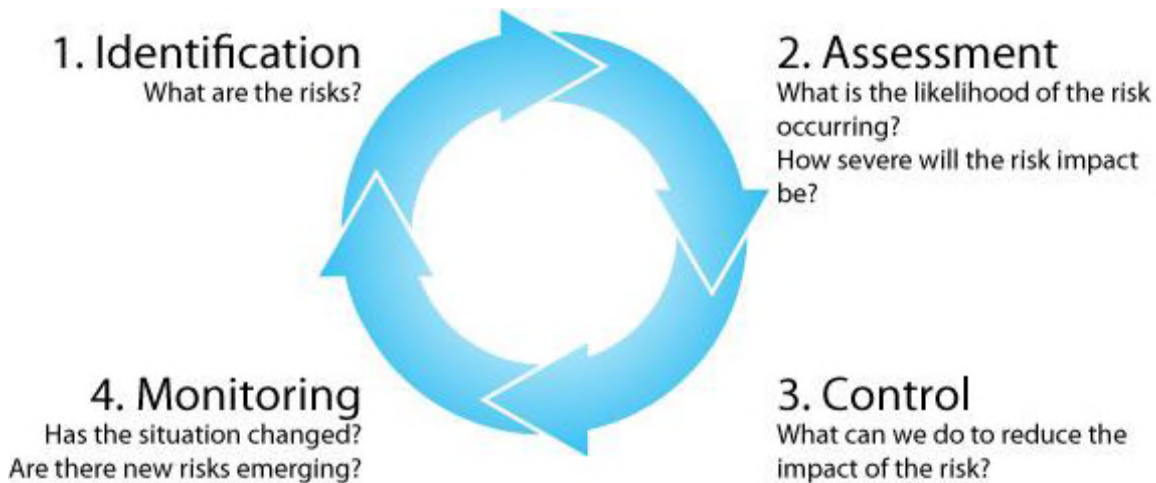
Key strategic risk, whilst not affecting day to day operations of the Fund, could in the medium or long-term, have significant impact and covers such areas as:

- The Pension Fund being less than 100% funded;
- Volatility of employer contribution rates;
- Investment performance;
- Failure to meet funding targets
- Longevity risk;
- Employer covenants.

The Pension Fund's risk assessment and register sets out all of the operational and strategic risks.

## 5 RISK MANAGEMENT PROCESS

The Pension Fund has adopted the Administering Authority's approach to risk management which follows a four-stage process that involves the Fund's objectives being risk profiled.



### *Stage 1 – Identification*

This involves identifying the Pension Fund's objectives from its core business processes.

### *Stage 2 - Assessment*

This stage identifies those circumstances (risks) that might prevent those objectives being reached and evaluates the likelihood, impact and significance of each risk.

Impacts are scored from 1 to 4 where 1 represents a minor risk and 4 represents a high risk. The likelihood of the risk occurring is also scored from 1 to 4 where 1 represents very unlikely and 4 very likely.

Multiplying these likelihood and impact scores together gives a result that is assessed as “high risk” (a value over 10), “high/medium risk” (a value above 8 and below 11), “medium risk” (a value above 4 and below 9) and “low risk” (a value below 5). Key risks are those identified as high risk and those where the implications of failure carry the most damaging consequences.

In terms of assessing each risk the assessment is detailed in three situations for all risks with a further dimension of risk appetite assessment to the key risks:

- Uncontrolled: the inherent risk without any controls whatsoever;
- Current: how the risk stands at the present time;
- Controlled: how the risk would look once all treatment measures are implemented.

An impact/likelihood matrix as follows shows how each risk once assessed against both criteria will identify the risk profile of each objective.

<b>I M P A C T</b>	<b>High</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>
	<b>Medium/High</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>
	<b>Medium</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>
	<b>Low</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
		<b>Low</b>	<b>Medium</b>	<b>Medium/High</b>	<b>High</b>
	<b>LIKELIHOOD VALUES</b>				

### *Stage 3 - Control*

This stage treats the risks in order of priority. Treatment measures address whether the likelihood and/or impact can be reduced or the consequences changed. Contingencies can be devised to respond should the risk occur.

### *Stage 4 - Monitoring*

This stage sets out a process for reviewing and monitoring actions previously taken. Each risk must clearly indicate all consequences, countermeasures and contingencies along with the risk owner.

This process adds scrutiny to ensure:

- Correct risks are being identified;
- Treatment measures identified are legitimate;
- Correct individuals are assigned as risk owners;
- There are challenges made to what is known to ensure that the most up to date knowledge is being utilised;
- There are early warning systems so that information can filter up quickly and easily.

## **6 RISK APPETITE**

Risk appetite is the phrase used to describe where the Pension Fund considers itself to be on the spectrum ranging from willingness to take or accept risks through to an unwillingness or aversion to taking risks.

The Administering Authority provides a diverse range of services where its risk appetite may vary from one service to another. The Pension Fund has a set of core objectives and so its risk appetite can be set within appropriate limits.

A defined risk appetite reduces the likelihood of unpleasant surprises and considers:

- Risk capacity: the actual physical resources available and physical capability of the Pension Fund. The Fund's capacity will have limits and therefore its capacity is finite

and breaching those limits may cause the Pension Fund problems that it cannot deal with;

- Risk tolerance: the factors that the Pension Fund can determine, can change and is prepare to bear. Risks falling within the Fund's tolerances for governance and administration services can be accepted.

## **7 RISK MANAGEMENT ROLES AND RESPONSIBILITIES**

This section has been lifted directly from the Administering Authority's risk management policy and strategy and has been included for the purposes of providing guidance on how the Pension Fund, as managed by The Royal Borough of Windsor & Maidenhead, is held accountable to the management structure of the Borough.

### **Managing director**

The MD takes overall responsibility for the council's risk management performance and in particular ensures that:

- decision-making is in line with council policy and procedures for management of risk;
- adequate resources are made available for the management of risk;
- there is an understanding of the risks facing the council.

### **Cabinet members**

- Take reasonable steps to consider the risks involved in the decisions taken by them;
- Have an understanding of the key council risks falling within their portfolio.

### **Audit and Performance Review Panel**

- Consider and approve the risk management strategy annually and communicate it to other elected members;
- Receive an annual report on risk management and monitor the effective development and operation and corporate governance in the council;
- Receive quarterly reports on the management of the key operational and strategic risks facing the council to allow their scrutiny and challenge;
- Oversee the governance process to ensure that strategic risks are being reviewed at CMT and across each directorate;
- Oversee a comprehensive, inclusive and risk management approach to the annual governance statement process;
- Review an annual report on corporate governance (annual governance statement).

### **Head of finance**

- Ensure that a risk management policy and strategy is developed and reviewed annually to reflect the changing nature of the council;

- Champion the process of risk management as good management practice and a valuable management tool.

### **Corporate Management Team (CMT)**

- Ensure that the council manages risk effectively through the development of an all-encompassing strategy and monthly updates from the risk manager;
- Approve the corporate risk management strategy;
- Challenge the contents of the corporate risk register to ensure, in particular, that it reflects any significant new risks emerging and that monitoring systems are suitably robust;
- Support and promote risk management throughout the council;
- Ensure that, where appropriate, key decision reports include a section demonstrating that arrangements are in place to manage identified risks.
- Identify and manage the strategic and CMT risk registers on a quarterly basis.

### **Directorate Management Team (DMT)**

- Ensure that risk is managed effectively in each service area within the agreed corporate strategy;
- Identify any service specific issues relating to risk management which have not been explicitly addressed in the corporate strategy;
- Identify and manage the directorate risk register on a quarterly basis;
- Disseminate the detail of the strategy and allocate responsibilities for implementation to service managers and staff;
- Establish the training requirements of managers and staff with regard to strategy implementation;
- Have an understanding of the risks facing the council.

### **Insurance and risk management team**

- Develop the strategy and oversee its implementation across the council;
- Share experience and good practice on risk and risk management;
- Develop and recommend the strategy to the Audit and Performance Review Panel and CMT;
- Provide a clear and concise system for reporting risks to elected members.

## **Internal audit**

- Take the content of the key risk registers into account when setting the internal audit programme;
- Undertake audits to assess the effectiveness of the risk mitigation measures;
- Feed back audit opinions into the risk register.

## **Heads of service/managers**

- Take primary responsibility for identifying and managing significant strategic and operational risks arising from their service activities;
- Recommend the necessary training for employees on risk management;
- Maintain a risk management portfolio for their service area;
- Ensure that all employees are aware of the risk assessments appropriate to their activity;
- Be responsible for production, testing and maintenance of business continuity plans.

## **All staff**

- Identify new or changing risks in their job and feed these back to their line manager;
- Support continuous service delivery and any emergency response.

