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DATE: 19 November 2018

To: Members of the

GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Pauline Tunnicliffe (Chairman)

Councillor Michael Turner (Vice-Chairman)

Councillors Marina Ahmad, Gareth Allatt, Vanessa Allen, Nicholas Bennett J.P.,
Mary Cooke, Robert Evans, Russell Mellor, Alexa Michael, Tony Owen,
Neil Reddin FCCA, Melanie Stevens, Harry Stranger and Stephen Wells

A meeting of the General Purposes and Licensing Committee will be held at Bromley Civic Centre on **TUESDAY 27 NOVEMBER 2018 AT 7.00 PM**

MARK BOWEN

Director of Corporate Services

Copies of the documents referred to below can be obtained from
<http://cds.bromley.gov.uk/>

A G E N D A

- 1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 DECLARATIONS OF INTEREST**
- 3 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 26 SEPTEMBER 2018 AND THE SPECIAL MEETING HELD ON 5TH NOVEMBER 2018 (Pages 3 - 12)**
- 4 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to the Chairman of this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Wednesday 21st November 2018.

- 5 UPDATES FROM SUB-COMMITTEE CHAIRMEN**
- 6 TEACHER PAY POLICY - CENTRALLY BASED STAFF (Pages 13 - 20)**

- 7 **ANNUAL COMPLAINTS REPORT AND LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN LETTER 2017/18**
(Pages 21 - 50)
- 8 **GOVERNANCE AND ADMINISTRATION OF PUBLIC SERVICE PENSION SCHEMES**
(Pages 51 - 126)
- 9 **LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018**
(Pages 127 - 136)
- 10 **LOCAL PENSION BOARD - ANNUAL REPORT**
(Pages 137 - 148)
- 11 **APPOINTMENTS TO OUTSIDE BODIES - BECKENHAM PAROCHIAL CHARITIES**
(Pages 149 - 152)
- 12 **WORK PROGRAMME**
(Pages 153 - 156)
- 13 **LOCAL JOINT CONSULTATIVE PANEL: MINUTES OF THE MEETING HELD ON 18TH JULY 2018**
(Pages 157 - 162)
- 14 **PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 13TH SEPTEMBER 2018, EXCLUDING EXEMPT INFORMATION**
(Pages 163 - 174)
- 15 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

The Chairman to move that the Press and public be excluded during consideration of the items of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

<u>Items of Business</u>	<u>Schedule 12A Description</u>
16 PENSIONS INVESTMENT SUB-COMMITTEE: EXEMPT MINUTES - 13TH SEPTEMBER 2018 (Pages 175 - 178)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 7.00 pm on 26 September 2018

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Michael Turner (Vice-Chairman)
Councillors Marina Ahmad, Gareth Allatt, Vanessa Allen,
Nicholas Bennett J.P., Simon Fawthrop, Russell Mellor,
Alexa Michael, Tony Owen, Angela Page,
Neil Reddin FCCA, Melanie Stevens, Harry Stranger and
Stephen Wells

Also Present:

Councillor Angela Wilkins

37 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Mary Cooke and Robert Evans; Councillors Angela Page and Simon Fawthrop attended as their substitutes. Apologies for lateness were received from Councillor Marina Ahmad.

38 DECLARATIONS OF INTEREST

Councillors Fawthrop, Owen and Reddin declared interests in relation to the minutes of the last meeting as they held deferred pensions.

39 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 25TH JULY 2018

In relation to minute 28 - Work Programme - the Chairman reported that the Leader was in the process of re-establishing the Constitution Improvement Working Group.

A Member suggested that an additional report from the Executive Assistants on what projects they were currently involved in would be useful; it was suggested that this was really a role for the PDS Committees, and the Chairman offered to send a message to PDS Chairmen.

RESOLVED that the minutes of the meeting held on 25th July 2018 be confirmed.

**40 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING
 THE MEETING**

One question had been received for written reply from Dermot Mckibbin -

Please will the Council publish by polling district for all electoral wards in the borough to reveal in which polling districts residents in the borough were unable to vote in the recent local elections due to lack of the relevant identification.

