

Report for: ACTION



<b>Contains Confidential or Exempt Information</b>	NO – Part 1
<b>Title</b>	Pension Administration Policy Documents
<b>Responsible Officer(s)</b>	Nick Greenwood Pension Fund Manager
<b>Contact officer, job title and phone number</b>	Kevin Taylor Deputy Pension Fund Manager 01628 796715
<b>Member reporting</b>	Not Applicable
<b>For Consideration By</b>	Berkshire Pension Fund and Pension Fund Advisory Panels
<b>Date to be Considered</b>	18 January 2016
<b>Implementation Date if Not Called In</b>	Not applicable
<b>Affected Wards</b>	None

## REPORT SUMMARY

1. This report covers four areas where the Fund or Administering Authority is required by statute to have a policy, namely:
  - Pension Administration Strategy as required by Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended) (Annex 1)
  - Administering Authority decisions as specified in the regulations (Annex 2)
  - Reporting breaches of the law (Annex 3)
  - The pension fund's risk assessment and register (Annex 4)

<b>If recommendations are adopted, how will residents, fund members and other stakeholders benefit?</b>	
Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. Compliance with regulatory obligations demonstrates good governance of the Fund	Immediate

## **1. DETAILS OF RECOMMENDATIONS**

### **RECOMMENDATION: That Panel:**

- i. considers the pension administration strategy at Annex 1 and agrees to its implementation from 1 April 2016 once consultation with scheme employers has been concluded;**
- ii. adopts the administering authority decisions matrix as set out in Annex 2;**
- iii. notes the risk assessment and risk register as set out in Annex 3; and**
- iv. accepts the guide to reporting breaches of the law including the traffic light framework for reporting breaches as set out in Annex 4.**

## **2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

### Pension Administration Strategy (Annex 1)

Since 1 April 2014 changes made to Public Service Pension Schemes by the Public Service Pensions Act 2013 have meant that schemes such as the LGPS are under greater scrutiny than ever before.

The Pensions Regulator now has responsibility for ensuring that an Administering Authority of a Local Government Pension Fund is compliant with certain standards pertaining to all areas of governance and administration and that records are maintained that evidences a Fund's ability to adopt and achieve the highest possible standards of governance and administration in order to achieve the most efficient and cost effective means by which to deliver the best possible service to Scheme members.

The Pension Administration Strategy should be seen as a road map to success which sets out how the strategic aims of the administering authority can be achieved by working in partnership with its key stakeholders (Scheme members and Scheme employers).

Officers are seeking the approval of the strategy document to support them in formulating and delivering to scheme employers, training with regard to their statutory obligations under scheme regulations and the implementation of a revised and updated pension administration service level agreement that is fit for the 'new' scheme.

The Pension Administration Strategy must be considered and referred to by both the administering authority and scheme employers when carrying out their administrative duties. Once approved, the Pension Administration Strategy will be circulated to

Scheme employers for a period of consultation designed to run alongside the proposed scheme employer training.

#### Administering Authority Decisions (Annex 2)

Under current LGPS Regulations there are many occasions where the administering authority has certain discretion as to how the regulations should be applied and is required to take decisions or make policies so as to be consistent in the approach taken.

Annex 2 to this report sets out each of the individual regulations where an administering authority decision can be required along with a brief explanation of what each regulation means, policy options and a recommendation as to which policy should be adopted with regard to each regulation.

The purpose of this report is to highlight the statutory obligations of the administering authority with regard to the current regulations governing the LGPS and to make a formal policy for publication on the Pension Fund website.

#### Risk Assessment and Risk Register (Annex 3)

The Scheme Manager has a legal duty to establish and operate internal controls. Failure to implement an adequate and appropriate risk assessment and register could lead to breaches of law and where the effect and wider implications of not having in place adequate internal controls are likely to be materially significant the Pension Regulator must be notified in accordance with the Scheme Manager's policy on reporting breaches of the law.

Recent guidance from the Pensions Regulator is that pension funds should look to manage the three linked risks of investment, funding and covenant in an integrated way since all 3 interact with each other. Officers are considering ways how this may best be done and incorporated into a simple reporting tool.

#### Reporting Breaches of the Law (Annex 4)

Anyone connected with the management and administration of the Berkshire Pension Fund has a legal duty under Section 70 of the Pensions Act 2004, to report any 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.

<b>Option</b>	<b>Comments</b>
Consider and adopt the four policies detailed in this report	<b>Recommended as these are all statutory obligations</b>
Do not adopt any/all of the policies in this report	Not recommended as this would be a breach of the law and/or statutory obligations and a requirement to report

Option	Comments
	the breach to the Pensions Regulator

### 3. KEY IMPLICATIONS

- 3.1 These are all statutory policies requiring approval by Panel. Approving these policies will ensure compliance with statutory requirements.

Defined Outcomes	Unmet	Met	Date they should be delivered by
Adoption and publication of policies	Not adopted or published	Adopted and published	1 April 2016

### 4. FINANCIAL DETAILS

None

### 5. LEGAL IMPLICATIONS

- 5.1 Compliance with regulations and guidance from the Pensions Regulator

### 6. VALUE FOR MONEY

- 6.1 Not applicable

### 7. SUSTAINABILITY IMPACT APPRAISAL

- 7.1 Not applicable

### 8. RISK MANAGEMENT

- 8.1

Risks	Uncontrolled Risk	Controls	Controlled Risk
Failure to comply with regulations	High	Adopt and implement policies	Low

### 9. LINKS TO STRATEGIC OBJECTIVES

- 9.1 Meeting statutory obligations to administer the Pension Fund in accordance with regulations and guidance issued by the Pensions Regulator.

### 10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 Not required

## **11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS**

11.1 None

## **12. PROPERTY AND ASSETS**

12.1 None

## **13. ANY OTHER IMPLICATIONS**

13.1 None

## **14. CONSULTATION**

14.1 Pension Administration Strategy – consultation with scheme employers due to finish March 2016

## **15. TIMETABLE FOR IMPLEMENTATION**

15.1 Pension Administration Strategy 1 April 2016. Other policies immediately

## **16. APPENDICES**

16.1 Annex 1 – Pension Administration Strategy  
Annex 2 – Administering Authority Decisions  
Annex 3 – Risk Assessment and Risk Register  
Annex 4 – Reporting Breaches of the Law

## **17. BACKGROUND INFORMATION**

17.1 Local Government Pension Scheme Regulations 2013 (as amended)  
Public Service Pensions Act 2013  
Pensions Act 2004  
Pensions Regulator Code of Practice 14.