## **8 CORPORATE RISK FINANCING STRATEGY**

This section has also been lifted directly from the Administering Authority's risk management policy and strategy and has been included for the purposes of providing guidance on how the Pension Fund, as managed by The Royal Borough of Windsor & Maidenhead, is held accountable to the management structure of the Borough.

The council uses its risk financing arrangements to protect itself from the financial implications of unexpected accidental events affecting its staff and property, which helps in providing continuous services in the event of serious losses.

The level of cover bought and excesses applied will depend on the council's appetite for risk, based on its financial security i.e. ability to self fund claims and the strength of its risk management.

The council is exempt from the majority of requirements regarding compulsory insurance. The only insurable aspect of the council's operations it is obliged to make specific financial provision for is fidelity guarantee (fraud by staff).

Nevertheless, most public sector organisations including the council, choose to purchase external insurance for the majority of their risks. This is because without external insurance, the council will be obliged to fund all such exposures from its resources.

If the council were to insure against most of the risks that it faced then this would incur a significant amount of annual expenditure in premiums.

Having strong risk management arrangements across the council allows us to retain some risks either by deciding to self insure these risks in their entirety or by purchasing insurance cover for losses that arise over a certain value.

### **Objectives**

- Provide financial protection to the council's assets, resources, services and employees;
- Maintain an appropriate balance between external insurance and internal risk retention;
- Reduce the cost of external insurance premium spend;
- Ensure the internal insurance fund is maintained at an appropriate level;
- Ensure resilient claims handling arrangements and insurance fraud detection;
- Comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.

### **Achieved by:**

- Using claims modelling and other risk assessments to determine risk exposures;
- Continually monitoring changes in legislation, civil justice protocols and relevant case law;
- Comparing the council's insurance programme and claims experience through suitable benchmarking;
- Maintaining claims handling protocols in line with statutory requirements;
- Undertaking periodic actuarial fund reviews.

### **Procurement of insurance**

All insurance procurement complies with the relevant EU procurement rules.

Hard copies of policies are retained indefinitely with more recent policy documentation stored electronically.



## Royal County of Berkshire Pension Fund – Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 001	Failure to comply with Scheme regulations and associated pension law.	Operational	Lack of technical expertise / staff resources to research regulations, IT systems not kept up to date with regulations.	Incorrect pension payments made or estimates given. Unhappy customers, employers, risks of fines, adverse audit reports, breaches of the law.	Nick Greenwood	Sufficient staffing. Training and regulatory updates for all individuals associated with the Fund. Competent software provider and external consultants.	2	2	4	Low	Work continues to ensure that the Fund complies fully with all governance and administration requirements.	Nick Greenwood Kevin Taylor Philip Boyton	Ongoing	2	2	4	Low	Jan 2017
PEN 002	Late issue of Scheme regulation amendments.	Operational	DCLG do not issue regulations well in advance of effective date.	Resource issues for Fund. Administering Authority has a duty to ensure that all stakeholders receive and have access to most up to date information.	Nick Greenwood	Required actions to be considered in view of draft regulations. Senior managers to consider appropriate requirements and prioritise communications accordingly.	4	1	4	Low	Details to be included on welcome page of website and information to be distributed to Scheme employers for dissemination to scheme members via intranet and email.	Kevin Taylor Philip Boyton	N/A	4	1	4	Low	Jan 2017
PEN 003	The appropriate knowledge and understanding is not maintained by the Administering Authority.	Operational	Lack of technical expertise, training, professional development and continuous self-assessment to identify gaps in knowledge.	Failure to secure compliance with statutory obligations and tPR requirements leading to poor governance and administration of the Scheme. Dissatisfied customers, adverse audit reports, risk of fine.	Nick Greenwood	Training plans in place for officers and Members of the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board. Members of Pension Board to assist Administering Authority in ensuring compliance.	4	1	4	Low	Continual review of training needs and staff levels with succession plans developed.	Kevin Taylor Philip Boyton	Ongoing	4	1	4	Low	March 2017
PEN 004	Failure to maintain a high quality member database.	Operational	Poor or non-existent notification of member data by Scheme employers.	Incorrect records, incorrect benefit estimates, potentially incorrect pension benefits being paid. Scheme members access wrong information via self-service. Loss of reputation, more complaints, poor performance.	Nick Greenwood	Fund continues to work with employers to improve data quality. Pro-active checks when benefits are calculated. Membership information is checked as part of year-end processing	4	3	1 2	High	Key aim of the Pension Administration Strategy is to engage employers in the use of i-Connect	Philip Boyton	March 2017 to March 2019	4	1	4	Low	March 2017

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18	PEN 005	Operational	Poor procedures for data transfer to and from partner organisations, poor security of systems, poor data retention and disposal, poor backup and recovery of data.	Poor data, lost or compromised. Risk of fines, adverse audit reports, breaches of the law.	Nick Greenwood	Database hosted off-site and backed up in 2 separate locations. Access to systems is available to a limited number of users via dual password and user identification. Data transferred is encrypted. Compliant with RBWM data protection and IT policies. No paper files all managed via image and system document generation. Confidential waste disposed of in line with RBWM policy.	4	1	4	Low	Annual audit undertaken. Staff undertake annual data protection training in line with RBWM policy.	Nick Greenwood	Ongoing	4	1	4	Low	March 2017
	PEN 006	Operational	Systems not in place to ensure payments made on time.	Payments paid late and in some cases after statutory deadline. Fund open to criticism and possible fine.	Nick Greenwood	Schedule of payment dates is maintained and written procedures adopted. Sufficient cover is provided to ensure payments can be made on time.	4	1	4	Low	Continual review of training needs and staff levels with succession plans developed.	Philip Boyton	Ongoing	4	1	4	Low	March 2017
	PEN 007	Operational	Systems not in place to ensure that payments stop at appropriate time. Fund not advised of member's death.	Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependants.	Nick Greenwood	The Fund undertakes a monthly mortality screening exercise and participates in the biennial National Fraud Initiative (NFI).	2	2	4	Low	Fund has signed up to the Information Sharing Agreement hosted by WYPF and the DWP 'Tell Us Once' service.	Philip Boyton	Ongoing	2	2	4	Low	March 2017
	PEN 008	Operational	Links to system not working, internet access denied.	Unable to carry out administrative duties for duration of outage.	Nick Greenwood	Procedures in place to contact software provider's helpdesk and action plan implemented. Outage times recorded / reported.	4	1	4	Low	As part of contract consideration needs to be given to means of compensation for loss of service.	Philip Boyton	Ongoing	4	1	4	Low	March 2017

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PEN 009	Late or non-receipt of pension contributions from Scheme employer.	Operational	Scheme employers fail to make payment of employee and employer contributions to Pension Fund within statutory deadlines.	Loss of pension investment. Employer at risk of being reported to tPR with action and fines being imposed if considered to be of material significance.	Nick Greenwood	Receipt of contributions is monitored very closely. Employers chased and reminded of their statutory duties. All occurrences recorded in stewardship report. Guidance issued to scheme employers.	2	1	3	Low	Scheme employers engaging with i-Connect will automatically upload contributions to member records monthly improving reconciliation processes.	Kevin Taylor	Ongoing	2	2	4	Low	March 2017
PEN 010 19	Increased liabilities as a result of large number of early retirement cases.	Operational	Scheme employer early retirement policies.	Potential for unfunded liabilities through strain costs. Financial loss to the Fund.	Nick Greenwood	The Fund monitors the incidences of early retirements closely and procedures are in place to ensure that Scheme employers are invoiced for any strain costs that arise.	1	1	2	Low	Settlement of invoices required within 21 days of issue with failures resulting in the issue of a notice of unsatisfactory performance to employer.	Kevin Taylor	Ongoing	2	2	4	Low	March 2017
PEN 011	Loss of key staff.	Operational	The specialist nature of the work means some staff have become experts in the LGPS regulations and investment policies.	If someone leaves or becomes ill a big knowledge gap is left behind.	Nick Greenwood	In the event of a knowledge gap external consultants and independent advisors can help in the short-term.	2	2	4	Low	N/A	Nick Greenwood	Ongoing	2	2	4	Low	March 2017
PEN 012	Failure to communicate properly with stakeholders	Operational	Lack of clear communications policy and action particularly with Scheme members and employers.	Scheme members unaware of the rights and privileges the Scheme provides so make bad decisions. Employers are not aware of the regulations and their responsibilities and so data flow is poor.	Nick Greenwood	The Fund has a Communication Manager and a Communications Policy. The website is maintained to high standard and all guides, factsheets and training notes are published.	4	1	4	Low	The Communication Policy continues to evolve.	Kevin Taylor	Ongoing	4	1	4	Low	March 2017
PEN 013	Loss of office premises	Operational	Fire, bomb, flood etc.	Temporary loss of service.	Nick Greenwood	A business continuity plan is in place. Systems hosted, staff can work at home.	4	1	4	Low	N/A	Nick Greenwood	Ongoing	4	1	4	Low	Jan 2017