Reply:

We are not aware of any residents in the borough who were unable to vote at the recent local elections due to the lack of relevant identification.

We publicised widely the opportunity for an elector to apply up to 5pm the day before poll, for a certificate of identity, if they were not able to produce the relevant documentation.

We received one enquiry, but on further discussion with the individual, it was established that he had sufficient ID to vote.

No certificates were issued.

**41 FEEDBACK ON THE 2018 LOCAL ELECTIONS AND VOTER ID
 PILOT SCHEME**
Report CSD 18121

The Committee received an update from the Chief Executive in his role as Returning Officer on the key issues arising from the Local Council elections held on 3rd May 2018, including the initial findings on the Voter ID Pilot Scheme.

The following issues were raised -

- It was clarified that the rejected postal votes were not spoiled ballot papers, but were due to the paperwork sent in by the voter not being in order.
- Some Members called for more efforts to find alternatives to using schools as polling stations, such as church or community halls. It was also suggested that there needed to be more meaningful consultation with ward Members at a stage when they could still affect proposed changes. The Returning Officer confirmed that this was looked at every year, that Members were kept informed and that in some cases it was possible to make arrangements that allowed the schools to remain open when they hosted a polling station. A Member mentioned that Crofton Baptist Church should be used in his ward to avoid having to use Crofton School.

- A Member commented that the Voter ID Pilot added pressure on Election staff and was not worth pursuing. Another Member suggested that the further Voter ID pilots elsewhere in the country were not needed. The Returning Officer commented that Councillors could lobby their MPs on this issue. The Council had been invited to join the Board monitoring the pilots proposed for 2019.
- A Member recounted an episode where a voter had arrived late in the day at a polling station only to find that their name had already been crossed off. It was confirmed that a ballot paper could not be issued in these circumstances, and that these cases were always reported to Electoral Services for investigation. One possible cause was the wrong member of a family being crossed off on the register.
- A Member complained that he was disappointed that the Returning Officer had not taken action when he had reported an incident of intimidation, but that he had felt compelled, in view of his duty of care to candidates and party workers to report the matter to the Police. It was confirmed that while the Returning Officer was charged with ensuring the electoral process was fair he could not be responsible for the conduct of candidates and others involved. The Returning Officer confirmed that he had to make judgements on a daily basis on a variety of such issues.
- The same Member complained about an incident when he had been secretly recorded - he was advised to take this up outside the meeting.
- Several Members commented on the role of tellers. The Returning Officer confirmed that they were not part of the electoral process and they were not part of his responsibility - he expected the political parties to guide and control their own tellers. Nevertheless, there was a code of conduct issued by the Electoral Commission and a Notice on the role of tellers which Presiding Officers made available to tellers at their polling stations.
- A Member commented that there had not been enough done to ensure that hard to reach groups were not disadvantaged by the ID pilot, that information was not made available in other languages and that the Council's Impact Assessment was superficial. Officers responded that great efforts had been made to contact hard to reach groups, particularly through their groups and representatives, and that there was no evidence of a requirement for translated documents.
- Some Members reported anecdotal evidence that some people had not voted either as they objected in principle to providing ID, or because they assumed that they did not have the right documents. Officers explained that people with none of the approved documents could still apply for a certificate of identity, although none had been issued.

- A Member asked for the detailed feedback sent by the Council to the Cabinet Office to be made available to Committee members. The Returning Officer agreed to check with the Cabinet Office whether this could be done.
- A Member commented that the voter ID Pilot did not appear to have affected turnout. He requested turnout figures for local elections going back to 2002.

The Chairman joined other Members of the Committee in thanking the Returning Officer and his staff for a smoothly run election - it was noted that the Election Team had won the Team of the Year award at the Bromley Stars. The Returning Officer confirmed that he would consider all comments.

RESOLVED that the content of the report be noted.