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PEN 014	Loss of funds through fraud.	Operational	Fraud or misappropriation of funds by an employer, agent or contractor.	Financial loss to the Fund.	Nick Greenwood	The Fund is internally and externally audited to test that controls are adequate. Regulatory control reports from investment managers, custodian. Due diligence is carried out when new investment managers appointed. Fund participates in biennial National Fraud Initiative (NFI).	4	1	4	Low	Monthly spot checks are undertaken as requested by internal audit to ensure that no 'ghost' members have been added to payroll and that all payment runs have been processed appropriately.	Nick Greenwood	Ongoing	4	1	4	Low	March 2017
PEN 015	Poor management of cashflows.	Operational	Day to day cashflows not monitored effectively.	Funds not available to make pension payments.	Nick Greenwood	Officers of the Pension Fund monitor cashflows on a daily basis and are aware of the payment schedules produced by payroll.	4	1	4	Low	N/A	Nick Greenwood	Ongoing	4	1	4	Low	March 2017
PEN 016	Failure to delegate duties appropriately.	Operational	Delegation of duties not understood.	Officers fail to fulfil their delegated duties resulting in poor performance and potential loss of reputation.	Nick Greenwood	Officers carry out their duties in accordance with the Administering Authority's Schedule of Delegations as contained in the Council's Constitution.	3	2	6	Low	Schedules of delegation to be reviewed for all aspects of the Pension Fund's duties.	Nick Greenwood	March 2016	4	1	4	Low	Jan 2017
PEN 017	Funding Level below 100%.	Strategic	Lack of proper strategy to achieve 100% funding level. Actual investment returns fail to meet expected returns.	Fund remains underfunded and employer contribution rates increase.	Nick Greenwood	Fund has published Funding Strategy Statement. Deficit recovery plan implemented following 2010 valuation. Fund regularly monitors investment returns and the Actuary provides a funding update each month.	4	2	8	Medium	N/A	Nick Greenwood	Ongoing	4	1	4	Low	Oct 2016

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PEN 018	Unstable employer contribution rates.	Strategic	Actual investment returns fail to meet expected returns.	Volatile employer contribution rates leading to Scheme employers having difficulties in setting budgets.	Nick Greenwood	The Fund aims to keep employer contribution rates stable by agreeing with employers and the Actuary and appropriate deficit recovery plan.	4	1	4	Low	N/A	Nick Greenwood	To be reviewed as part of the 2016 triennial valuation	4	1	4	Low	March 2017
PEN 019	Inappropriate funding targets.	Strategic	Failure of investment strategy to deliver adequate returns.	Immediate cash injections required from employers. Increase in employer contributions.	Nick Greenwood	The Fund has issued a Funding Strategy statement and Statement of Investment Principles. The Fund has a broadly diversified portfolio with no one asset class dominating.	3	1	3	Low	Ongoing	Nick Greenwood	Ongoing	4	1	4	Low	Oct 2016
PEN 020	Unsatisfactory investment performance	Strategic	Poor economic conditions, wrong investment strategy, poor selection of investment managers.	Poor / negative investment return, employer contribution rates increase, funding level falls, pressure on Council tax and employer costs.	Nick Greenwood	Use of expert consultants in the selection of investment strategy and managers. Regular review via Investment Working Group.	2	2	4	Low	N/A	Nick Greenwood	Ongoing	4	1	4	Low	Sept 2016
PEN 021	Life Expectancy risk.	Strategic	As life expectancy rises liabilities increase disproportionately.	Employer contributions rise causing upward pressure on Council Tax and employer costs.	Nick Greenwood	In December 2009 the Fund entered into a longevity insurance SWAP covering its liabilities for pensioners as at 31 July 2009.	3	1	3	Low	The Pension Fund Panel continues to investigate how to protect the Fund against increasing longevity. Reviews the cost of insuring longevity risk of pensioners retired since July 2009.	Nick Greenwood	Ongoing	3	1	3	Low	March 2017
PEN 022	Currency risk.	Strategic	Values of investments overseas are affected by unrelated changes in foreign exchange rates.	Investment returns become volatile in the medium to long-term.	Nick Greenwood	In April 2012 the Fund's currency hedging policy was amended so currency exposures are managed against a strategic currency benchmark.	3	1	3	Low	Pension Fund Panel continues to monitor currency hedging policy.	Nick Greenwood	Ongoing	3	1	3	Low	March 2017

## Royal County of Berkshire Pension Fund – Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 023	Interest rate risk.	Strategic	Changes in long-term interest rates affect the net present value of the Fund's liabilities.	Investment returns become volatile in the medium to long-term.	Nick Greenwood	The Pension Fund Panel has considered how long-term interest rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.	3	1	3	Low	Under review by Pension Fund Manager.	Nick Greenwood	March 2016	3	1	3	Low	March 2017
PEN 024	Inflation risk.	Strategic	Benefits paid to Scheme members are linked (upwards only) to Consumer Price Index (CPI).	Liabilities increase disproportionately at times of high inflation.	Nick Greenwood	The Pension Fund Panel has considered how long-term inflation risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.	2	1	2	Low	Inflation rates currently low but risk to be reviewed should inflation rates increase.	Nick Greenwood	Ongoing	4	1	4	Low	March 2017
PEN 025	Inability of Scheme employers to meet their obligations.	Strategic	When a Scheme employer no longer has any active members a cessation valuation is triggered and an exit payment required if a funding deficit exists to meet future liabilities.	Failure to collect cessation payments means the cost of funding future liabilities will fall to the Fund and therefore all Scheme employers that remain in it meaning a potential increase in employer contributions.	Nick Greenwood	The Pension Fund Panel has authorised officers to take appropriate steps to review employer covenants and take the necessary action to mitigate the impact that the failure of one Scheme employer can have on all other Scheme employers.	3	2	6	Medium	Pension Fund Manager is undertaking a feasibility study of having an insurance policy designed to protect the Fund against exit payments arising from exiting employers.	Nick Greenwood	March 2016	3	1	3	Low	March 2017
PEN 026	Pooling of LGPS assets	Strategic	The Fund needs to respond to Government's consultation for pooling of LGPS assets.	If not involved in forming proposals Government may impose a pooling arrangement upon the Fund with no controls. Incorrect implementation could be costly e.g. fees and poor returns.	Nick Greenwood	The Fund is actively trying to find other Funds to work with. Progress and update reports will be reported to Panel.	2	4	8	Medium	The Fund has currently entered into negotiation with LPP as the preferred partner should pooling be compulsory.	Nick Greenwood	Feb 2016	1	4	4	Low	Sept 2016

## Royal County of Berkshire Pension Fund – Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 027	Ability to implement the Public Sector exit cap.	Operational	Introduction of exit cap will place an additional burden of the administration team.	Changes need to be communicated to individuals and Scheme employers. Systems will need to be adapted once revised regulations have been issued.	Nick Greenwood	Currently monitoring the progress and briefings being communicated.	1	4	4	Low	Awaiting issue of regulations in order to formulate action plan.	Kevin Taylor Philip Boyton	July 2016	1	4	4	Low	Sept 2016
PEN 028	Reconciliation of GMP records	Operational	From 6 April 2016 changes to the State Pension Scheme remove the contracting-out nature of the LGPS.	GMPs no longer provided by HMRC. GMP information held by Fund could be wrong resulting in potential for liabilities being paid by Fund.	Nick Greenwood	Data analysis being undertaken with a proposal to employ an external resource to assist in the reconciliation process.	2	4	8	Medium	To review resources against scope of project and agree approach or correcting errors.	Philip Boyton	March 2018	1	3	3	Low	March 2017
2016 PEN 029	Failure by Pension Board members to fulfil their Terms of Reference and associated protocols	Operational	Members of the Pension Board so not fulfil their statutory obligations set out in their Terms of Reference.	Failure by Pension Board members to assist the Administering Authority in securing compliance with pension legislation and requirements set out by the Pensions Regulator leading to poor governance and administration of the scheme. Dissatisfied customers, loss of reputation, risk of fine.	Nick Greenwood	Training plans in place for Pension Board members.	4	1	4	Low	Annual review of Terms of Reference and regular review of training needs.	Kevin Taylor	Ongoing	4	1	4	Low	March 2017

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## CODE OF CONDUCT FOR PENSION BOARD MEMBERS

### *Introduction*

The Pension Board for the Royal County of Berkshire Pension Fund is established under Section 5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013 as inserted by The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 (S.I. 2015 No. 57).

This document sets out a code of conduct for members of the Board and applies to all members and any other invited regular attendees at Board meetings from all organisations.

### *Contents*

- 1 Public service values
- 2 The role of the chair
- 3 Statutory responsibilities of Board members
- 4 Delegation
- 5 Responsibilities of individual Board members
- 6 Political activity
- 7 Conflicts of interest
- 8 Personal liability of Board members
- 9 Openness and responsiveness
- 10 Accountability for public funds

Schedule A	The seven principles of public life
Schedule B	Managing conflicts of interest
Schedule C	The register of Board members' interests: declaration form

## **1 Public Service Values**

Members of the Pension Board will at all times:

- Observe the highest standards of propriety involving impartiality, integrity and objectivity in relation to the stewardship of public funds as held by the Pension Fund and the management of these funds with regard to all of the stakeholders that the Pension Board represents;
- Maximise value for money through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable;
- Be accountable to the administering authority, all Pension Fund stakeholders and Pension Fund staff for the activities undertaken by the Pension Board in its stewardship of public funds and the extent to which its performance and objectives have been met;
- Ensure that the Pension Board is at all times compliant with statutory pension legislation and requirements imposed by the Pensions Regulator in relation to the Local Government Pension Scheme.

## **2 The Role of the Chair**

The chair has particular responsibility for providing effective strategic leadership on matters such as:

- Formulating the Board's strategy for discharging its statutory duties;
- Encouraging high standards of propriety and promoting efficient and effective use of resources;
- Ensuring that the Board, in reaching decisions, takes proper account of statutory legislation, guidance issued by the Pensions Regulator and guidance provided by relevant officers for the administering authority;
- Representing the views of the Board to all relevant stakeholders and the wider general public;
- Providing an assessment of the performance of individual Board members, on request, when they are considered for re-appointment to the Board or for the appointment of new Board members upon application.

The chair will ensure that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual board members.

The chair will ensure that all members of the Board are at all times compliant with the responsibilities and duties required of them and will promote training for all members of the Board and encourage attendance of these sessions. Furthermore the chair will ensure an induction programme is organised for all new Board members to attend.

### **3**     ***Statutory Responsibilities of Board members***

Members of the Board have statutory responsibility for assisting the administering authority in securing compliance with the Local Government Pension Scheme regulations, any other legislation relating to governance and administration of the Scheme and any requirements imposed by the Pensions Regulator in relation to the Scheme.

Board members must:

- Ensure that high standards of governance and administration are observed and maintained at all times;
- Ensure that the Board operates within the limits of its statutory authority and any other conditions laid down by the Pensions Regulator;
- Ensure that, in reaching decisions, the Board has taken into account any guidance issued by the appropriate professional advisor;
- Ensure that all policies and practices upon which the Board advises meet with key strategic objectives of the administering authority.

The chair and other members of the Board should each have copies of, or have easy access to:

- The Pension Board member's Handbook (including this Code of Conduct);
- The Local Government Pension Scheme Regulations 2013 (and associated legislation);
- All Pension Fund governance and administration policies;
- The Pension Fund's current Business Plan;
- The Pension Fund's Business Continuity Plan;
- The latest version of the Pension Fund's Annual Report and Accounts;
- The most recent Actuarial Valuation Report.

### **4**     ***Delegation***

To the extent permitted by the Public Service Pension Act 2013, the Superannuation Act 1972 and current Local Government Pension Scheme regulations, responsibility for the day-to-day management and administration of the Scheme is delegated to officers of the Royal Borough of Windsor & Maidenhead.

The Royal Borough has a written Constitution as required by section 37 of the Local Government Act 2000. Section D of Part 6 of the Constitution sets out the delegated powers under which the Pension Board may operate with regard to Pension Fund investments and the functions delegated to officers involved in managing the Pension Fund.

Decisions taken by individual members or sub-committees of the Board under delegated powers will be recorded in written minutes available to the Board as a whole.

## **5** *Responsibilities of Individual Board members*

Individual Board members should be aware of their wider responsibilities as members of the Board. Like others who serve the public, they should follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life and which is replicated in Schedule A to this Code of Conduct. Board members must:

- Ensure that high standards of probity are observed at all times;
- Undertake on appointment to comply at all times with this Code of Conduct and with rules relating to the use of public funds;
- Play a full and active role in the work of the Pension Board and act in good faith and in the best interests of the Pension Board;
- Respect the principle of collective decision-making and statutory responsibility and once the Board has made a decision, members should support that decision;
- Deal with all stakeholders fairly, efficiently, promptly, effectively and sensitively and not act in a way that unjustifiably favours or discriminates against particular individuals or interests;
- Not misuse information gained in the course of their public service for personal gain or for political purpose, nor seek to use the opportunity of public service to promote private interests or those of connected persons, firms, businesses or other organisations;
- Declare to the chair any private interests which may be perceived to conflict with their public duties;
- Not misuse official resources (including facilities, equipment, stationery, telephony and other services) for personal gain or for political purposes;
- Comply with any statutory or administrative requirements relating to membership of the Board;
- Ensure that they comply with the requirements of Confidentiality, Disclosure of Information and Data Protection regulations both whilst a member of the Board of once having left the Board.

## **6** *Political Activity*

Whilst there is no restriction placed on members of the Pension Board with regard to political activity members of the Board should:

- Be conscious of their responsibilities and seek to abide by the Seven Principles of Public Life (set out in Schedule A – selflessness; integrity; objectivity, accountability, openness, honesty, leadership);
- Exercise a proper discretion in relation to the work of the Pension Board and agree not to make political speeches or engage in other political activities that relate directly to pension policy or pension regulations;

- Remain alert to the possibility of a conflict between their political interests and their role on the Pension Board and declare such conflicts as they may arise.

All Board members are expected to:

- Consult the Chair of the Board if they have any queries or doubts in relation to these requirements;
- Inform the Chair of the Board before undertaking any significant political activity; and
- Understand that their appointment as a Board member may be terminated if, in the view of the Chair of the Board, the positions are incompatible.

## **7 Conflicts of Interest**

Board members are entitled to manage their own affairs in privacy. However, their work for the Board must be carried out in an environment that is free from any suggestion of improper influence. Those providing information must be confident that it will be properly handled and conflicts of interest must be identified immediately they arise and be properly managed.

Board members must take steps to ensure that any conflict of interest which they may be subject to does not affect a decision taken by the Pension Board.

The chair and other Board members are expected to declare any personal or business interests which may conflict with their responsibilities as Board members.

There are two key requirements:

- 1 to declare any potential conflict of interest which arises in the course of their work as a Board member, whenever it becomes relevant;
- 2 to complete a declaration of interests.

Guidance on these requirements is set out in Schedule B with a declaration form for the registration of Board member interests found in Schedule C.

## **8 Personal Liability of Board members**

The Government has indicated that individual members of the boards of public bodies who have acted honestly and in good faith will not have to meet out of their own personal resources any personal civil liability which is incurred in execution or purported execution of their board functions, save where the person has acted recklessly.

## **9 Openness and Responsiveness**

The administering authority is subject to a number of legal requirements in relation to the information it holds including the Public Service Pension Act 2013, the Freedom of Information Act 2000 and the Data Protection Act 1998. Subject to these requirements, Board members are expected to conduct all their dealings in an open and responsible way. This should include:

- Making publicly available annual reports;
- Where practical and appropriate, holding open meetings;

- Releasing minutes or summary reports of meetings;
- Following best practice in making available information to all stakeholders and the public in general through the Berkshire Pension Fund website;
- Maintaining well publicised and easy-to-use complaints procedures.

## **10    *Accountability for Public Funds***

Board members have a duty to ensure the safeguarding of public funds and the proper custody of assets which have been publicly funded. They must carry out their fiduciary responsibilities effectively and at all times conduct its operations as economically and efficiently as possible with full regard the relevant statutory provisions set out by the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013.

The Board should ensure that it can demonstrate that its resources are used to good effect, with propriety, and without grounds for criticism that public funds are being used for private, partisan or political purposes.

**Approved by Board Members: 26 November 2015**

**Date for Review: November 2016**

## ***SCHEDULE A – The seven principles of public life***

### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.





## **SCHEDULE B – Managing conflicts of interest**

This schedule provides guidance as follows:

- 1 What is a conflict of interest?
- 2 The register of Board members' interests;
- 3 Definition of terms used in this schedule;
- 4 Definition of terms used in the register of interests declaration form.

### **1 What is a conflict of interest?**

A conflict of interest arises when the work carried out on behalf of the Pension Board could be affected by a personal interest or personal association. It becomes significant if an independent third party might reasonably take the view that there is a risk that a Board member's resultant actions (or those of a personal associate) might be affected, whether or not they are affected.

Conflicts of interest may arise for example as a result of:

- A direct or indirect financial interest;
- A direct or indirect financial interest held by a commercial undertaking with which the Board member has connections;
- A significant relationship with those affected or likely to be affected by the matter;
- The interests of a connected person;
- An expectation of future interest (for example, future employment);
- In some cases, a previous association on the matter;
- An interest arising from a common interest grouping, such as a trade association, trades union membership or other private society.