**42 FEEDBACK FROM THE MEMBERS INDUCTION PROGRAMME
2018**
Report CSD 18118

The Committee received a report reviewing the Member Induction Programme following the 2018 local elections. The report included tables with detailed feedback from all the sessions - most of the feedback was positive. One new Member commented that more information on Council decision-making processes and structures would have been helpful.

All of the sessions had been provided by in-house staff, except the session on Scrutiny. Some Members considered that it was useful to have an outside perspective on this subject, but a number of Members thought that this was unnecessary expenditure, and that in future the session could be run by Councillors and officers.

The report also covered the issue of new IT equipment to Councillors. Following extensive consultation by BT, the Council's IT contractor, the range of equipment available to new Members, and returning Members wishing to upgrade, had been expanded to a choice of an iPad, a standard laptop or a 2-in1 laptop with detachable screen. A Member commented that she had not been offered assistance to install her new laptop at home; it was confirmed that, with the agreement of Members at the time, this had not been included in the IT support contract, but that such additional assistance could still be provided in exceptional circumstances

The Council offered a basic mobile phone, or a £10 per month contribution to the cost of using a Member's personal phone for Council business. Some Members requested that the Council provide smart-phones to assist them in their work, and officers responded that this could be reviewed, but this would involve additional expenditure.

RESOLVED that the content of the report be noted.

43 REVIEW OF MEMBERS ALLOWANCES SCHEME
Report CSD 18120

The regulations governing Members' Allowances required that full Council approve a Members' Allowances Scheme each year before 1st April for the following financial year. At its meeting on 29th May 2018 this Committee asked for an early report on the Members' Allowances Scheme to allow more scope for discussion and research. The report set out the current scheme and examined some of the issues that could be reviewed prior to recommending the 2019/20 scheme.

Two areas for particular consideration were proposed - changing from a fixed allowance to a £50 per meeting allowance for attendance at Plans Sub-Committees, and examining whether executive Members were underpaid. It was suggested that executive Members should be asked how many hours per week they spent on Council work to provide evidence for the review.

The Mayoral Allowance had a different legal basis to other Member Allowances, and was not part of the Members Allowances Scheme. A Member suggested that it should be possible for the Mayor to claim most expenditure as business expenses rather than through the allowance, thus saving on tax paid.

RESOLVED that the contents of the report be noted and a further report be made to a future meeting.

44 DRAFT STATEMENT OF PRINCIPLES FOR GAMBLING
2019/2022
Report ES18067

At its last meeting the Committee had approved a revised Statement of Gambling Policy for public consultation. The Committee received a report summarising the outcome of the consultation and proposing that the Committee recommend the amended Statement to full Council. Two responses had been received as a result of which a number of changes had been made to the Statement, after consultation with the Gambling Commission.

A Member commented that the Council's policy included protecting children from being harmed or exploited by gambling, but this was different from preventing children from being involved in gambling. Officers clarified that the law allowed children to have access to licensed Family Entertainment Centres and certain categories of machines.

RESOLVED that the responses to public consultation be noted and full Council be recommended to adopt the Statement of Gambling Policy under the Gambling Act 2005 to have effect from 31st January 2019.

45 CHANGES TO ANIMAL LICENSING LEGISLATION - REVIEW OF FEES AND CONDITIONS

Members were informed that on 1 October 2018 a new statutory instrument (2018 No.486) would come into force, the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018. The new legislation introduced an updated licensing framework in England for five activities involving animals - selling animals as pets, providing for or arranging for the provision of boarding for cats or dogs, hiring out horses, dog breeding and keeping or training animals for exhibition. The introduction of the legislation highlighted the need to revise both current procedures and the fee structure.

Guidance on the fee structure was still awaited from the Department for the Environment, Food and Rural Affairs (Defra), but the legislation was clear that licenses should be charged on a full cost recovery basis. This would result in large increases for many small businesses.

The Committee was concerned that the regulations would potentially apply to a range of very low key activities, such as equestrian sports men and women, people who took pets into schools or old peoples' homes or those who rescued wild animals.

(During consideration of this report Councillor Tony Owen declared an interest as he used a local cattery, and Councillor Neil Reddin declared an interest as he had a client whose business could be affected.)