The common law requires:

- That members of public bodies should not participate in the discussion or determination of matters in which they have a direct pecuniary interest; and
- That when an interest is not of a direct pecuniary kind, members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This should be interpreted in the sense that members might either unwittingly or otherwise unfairly regard with favour or disfavour the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, members should assess whether they, or connected persons, are likely to be affected more than the generality of those affected by the decision in question.

Where, in accordance with the above, members do not participate in the discussion or determination of a matter, they should withdraw from the meeting, even if held in public,

when requested to do so by the chair of the meeting. This is because the continued presence of someone who has declared an interest might be thought likely to influence the judgement of other members present.

Whether or not Board members are able, in light of the consideration above, to participate in the discussion or determination of a matter, they should declare as soon as practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They should also disclose any interests in it which they are aware on the part of connected persons and persons living in the same households as the Board member. In addition, Board members should consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the member's judgement.

In addition to the disclosures in the register of interests, Board members also have a duty to declare to the chair any potential conflict of interest which arises in the course of their work whenever it becomes relevant.

## **2      *Personal dealings in shares and related investments***

Board members are expected to observe the highest standards in relation to their personal dealings and should declare any conflicts of interest that they feel may arise as a result of carrying out their work for the Pension Board.

All information relating to these arrangements will be treated as confidential.

## **3      *The register of board members' interests***

The purpose of this register is to ensure that the administering authority has a record of Board members' declarations of interest. It provides a mechanism whereby possible conflicts of interests can be identified. The existence of the register does not remove the obligation on Board members to declare interests as they arise in the course of the Board's work.

The register will list all interests that stakeholders and members of the public in general might reasonably think could influence Board members' judgement:

- Direct pecuniary interests;
- Indirect pecuniary interests (indirect pecuniary interests arise from connections with bodies which have a direct pecuniary interest or from being a partner of, or being employed by, a person with such interests);
- Non-pecuniary interests that relate closely to the Pension Fund's activities.

The register will be held by the administering authority. A summary of the register will be published and may be disclosed to the internal auditor, the administering authority's complaints adjudicator or the Secretary of State in the event that a complaint is raised concerning the conduct or judgement of a Board member.

Board members are expected to ensure their register of interests declaration is kept up to date.

## 4 Definitions

### 4.1 Terms used in Schedule B

**Dealings** includes purchase, sales, subscriptions, acceptance of take-over and other offers and all other methods of acquiring or disposing of shares and related investments or any rights or interests in shares and related investments.

**Significant relationship** means a relationship which an independent third party might reasonably consider could affect the actions taken or the actions taken by a personal associate (whether or not it does actually affect the actions taken).

**Connected persons** means spouses and partners, children and step-children under the age of 18, persons for whom Board members take significant financial decisions and trusts of which a Board member is a 'trustee'.

**Share and related investments** there is no requirement to seek permission to deal or to declare an interest in relation to collective investment schemes (such as unit trusts and OEICS including any held in a general PEP or ISA) and other investments where the Board member has no direct influence on the management of the investment.

**Relevant organisation** means those companies or any company within the same group of companies, either seeking to be or currently listed in the UK and/or quoted and/or regulated in the UK as appropriate and includes those seeking clearance, or the subject or monitoring, enforcement or any other regulatory intervention by the Pensions Regulator.

### 4.2 Terms used in the register of interests declaration form

**Current employment or office** refers to any post, other employment or fiduciary positions held by a Board member or held by a Board member in the past five years in connection with a relevant organisation.

**Directorships** means remunerated directorships of companies, public or private, other remunerated posts and public appointments currently held by a Board member or connected persons and which come within the Pension Fund's sphere of operation.

**Non-profit organisation** refers to offices held by a Board member in non-profit making organisations or trade associations or bodies whose activities could come within the Pension Fund's sphere of operations and responsibilities.

***Consultancies and sponsorships*** refers to any current professional clients of a Board member whose business interests could come within the sphere or work of the Pension Fund.

***Declarable shareholdings*** means the names of companies or other bodies in which a Board member has a beneficial interest or shareholding. This does not include shareholdings through collective investment schemes (e.g. unit trusts) or other arrangements where the member has no influence on financial management of the investment.

***Occupational pension schemes*** means the names of any occupational pension scheme of which a Board member or connected person is a scheme member or 'trustee' or in which they hold office.

***Personal/stakeholder pensions*** refers to the names of providers of personal or stakeholder pensions held by a Board member or a connected person.

**SCHEDULE C – Register of Board members' interests**

**Declaration Form**

Name	
Education/Professional Qualifications/Decorations	
Trade or Profession	
Current employment or office	
Directorships	
Non-profit organisations with a link to the Berkshire Pension Fund	
Consultancies and sponsorships	
Trades union membership	
Occupational pension schemes	
Personal or stakeholder pensions	

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

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## REPORTING BREACHES OF THE LAW



# The Pensions Regulator





## CONTENTS

1	INTRODUCTION .....	5
2	THE REQUIREMENT TO REPORT BREACHES OF THE LAW .....	5
3	WHO IS REQUIRED TO REPORT BREACHES OF THE LAW? .....	6
4	WHAT MUST BE REPORTED? .....	6
5	PROCEDURES FOR REPORTING BREACHES OF THE LAW .....	8
6	HOW SHOULD REPORTS BE MADE? .....	10
7	FAILURE TO REPORT A BREACH OF THE LAW .....	10
	ANNEX 1 – FLOWCHART - REPORTING BREACHES OF THE LAW TO TPR .....	13



## 1 INTRODUCTION

The Local Government Pension Scheme (LGPS) is a public service pension scheme which is highly regulated not only by scheme regulation but also by wider-reaching legislation.

In Berkshire the LGPS is governed by the Royal Borough of Windsor & Maidenhead as the administering authority (scheme manager) to the Royal County of Berkshire Pension Fund. The general powers and duties of the administering authority lie with the Pension Fund Panel as set out in Part 6 Section D of the Council's Constitution. The Pension Fund Panel is assisted by the Pension Fund Advisory Panel and also the Pension Board established in accordance with the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

A Local Government Pension Fund has a different legal status when compared to trust based schemes in the private sector and so the Royal County of Berkshire Pension Fund does not have, in the strictest meaning, trustees. However, those making decisions on behalf of the administering authority are required, in many ways, to act as if they were trustees in terms of their duty of care.

Following a review of public service pension provision by Lord Hutton of Furness in 2011, a number of recommendations were made to the Government on how to ensure that public service pension schemes remain sustainable and affordable in the future. These recommendations were carried forward into the Public Service Pensions Act 2013 resulting in changes to the LGPS regulations with effect from 1 April 2014.



The result of all of this is that the LGPS, and public service pension schemes in general, are now under greater scrutiny than ever before. The Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided an extended regulatory oversight to the Pensions Regulator.

## 2 THE REQUIREMENT TO REPORT BREACHES OF THE LAW

Under Section 70 of the Pensions Act 2004 (see below), certain people are required to report breaches of the law to the Pensions Regulator where they consider that they have a reasonable cause to believe that a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with and that failure to comply is likely to be of material significance to the Pensions Regulator in the exercise of its functions.

Not all breaches need to be reported to the Pensions Regulator, only those where there is likely to be a material significance, but all breaches should be recorded and retained for future reference.

### 70. Duty to report breaches of the law.

- (1) Subsection (2) imposes a reporting requirement on the following persons—
  - (a) a trustee or manager of an occupational or personal pension scheme;
  - (aa) a member of the pension board of a public service pension scheme;
  - (b) a person who is otherwise involved in the administration of an occupational or personal pension scheme;
  - (c) the employer in relation to an occupational pension scheme;
  - (d) a professional adviser in relation to such a scheme;

- (e) a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.
- (2) Where the person has reasonable cause to believe that—
- (a) a duty which is relevant to the administration of the scheme in question, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with, and
  - (b) the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions,
- he must give a written report of the matter to the Regulator as soon as reasonably practicable.
- (3) No duty to which a person is subject is to be regarded as contravened merely because of any information or opinion contained in a written report under this section. *(i.e. Duty to report overrides other obligations like duty of confidentiality, except where legal professional privilege applies)* This is subject to section 311 (protected items). *(Deals with exemption for legal professional privilege)*
- (4) Section 10 of the Pensions Act 1995 (c. 26) (civil penalties) applies to any person who, without reasonable excuse, fails to comply with an obligation imposed on him by this section.

### **3 WHO IS REQUIRED TO REPORT BREACHES OF THE LAW?**

Those people who are subject to the reporting requirement ('reporters') for public service pension schemes is set out in Section 70 of the Pensions Act 2004 but in practical terms it is necessary for a senior officer of the administering authority to have responsibility for the management and execution of these procedures. Whilst any suspected breach should, where appropriate, be reported to the Pension Fund Manager for escalation, the designated officer with overall responsibility for reporting breaches to the Pensions Regulator is the s.151 Officer for the administering authority or where the s.151 Officer is unavailable (or in the unlikely event of being implicated in the breach) the Monitoring Officer for the administering authority.

All reporters need to take due consideration as to who could be implicated in the perceived breach of the law when reporting their findings and ensure that the perceived breach is not worsened by making any individual or individuals who may be implicated in the breach of the law aware that a report is to be made.

### **4 WHAT MUST BE REPORTED?**

Those responsible for reporting breaches of the law to the Pensions Regulator will need to consider when they have reasonable cause to believe there has been a breach that is likely to be of material significance to the Pensions Regulator.

#### **Reasonable Cause**

Having reasonable cause means more than merely having a suspicion that cannot be substantiated. For example, a suspicion that scheme assets may have been misappropriated may in fact be a direct result of something out of the fund manager's control such as drop in the stock market leading to investment returns being lower than anticipated.

Any reporter must ensure that they know the full facts of the suspected breach and may need to check with members of the Pension Board, the Scheme Manager or anyone else they consider to be in a position to confirm the events leading up to the suspected breach of the law. However, reporters need to take care as to who they discuss their suspicions with where they have a cause to believe that theft, fraud or other serious offences may have occurred as

they would not want to alert those potentially implicated or hinder the actions of the police or a regulatory authority. In such cases the Pensions Regulator should be contacted without delay.

Whilst a reporter should endeavour to fully understand the legal position regarding a suspected breach, they do not have to gather all of the evidence that the Pensions Regulator may require before taking legal action especially where a delay in reporting the breach could exacerbate or increase the risk of the breach.

### **Material significance**

What is of material significance can be considered from four aspects:

1. Cause – dishonesty, poor governance or administration, poor advice, acting (or failing to act) in deliberate contravention of the law
2. Effect – if the matter appears to be the effect of non-compliance with the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations, poor administration, inaccurate payments or theft
3. Reaction to the breach – if no prompt and effective action has been taken to deal with the breach and to identify and tackle the causes so as to minimise the risk of recurrence
4. Wider implications – if the breach suggests wider undetected problems

To be able to consider these aspects all people who have a legal requirement to report breaches of the law, as set out in section 3, will need to ensure that they have sufficient knowledge and understanding of the pension law and regulations that govern the LGPS.

In forming a view as to whether or not the breach is of material significance reporters will need to consider other breaches of which they are aware but be careful to ensure that any such breaches have not already been addressed and resolved.

The aim of the Pensions Regulator is to protect the benefits of pension scheme members, reduce calls upon the Pension Protection Fund and to promote good administration of work-based pension schemes. Therefore, the following are important elements that the Pensions Regulator may consider to be of material significance:

- The right money is paid into the Scheme at the right time
- Assets are appropriately safeguarded
- Payments out of the Scheme are legitimate, accurate and paid at the right time to the right person(s)
- The Scheme Manager is complying with the legal requirements of Scheme funding
- The Scheme Manager is properly considering their investment policies and investing in accordance with them
- The Scheme is being administered properly in accordance with Scheme regulations
- Appropriate records are maintained and are accurate
- Scheme members receive accurate, clear and impartial information without delay

The Pensions Regulator will not normally regard a breach as material if the Scheme Manager has taken prompt and effective action to investigate and resolve a breach and put in place the necessary procedure to ensure that such a breach will not reoccur.

However, the Pensions Regulator will be concerned where the Scheme Manager has failed to act promptly and effectively to identify, resolve and remedy the causes for the breach. If the proper corrective action has not been taken the Pensions Regulator is likely to deem the impact as material.

The wider implications of a breach are the concern of the Pensions Regulator where the fact that the breach has occurred in the first place will make it more likely that future breaches will arise because the Scheme Manager lacks the appropriate skills and knowledge needed to fulfil the requirements of their role.

A traffic light framework, as supplied by the Pensions Regulator, has been set up as a reference tool for reporters considering whether breaches of the law have a material significance and so should be reported to the Pensions Regulator. This framework document should be used by all reporters and continually updated as breaches are identified. It provides possible investigation outcomes and requires the reporter to consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach being considered. This document will be made available to all persons responsible for reporting breaches of the law as part of Pension Board meetings and will be made available on the Pension Fund website.

A breach will be in the red category and therefore must always be reported to the Pensions Regulator, because one or more of the following apply:

- It was caused by dishonesty, poor scheme governance, poor advice or by deliberate contravention of the law;
- Its effect is considered to be significant;
- Inadequate steps have been taken to put matters right;
- It has wider implications.

A breach will be in the green category, and will not need to be reported to the Pensions Regulator but should be recorded, because one or more of the following apply:

- It was not caused by dishonesty, poor scheme governance, poor advice or by deliberate contravention of the law;
- Its effect is NOT significant;
- Proper steps are being taken to put matters right;
- It does NOT have wider implications.

A breach will be in the amber category when it is not obviously either red or green. The decision whether or not to report will require a balanced judgement based on the cause, effect, reaction and wider implication of the case under consideration. Other previous reported or unreported cases may be relevant when coming to a decision whether to report or not and consideration needs to be given to the adequate oversight and controls adopted by the scheme manager.

Examples of red, amber and green breaches are set out in the traffic light framework and must be referred to each time a breach of the law is suspected.

## **5 PROCEDURES FOR REPORTING BREACHES OF THE LAW**

Anyone who has a responsibility to report breaches of the law during the course of their association with the Scheme should be alert to the potential for breaches to occur and to have properly established procedures in place to enable them to evaluate any potential breaches and the need to report them.

The scheme manager (Pension Fund Manager and his Deputy) keeps a 'register of breaches of the law' in which all breaches must be recorded regardless of whether or not they are or ever have been reported to the Pensions Regulator. This register is available to all responsible persons and forms part of the agenda for meetings of the Pension Board.

The flowchart at Annex 1 to this guide sets out the steps to be taken when considering breaches of the law but the details are also described in this section of the guide.

The following steps should be taken:

1. If the person suspecting the breach is not designated to deal with breaches they should inform a designated person immediately taking due consideration of who could be implicated in the case. The designated person is the s.151 officer for the administering authority or in the event that the s.151 is not available or indeed is implicated in the breach, the Monitoring Officer for the administering authority.
2. A designated person should investigate if there is a reasonable cause to believe a breach has occurred by firstly checking the register and the traffic light framework by contacting the Pension Fund Manager or his Deputy.
3. If the designated person has no reasonable cause to believe that a breach has occurred there is no duty to report the case to the Pensions Regulator.
4. The designated person should clarify the facts around the suspected breach and obtain any clarification of the law that may be required, liaising with other appropriate people as considered necessary with due regard to who could be implicated in the case.
5. Consider whether the breach is likely to be of material significance to the Pensions Regulator. If it is considered to be very serious it must be reported immediately to the Pensions Regulator. If this is the case a written report can be preceded by a telephone call to the Pensions Regulator on 0870 6063636. Any breach that is so serious that it must always be reported to the Pensions Regulator will always be recorded as a red category breach in the register. If the breach is considered not to be of material significance to the Pensions Regulator and is a clear cut green breach then it does need to be reported to the Pensions Regulator but should be recorded as a green category breach in the register.
6. If the breach is considered to be red, but not so serious that it needs to be notified to the Pensions Regulator immediately, a report should be sent to the Pensions Regulator as soon as is reasonably practicable ensuring that any delay will not result in the breach becoming more serious thereby incurring the risk of the Pensions Regulator issuing a civil penalty (see section 7 of this guide). Good practice would provide that such a case is reported within 10 working days.
7. If the breach is considered to be an amber breach (not a clear cut red or green breach) further consideration needs to be given to the case by further considering the context of the case and how it relates to the principles of cause, effect, reaction and wider implication. Good practice would provide that such a case is dealt with within 20 working days.
8. It may be that the breach needs to be referred to the appropriate level of seniority at which decisions can be made on whether to report to the Pensions Regulator but consider who may be implicated in the breach of the law when discussing your suspicions with other individuals.
9. If the breach is a particularly difficult case seek input from relevant experts. This may require a sub-committee of the Pension Board to be appointed to discuss the events leading up to the reporter's suspicion that a breach of the law may have occurred.
10. Keep in mind the appropriate timeframe for submitting a report to the Pensions Regulator (i.e. green cases do not need reporting, red cases should be reported immediately or if not within 10 working days and amber cases should be considered and acted upon within 20 working days and where ultimately deemed to be in the red

category, reported immediately or within 10 working days, at the point within that timeframe, that a decision has been made).