RESOLVED that

(1) The changes required by the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018, and the associated conditions, be noted.

(2) It is agreed that the current fee structure be retained until such time that the new fees can be reviewed and set in accordance with the guidance provided by Defra.

(3) Authority be delegated to the Director of Environment and Community Services for the administration of the Council's power to grant or renew a licence for a licensable activity under the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 (selling animals as pets, providing or arranging for the provision of boarding for cats or dogs, hiring out horses, breeding dogs or keeping or training animals for exhibition.)

46 WORK PROGRAMME
Report CSD18117

The Committee considered its work programme for the 2018/19 Council year. It was noted that the meeting on 27th November would probably need to go

ahead; it was suggested that updates from Sub-Committee Chairmen could be dealt with at this meeting.

47 PENSIONS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 24TH JULY 2018, EXCLUDING EXEMPT INFORMATION

The draft minutes of the meeting of the Pensions Investment Sub-Committee on 24th July 2018, excluding exempt information, were received.

48 APPEALS SUB-COMMITTEE: MINUTES OF THE MEETINGS HELD ON 7 AUGUST AND 8 AUGUST 2018, EXCLUDING EXEMPT INFORMATION

The draft exempt minutes of the meetings of the Appeals Sub-Committee on 7th and 8th August 2018, excluding exempt information, were received.

49 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters
involving exempt information**

50 PENSIONS SUB-COMMITTEE: EXEMPT MINUTES - 24 JULY 2018

The draft exempt minutes of the meeting of the Pensions Investment Sub-Committee on 24th July 2018 were received.

51 APPEALS SUB-COMMITTEE: EXEMPT MINUTES - 7 AUGUST AND 8 AUGUST 2018

Extracts from the draft exempt minutes of the meetings of the Appeals Sub-Committee on 7th and 8th August 2018 were received.

(After the meeting closed, the Committee received a briefing on Employment Law from the Director of Human Resources.)

The Meeting ended at 8.20 pm

Chairman

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GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 7.00 pm on 5 November 2018

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Michael Turner (Vice-Chairman)
Councillors Marina Ahmad, Gareth Allatt,
Nicholas Bennett J.P., Mary Cooke, Robert Evans,
Russell Mellor, Alexa Michael, Tony Owen,
Neil Reddin FCCA, Melanie Stevens, Harry Stranger and
Stephen Wells

Also Present:

Councillor Mike Botting

52 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Vanessa Allen, who was due to be replaced by Councillor Simon Jeal.

53 DECLARATIONS OF INTEREST

There were no declarations of interest.

54 TEACHER PAY POLICY - CENTRALLY BASED STAFF

The local authority was required to have in place a pay policy setting out the arrangements for determining pay arrangements for all centrally based teaching staff - these were teachers in specialist roles such as providing support to visually impaired or hearing impaired children and working at the Phoenix Centre. From 1st September 2018, revised arrangements came into force in relation to Teachers' Pay and Conditions through the publication of the statutory 2018 Teachers' Pay and Conditions Document in October 2018.

The Secretary of State had agreed percentage increases to the minimum and maximum points within each pay range, but the Committee was offered three options in the report for dealing with staff between these points -

Option (A) - Agree to apply the statutory uplift to the minimum and maximum of scales and allowances only and allow managers to determine any pay and progression increase between these amounts based on performance;

Option (B) – Apply the minimum and maximum statutory uplifts to the whole of the respective scales and allowances and allow managers to

determine any additional pay and progression increase based on performance;

Option (C) - Apply the statutory uplifts to the minimum and maximum of scales and allowances and determine a flat rate percentage increase for all points in between and allow managers to determine any further pay and progression increase based on performance.

The trades unions had been asked for their views, but no responses had been received. The estimated annual cost of a 1% increase was £19,407; for 2% it was £38,815 and for 3% it was £67,926. Since 2013 the old approach of automatic increments had been replaced and progression was based on performance with managers having the option to reward good performers and hold back increases from poor performers. It was noted that Bromley's pay scales for this group would be different to other authorities, and that authorities were in competition to attract this group of specialist staff. A Member asked whether it was known what other authorities had decided.