11. Once the decision has been made that the breach falls into the red category, submit a report on the breach to the Pensions Regulator in accordance with the guidance provided in section 6.
12. If it is decided that the breach is not of material significance and so should not be reported to the Pensions Regulator update the register and close the case.
13. Where a report has been submitted to the Pensions Regulator, the reporter must ensure that they receive an acknowledgement from the Pensions Regulator within 5 working days of submitting the report. If not, the reporter should contact the Pensions Regulator to ensure that the report has been received.
14. Ensure that the register is updated at each stage of the process so that the case can be monitored and dealt with effectively and efficiently.

**NOTE:** The register is held by the Pension Fund Manager and his Deputy. All updates to the register should be made by the reporting officer in conjunction with either the Pension Fund Manager or his Deputy taking into account who may be implicated in the breach.

## 6 HOW SHOULD REPORTS BE MADE?

All reports of material breaches must be made in writing to the Pensions Regulator as soon as is reasonably practicable. They should be sent preferably to the Pensions Regulator via its online system, 'Exchange' at [www.tpr.gov.uk/exchange](http://www.tpr.gov.uk/exchange), but can be sent by post to The Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW, or electronically to [customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk) or by fax to 0870 2411144.

The report should be dated and include as a minimum the following details:

- Full name of the scheme;
- Description of the breach or breaches;
- Any relevant dates;
- Name of the Scheme employer and/or Scheme Manager (where known);
- Name, position and contact details of the person reporting the breach;
- The role of the person reporting the breach in relation to the Scheme.

Further information should be supplied wherever possible including for example:

- The reason the breach is thought to be of material significance;
- The address of the Scheme;
- The contact details of the Scheme Manager (The Royal Borough of Windsor & Maidenhead);
- Whether the concern has been reported before.

If the matter of concern is considered to be particularly serious a phone call (0870 6063636) can be made to the Pensions Regulator prior to the submission of a written report.

## 7 FAILURE TO REPORT A BREACH OF THE LAW

Failure by any person to comply with their obligation to report breaches of the law to the Pension Regulator is a 'civil offence' unless a 'reasonable excuse' can be given.



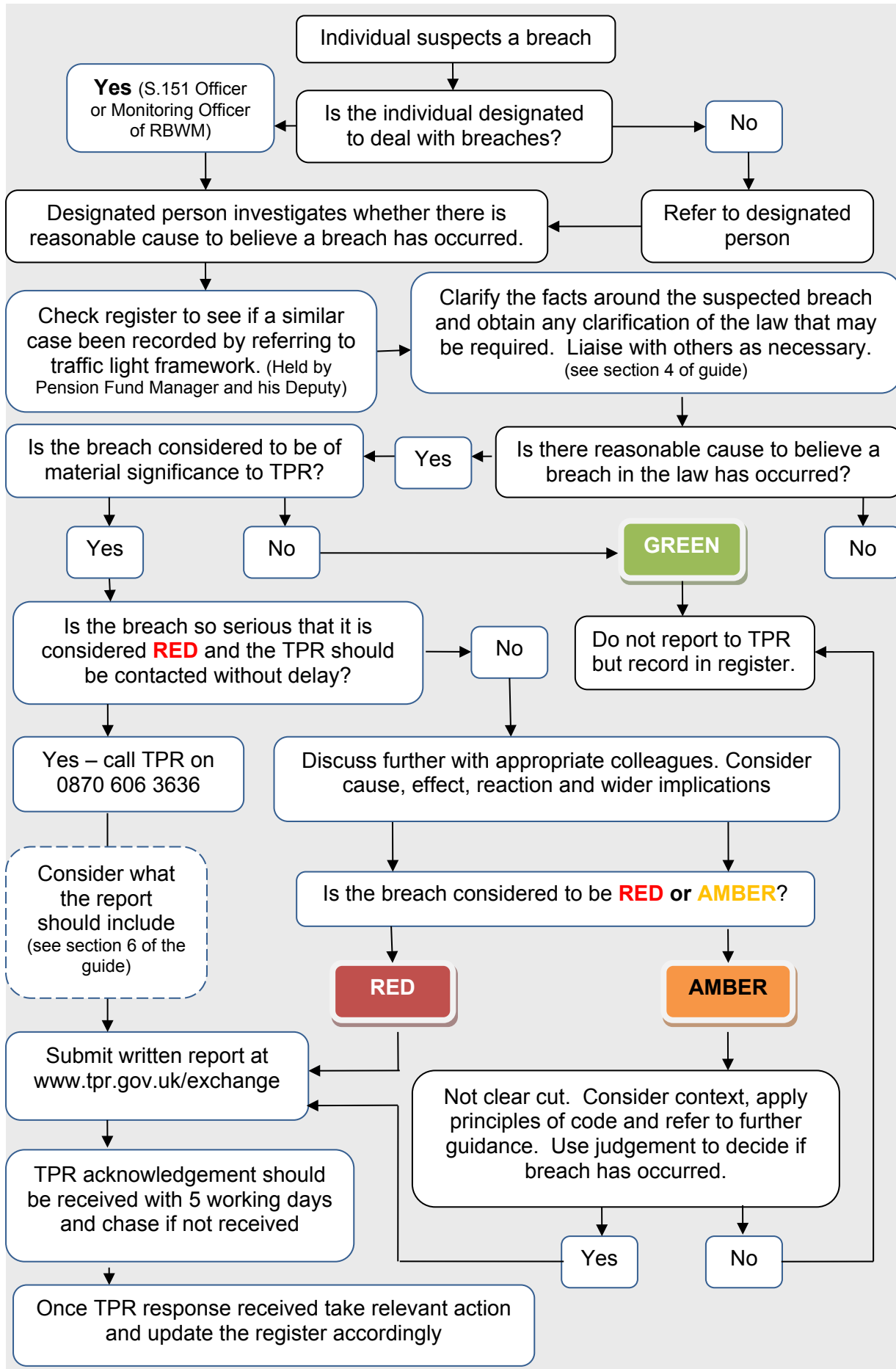
To decide if a report has a reasonable excuse for not reporting a breach, or reporting a breach later than would be expected, The Pensions Regulator may consider the following:

- The legislation, case law and codes of practice issued by the Pensions Regulator;
- The role of the reporter in relation to the Scheme;
- The training provided to the reporter and the level of knowledge that the reporter could reasonably be expected to have;
- The procedures put in place to identify and evaluate breaches and whether those procedures have been followed;
- The seriousness of the breach and whether or not the breach should have been reported immediately;
- Any reasons given for a delay in the report;
- Any other relevant considerations relating to the case in question.

If the Pensions Regulator considers issuing a civil penalty a warning notice will be sent to the affected party or parties identifying the alleged breach. In addition the Pensions Regulator may consider it appropriate to make a complaint to the reporters professional or other governing body.



## ANNEX 1 – FLOWCHART - REPORTING BREACHES OF THE LAW TO TPR





## **REPORTING BREACHES OF THE LAW**

### **TRAFFIC LIGHT FRAMEWORK**

## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

Under Section 70 of the Pensions Act 2004 certain people are required to report breaches of the law to the Pensions Regulator where they consider that they have a reasonable cause to believe that a legal duty which is relevant to the administration of the pension scheme has not been, or is not being, complied with and that failure to comply is likely to have a material significance to the Pensions Regulator in the exercise of its functions.

Responsible people include scheme managers, members of local pension boards, scheme employers, professional advisers and anyone involved in the administration of the scheme.

This traffic light framework should be used when considering whether to report breaches of the law to the Pensions Regulator. Breaches can be broken down onto 3 categories:

1. Red breaches – must be reported
2. Amber breaches – are less clear cut and responsible people should use their judgement to decide whether the breach should be reported or not
3. Green breaches – do not need to be reported but should be recorded.

When using the traffic light framework it is important to consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach before considering all four together.

As each breach will have a unique set of circumstances, there may be elements which apply from one or more of the red, amber or green sections. It is important to judge and determine which overall reporting traffic light the breach falls into.

As new breaches arise it is important to continually update and refer to this framework as it will grow into a useful tool to be assist in the decision making process.

This framework should also used in conjunction with the guide 'Reporting breaches of the law' and the register of breaches of the law.

## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

### EXAMPLES OF BREACHES

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH</b>	<b>KNOWLEDGE AND UNDERSTANDING REQUIRED BY PENSION BOARD MEMBERS</b> - The scheme manager has breached a legal requirement because pension board members failed to help secure compliance with scheme rules and pensions law.			
<b>RED</b>	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies.	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict which results in the member acting improperly	<p>Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours.</p> <p>The scheme manager fails to take appropriate action to address the failing in relation to conflicts.</p>	Is it highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed.
<b>AMBER</b>	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements.	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law.	The scheme manager has failed to adhere to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits.	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager.
<b>GREEN</b>	Pension board members have isolated gaps in their knowledge and understanding.	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits.	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach.	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager.

55

## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

56

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH</b>	<b>SCHEME RECORD KEEPING</b> – An evaluation of member data has identified incomplete and inaccurate records.			
<b>RED</b>	Inadequate internal processes that fail to help employers provide timely and accurate data indicating a systemic problem	All members affected (benefits incorrect/not paid in accordance with the scheme rules, incorrect transactions processed and poor quality information provided in benefit statements).	Action has not been taken to identify and tackle the cause of the breach to minimise the risk of recurrence nor to notify members.	It is highly likely that there are wider scheme issues caused by inadequate processes and that the scheme will be in breach of other legal requirements.
<b>AMBER</b>	A failure by some – but not all – participating employers to act in accordance with scheme procedures indicating variable standards of implementing those procedures.	A small number of members affected.	Action has been taken to identify the cause of the breach but progress to tackle it is slow and there is a risk of recurrence.	It is possible that there are wider scheme issues and that the scheme may be in breach of other legal requirements.
<b>GREEN</b>	A failure by one participating employer to act in accordance with scheme procedures indicating an isolated incident.	No members affected at present.	Action has been taken to identify and tackle the cause of the breach and minimise the risk of recurrence.	It is unlikely that there are wider scheme issues or that the scheme manager will be in breach of other legal requirements.
POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH</b>	<b>MULTIPLE BREACHES REPORTED</b> – Several ‘green’ breaches within a short period			
<b>RED</b>	Breaches caused by lack of internal controls at either scheme manager level or within a service provider or if there are several underlying causes.	Significant delays are expected before the problems can be fixed or the effects on members remedied.	Little attempt to alleviate or remedy problems or initial appropriate action not carried through to a proper conclusion.	Implications for future breaches because scheme manager does not have necessary skills and knowledge and are not taking their responsibilities seriously.
<b>AMBER</b>	Breaches caused by a failure to have proper documented processes in place below scheme manager level or due to	Affects a small number of scheme members.	Efforts being taken to resolve the issue and effected scheme members being kept informed with a suitable work-around being	It is possible that the scheme manager could be in breach of other legal requirements if action to remedy cause is slow.



## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

	service provider.		applied.	
<b>GREEN</b>	Breaches effectively stemming from a single cause, largely beyond the scheme manager's control such as a system failure or the short term absence of a critical member of staff.	Effects of the breach likely to be short-lived.	Those responsible are taking effective and speedy action to alleviate and remedy the problem.	It is unlikely there are wider scheme issues or that the scheme manager will be in breach of other legal requirements.
<b>POTENTIAL INVESTIGATION OUTCOMES</b>				
	<b>CAUSE</b>	<b>EFFECT</b>	<b>REACTION</b>	<b>WIDER IMPLICATIONS</b>
<b>BREACH</b>	<b>CALCULATION OF SCHEME BENEFITS</b> – The scheme auditor discovers that benefits for some scheme members are incorrect.			
<b>RED</b>	The administrator's inadequate systems or checking procedures.	A high proportion of members affected. The extent of the problem is not known but potentially widespread. The problem extends back in time over several years. The problem needs extensive investigation and there is little prospect of an immediate solution.	The scheme manager is either taking no action or the action they are taking is neither effective nor commensurate with the problem. Scheme members are not being kept informed.	It is likely that the reported funding level of the scheme could be significantly misleading.
<b>AMBER</b>	Multiple employers are misreporting pay for pension purposes to scheme manager.	A significant number of members are affected although the matter does not cover an extensive historical period.	The scheme manager, their advisers and service providers have identified the issue and are taking steps to remedy the situation whilst keeping scheme member informed.	It is possible that the scheme manager could be in breach of other legal requirements if action to remedy cause is slow.
<b>GREEN</b>	Long standing administrative practice not in line with scheme rules. Inadvertent misreporting to scheme manager by an employer of pay for pension purposes.	Only a few members affected. The problem is only likely to have been present for a short historic period.	The scheme manager, their advisers and service providers are taking robust action to identify the extent of the problem and take corrective action. Affected members are being kept informed.	It is unlikely there are wider scheme issues or that the scheme manager will be in breach of other legal requirements.

57

## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

58

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH</b>	<b>APPLYING REGULATIONS</b> – Actions have been taken that do not meet the requirements of the scheme regulations.			
<b>RED</b>	Acting (or failing to act) in the full knowledge that doing so contravenes the scheme's provisions. Failing to take advice when it would have been reasonable to have done so.	A significant worsening of security for some classes of scheme member.	Scheme manager not taking action to correct even where new advice indicates that such action is needed.	One or more of the scheme managers may not be a fit and proper person to take on the responsibility.
<b>AMBER</b>	Failure to interpret regulations appropriately and to gather proper advice when it would have been reasonable to do so.	A relatively small number, or specific group, of scheme members affected.	Scheme manager has identified problem and is considering what action to take.	One scheme manager may not be a fit and proper person to take on the responsibility as matter is not yet resolved. It is possible that the scheme could be in breach of other legal requirements.
<b>GREEN</b>	An inadvertent error. Acting on advice later proved to be wrong.	No significant effect on members' benefits or security.	Scheme manager taking corrective action.	It is unlikely there are wider scheme issues or that the scheme manager will be in breach of other legal requirements.
POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH</b>	<b>PROVIDING INFORMATION TO MEMBERS</b> – Late issue of annual benefits statements			
<b>RED</b>	Inadequate internal controls for issuing annual benefit statements indicating a systemic problem.	All active and deferred members may have been affected.	Action has not been taken to correct the breach and/or identify and tackle its cause to minimise the risk of recurrence.	It is highly likely that the scheme will be in breach of other legal requirements.
<b>AMBER</b>	An administrative oversight indicating variable implementation of internal processes.	A small number of members may have been affected.	Action has been taken to correct the breach but not to identify its cause.	It is possible that the scheme will be in breach of other legal requirements.

## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

<b>GREEN</b>	An isolated incident has occurred caused by a one-off system error.	Only one member appears to have been affected.	Action has been taken to correct the breach, identify and tackle the cause and the member has been informed.	It is unlikely that the scheme will be in breach of other legal requirements.
<b>POTENTIAL INVESTIGATION OUTCOMES</b>				
	<b>CAUSE</b>	<b>EFFECT</b>	<b>REACTION</b>	<b>WIDER IMPLICATIONS</b>
<b>BREACH</b>	<b>PAYMENT OF CONTRIBUTIONS</b> – Employee and employer contributions not paid to the Pension Fund within specified deadlines.			
<b>RED</b>	Inadequate internal controls for monitoring receipt of contributions from scheme employers indicating a systemic problem.	All contributions received after the specified deadline as set out in regulation.	Scheme manager not taking action to correct the breach and to tackle the cause to minimise the risk of future recurrence.	Loss of investment returns resulting in misleading funding levels being reported. The scheme will be in breach of other legal requirements.
<b>AMBER</b>	A number of scheme employers fail to make payment of contributions within specified deadlines	Some contributions received after specified deadline as set out in regulation.	Service provider taking action to correct the breach and to tackle the cause to minimise the future risk of recurrence by issuing notices of poor performance and reporting to scheme manager..	Some loss on investment returns leading to funding levels being wrongly reported. It is likely that the scheme will be in breach of other legal requirements.
<b>GREEN</b>	One scheme employer continually fails to meet payment of contribution deadline	Relatively small amount being received after the specified deadline as set out in regulation.	Service provider taking action to correct the breach and tackle the future risk of recurrence by issuing notices of poor performance and reporting to scheme manager.	Whilst not considered to be materially significant continual failure to make late payment of contributions should be recorded for future reference and possible reporting to the Pensions Regulator.

59

# BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

## REGISTER OF BREACHES

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH DETAILS</b>				
<b>DATE IDENTIFIED</b>				
<b>RED</b>				
<b>AMBER</b>				
<b>GREEN</b>				
<b>DATE REVIEWED BY RESPONSIBLE PERSON</b>				
<b>OUTCOME AND ACTION TAKEN</b>				
<b>NAME OF REPORTER AND DATE REPORTED TO TPR</b>				
<b>TPR RESPONSE</b>				
<b>ACTION TAKEN</b>				

60

## BREACHES OF THE LAW – TRAFFIC LIGHT FRAMEWORK

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
<b>BREACH DETAILS</b>				
<b>DATE IDENTIFIED</b>				
<b>RED</b>				
<b>AMBER</b>				
<b>GREEN</b>				
<b>DATE REVIEWED BY RESPONSIBLE PERSON</b>				
<b>OUTCOME AND ACTION TAKEN</b>				
<b>NAME OF REPORTER AND DATE REPORTED TO TPR</b>				
<b>TPR RESPONSE</b>				
<b>ACTION TAKEN</b>				

61

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