The Committee was unclear whether the same amount of money was allocated in the budget for each of the three options, and what the financial implications of each option would be. Members also sought clarification of the role of this group of staff.

It was anticipated that a decision made at the Committee's next meeting on 27th November would still be able to be implemented in time for the December payroll, even though this would be earlier in the month than usual.

RESOLVED that consideration be deferred to the Committee's meeting on 27th November 2018 for further information on the services affected and the financial implications of each option.

The Meeting ended at 7.24 pm

Chairman

Report No. **London Borough of Bromley**

PART ONE - PUBLIC

Decision Maker: **GENERAL PURPOSES AND LICENSING COMMITTEE**

Date: **5 & 27 November 2018**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **Teacher Pay Policy – Centrally Based Staff**

Contact Officer: Angela Huggett, Head of HR Strategy and Education
Tel: 020 8313 4029 E-mail: angela.huggett @bromley.gov.uk

Chief Officer: Gillian Palmer Interim Director of Education
Charles Obazuaye Director Human Resources

Ward: N/A

1. Reason for report

1.1 From 1 September 2018 revised arrangements came into force in relation to Teachers' Pay and Conditions through the publication of the statutory 2018 School Teachers' Pay and Conditions Document.

1.2 This report sets out the main changes and proposes options for Members consideration.

2. **RECOMMENDATION(S)**

2.1 **That Members note and comment on the report and determine which option below they wish to implement in respect of Centrally Based Teaching staff ;**

Option (A) - Agree to apply the statutory uplift to the minimum and maximum of scales and allowances only and allow managers to determine any pay and progression increase between these amounts based on performance;

Option (B) – Apply the minimum and maximum statutory uplifts to the whole of the respective scales and allowances and allow managers to determine any additional pay and progression increase based on performance;

Option (C) - Apply the statutory uplifts to the minimum and maximum of scales and allowances and determine a flat rate percentage increase for all points in between and allow managers to determine any further pay and progression increase based on performance;

2.2 **Dependent on which option above is agreed, authorise officers to uplift the Pay Scales within the current Pay Policy accordingly and implement the new policy with effect from the 1st September 2018. There are no other required changes to the Policy this year.**

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Children and Young People Excellent Council
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: N/A
 5. Source of funding: N/A
-

Staff

1. Number of staff (current and additional):

All Teachers and Heads of Service centrally employed in Education Services i.e.

- Specialist Support and Disability Services (The Phoenix Centre)
- Sensory Support Services
- Primary Pupil Support Advisory Team

As at 30 September 2018 this comprised 50 staff (39.53 FTE) employed on Teacher Terms and Conditions of employment.

2. If from existing staff resources, number of staff hours: N/A.
-

Legal

1. Legal Requirement: Statutory Requirement Sections 122 and 127 Education Act 2002
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Education Act 2002 gives the Secretary of State power to prescribe pay and conditions and to issue guidance on pay and conditions matters, to which those concerned must have regard.
- 3.2 The statutory requirements for teachers' pay and conditions for maintained schools in England and Wales are set out in the School Teachers' Pay and Conditions Document which is published annually, and schools and local authorities (LAs) must abide by these. LAs and governing bodies are also required to have regard to the statutory guidance issued in conjunction with the document, and in respect of guidance on procedural matters a court or tribunal may take any failure to do so into account in any proceedings.
- 3.3 In accordance with the requirements of the School Teachers' Pay and Conditions Document, the LA as the "relevant body" is required to have in place a pay policy setting out the arrangements for determining pay arrangements for all centrally based teaching staff.

Background

- 3.4 Each year the School Teachers' Review Body (STRB) is provided with a remit from the Secretary of State to review Teachers' Pay. The remit focuses on specific areas as well as pay trends in general. The school teachers' review body consults with employers and teacher organisations and Unions and reports back to the Secretary of State its findings and recommendations. The Secretary of State then determines whether or not to accept the proposals put forward by the review body. A copy of the 28th Review Body full report can be found at the following link:

<https://www.gov.uk/government/publications/school-teachers-review-body-28th-report-2018>

- 3.5 This year, the Review Body made the following recommendations which were accepted by the Secretary of State:
- A 3.5% uplift to the minimum and maximum of the main pay range (MPR) and unqualified Teachers pay range;
 - A 2% uplift to the minima and maxima of the upper pay range (UPR), the leading practitioner pay range and all allowances across all pay ranges;
 - A 1.5% uplift to the minima and maxima of the leadership group pay range and all head teacher group pay ranges.
- 3.6 The DfE carried out extensive consultation with relevant parties and the School Teachers Pay and Conditions Order was laid before Parliament in October 2018 with implementation of the 2018 School Teachers Pay and Conditions Document on the 1st September 2018.
- 3.7 The new pay and conditions document continues to provide flexibility for relevant bodies in relation to reward and performance of staff. Each School and LA is required to determine its own specific pay policy tailored to the needs of the individual school/service.

- 3.8 In reaching its recommendations the Review Body commented that:

"The maintenance of an effective workforce of teachers and school leaders in England and Wales requires a large number of good graduates across a range of subjects to be attracted to join the profession each year, and for most of these to choose to make teaching their career.

In recent years, maintaining teacher supply has become more difficult. Last year saw a further deterioration in both recruitment and retention. The Government's overall target for recruitment to postgraduate initial teacher training (ITT) was missed in 2017/18 for a sixth successive year. The indications from interim UCAS data on applications suggest that the situation in 2018/19 will be no better. The numbers of vacancies and temporarily filled posts in schools and of teachers resigning from the profession have also continued to increase. These trends are particularly concerning as demand for teachers is expected to rise considerably over the next decade, particularly in secondary schools, as a result of increases in pupil numbers.

Several of our consultees raised concerns about the ability to attract teachers into leadership roles. This aligns with what we have heard on our visits to schools around the country, as few classroom teachers tell us they aspire to become senior leaders, and most assistant and deputyheads we speak to do not wish to become head teachers. The statistical evidence available also supports this picture, showing emerging problems in recruiting and retaining school leaders.

Turning to pay trends, the evidence this year indicated that teaching has continued to lag behind other graduate professions, both in terms of starting salaries and pay progression prospects. Significant gaps have developed over a number of years between the teachers' pay framework and the earnings available in other graduate professions. The expected starting salaries for new teachers in England and Wales have persistently fallen short of median starting salaries for graduates. For 2016, estimates of the gap ranged between 10% and 25%. The median earnings of classroom teachers have increasingly lagged median earnings in other professional occupations, with the gap exceeding 5% in the last four years. Since 2010/11, the value of key points in the teachers' pay framework have also increased more slowly than the corresponding percentiles in the earnings distribution for other professional occupations, with gaps of up to 5% emerging.

We consider that these relative pay trends are important contributory factors in the recruitment and retention problems facing the teaching profession in England and Wales. The decline in the position of the teachers' pay framework in the labour market for graduate professions needs to be addressed as a matter of priority. With the prospects for wage growth in the wider economy better than for several years, a significant uplift to teachers' pay is required to forestall a further weakening in the competitive position of the teaching profession.

Pay is by no means the only factor that affects teacher recruitment and retention. However, a competitive teacher pay system will help schools to maintain the effective workforce of good teachers and school leaders that is essential to achieving strong pupil outcomes.

For September 2018, we recommend that all pay and allowance ranges for teachers and school leaders are uplifted by 3.5%. This will address deteriorating trends in teacher retention by improving the position of the teachers' pay framework in the labour market for graduate professions. Unless we act now, graduate starting pay will also have moved still further ahead by next year, making teacher recruitment more difficult.

As has been the case for several years now, school leaders and governing bodies have autonomy in determining how their schools spend the funding they receive. It is for them to determine how to implement the changes to the School Teachers' Pay and Conditions Document (STPCD) arising from our recommendations. Different schools will make different decisions depending on their local circumstances, and this is an inherent feature of the way that the school pay and funding systems now work. Our objective in making our recommendations is to set a national pay framework that will assist school leaders and governing bodies in the recruitment and retention of teachers in their schools. They should give suitable priority to teachers' pay when setting their budgets to help ensure that an effective workforce is maintained.

3.9 The LA currently employs Teaching Staff in the following service areas:

- Specialist Support and Disability Services (The Phoenix Centre)

- Sensory Support Services
- Primary Pupil Support Advisory Team

In total as at the 30 August 2018 this comprised 50 staff (39.53FTE) on Teaching terms and conditions of employment.

- 3.10 There is existing provision for each Teacher's salary to be reviewed annually. In addition the LA already has an appraisal policy in place agreed by Members in autumn 2012.
- 3.11 New Teaching Standards were introduced in 2012 and from September 2014 pay progression for all Teaching staff became directly linked to performance.
- 3.12 Teacher Trade Unions nationally were opposed to several elements of the significant pay changes that were introduced in 2013 and this continues to be their position. Their response to the STRB consultation is detailed later in this report.

3. 13 DfE and Trade Union Perspectives

- 3.14 The current Secretary of State, Damian Hinds accepted in full the STRB's recommendations he further stated:

"The Government is committed to world class public services and ensuring that public sector workers are fairly paid for the vitally important work that they do. It is thanks to our balanced approach to public finances – getting debt falling as a share of our economy, while investing in our vital services and keeping taxes low – that we are today able to announce this fair and deserved pay rise for teachers, their biggest increase since 2010/2011.

We ended the 1% average pay policy in September 2017, because we recognised more flexibility is now required to deliver world class public services including in return for improvements to public sector productivity.

We want to ensure that we can recruit and retain brilliant teachers. To ensure that teaching remains an attractive and fulfilling profession, we are delivering a fully funded pay rise for classroom teachers and those in leadership positions.

The School Teachers' Review Body (STRB) has recommended a 3.5% uplift to the minima and maxima of all pay ranges and allowances in the national pay framework for the pay award due to be implemented from September 2018. I have decided to accept in full the STRB's recommendation for a 3.5% uplift to the minima and maxima of the main pay range, building on last year's 2% uplift to the main pay range. This will both raise starting salaries significantly and increase the competitiveness of the early career pay framework. We are also announcing a substantial uplift to pay ranges for leaders and higher-paid teachers: the minima and maxima of the upper pay range will be uplifted by 2% and on the leadership pay range by 1.5%.

As a result, classroom teachers will see the biggest benefit with starting salaries increasing between £803 and £1,004, and those at the top of the main pay range will be eligible for increases between £1,184 and £1,366. Schools will continue to determine how their staff are paid and thanks to the flexible performance-based pay system we have introduced schools are still able to choose to give teachers or leaders a higher pay rise where this is appropriate to their particular local context and budget.

We will be supporting schools in England to implement the award with an investment of £508 million through a new teachers' pay grant of £187 million in 2018-19 and £321 million in 2019-20 from the existing Department for Education budget. This will cover, in full, the difference

between this award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap. The grant will provide additional support to all maintained schools and academies, over and above the core funding that they receive through the national funding formula. We will publish further details on the distribution of this grant when the pay award is confirmed.”

3.15 Consultation

- 3.16 Following publication of the Pay and Conditions Document the Council is required to formally consult with Trade Unions to seek their views on the pay policy. This year there are no changes to the policy with the exception of the percentage uplifts.
- 3.17 The National Teacher unions representing teachers and school leaders advised the School Teachers’ Review Body that a substantial increase in pay was required to address recruitment and retention pressures and raise the status of the teaching profession. They stated that uplifts should be applied to the salaries of all teachers and school leaders. Five of these organisations submitted a joint statement proposing an increase of 5%. Most teacher unions and the organisations representing local authorities and school governors stated that the Department should provide additional funding to schools to meet the cost of pay increases.
- 3.18 The Department for Education did not make any specific proposals on the level of pay increase for teachers. The Secretary of State informed the STRB that the level of uplift must represent a fair pay settlement for teachers. He stated that funding levels for the next two years would provide schools with some headroom for pay increases and that schools would have to implement our recommendations within their funding allocations.
- 3.19 The Regional Teacher Trade Union representatives recognised by the Council have been contacted for any further views/comments and any responses received will be verbally reported at the meeting.

3.20 Options

- 3.21 In light of the recommendations of the review body the Council needs to review its pay policy and determine whether any changes are required.
- 3.22 A letter from the Chief Secretary to the Treasury set out the Government’s new policy on public sector pay for 2018-19, stating that the Government recognised a need for more flexibility on pay in some parts of the public sector, particularly in areas of skill shortage. It emphasised that there would still be a need for pay discipline to ensure that public services remained affordable and sustainable.
- 3.23 The 2017 pay policy was previously prepared using guidance and advice from DfE. The current policy provides flexibility for managers in determining arrangements for Teachers’ Pay for all Teaching staff including those employed on the leadership range. This includes flexibility regarding starting salaries and progression and is broadly consistent with the current principles applied to those staff employed by the Council on Localised Pay terms and conditions. The policy itself uses a range of reference points for salary purposes. The LA as well as Schools needs to have regard as to how it sets objectives and appraises performance and decisions need to be evidence based. However, making differentiated pay decisions is not in itself unlawful.
- 3.24 The Council has to implement the changes required by the SCTP&CD 2018 as this is a statutory requirement however it has discretion regarding those elements which are non-statutory. The following options are detailed for Members consideration.

- 3.25 **Option (A) - Apply the Statutory uplift to the minimum and maximum of scales and allowances only and allow Managers to determine any pay and progression increase between these amounts based on performance;** this would assist with recruitment and retention at both the top and bottom of the scales however the disadvantage would be that some staff in between these points may not receive any increase at all and over time this could create disproportionate salary differentials and impact on morale.
- 3.26 **Option (B) –Apply the minimum and maximum Statutory uplifts to the whole of the respective scales and allowances and allow Managers to determine any additional pay and progression increase based on performance;** this would ensure that all teachers would receive a consistent percentage increase in salary within the salary scale with any additional increase being based on performance.
- 3.27 **Option (C) - Apply the Statutory uplifts to the minimum and maximum of scales and allowances and determine a flat rate percentage increase for all points in between and allow Managers to determine any further pay and progression increase based on performance;** this approach would be broadly consistent with Localised Pay and Conditions of service and the pay award applied to all Council staff earlier in the year.

4. POLICY IMPLICATIONS

- 4.1 The model policy is consistent with BBB priorities to provide strategic leadership and support to schools in the Borough to assist and underpin the Government’s Education Reform Programme and ensuring the organisation has a workforce of appropriate skills and experience to meet future challenges in delivering local priorities. Various elements of the model policy for teachers are similar or consistent with the key elements of the Council’s local terms and conditions of service for all non- teaching staff employed by the authority.

5. FINANCIAL IMPLICATIONS

- 5.1 The percentage uplift set out in the SCTP&CD is a statutory requirement and as such the Council has no alternative other than to apply it. Recent communications from Central Government indicate that the funding available through the Teachers Pay Grant will be required to be passported straight to School’s therefore any cost implications arising from the application of the policy will need to be met from existing resources.

6. LEGAL IMPLICATIONS

- 6.1 Part 8 of The Education Act 2002 deals with the legal status of teachers pay and conditions. Section 122 gives the Secretary of State a power to prescribe pay and conditions for teachers and Section 127 recites that the Secretary of State after due consultation may issue guidance which a local authority and a school governing body shall have regard to in respect of teachers pay.

7. PERSONNEL IMPLICATIONS

- 7.1 As set out in this report.

Non-Applicable Sections:	N/A
Background Documents: (Access via Contact Officer)	

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Agenda Item 7

Report No.

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES & LICENSING COMMITTEE

27 November 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: ANNUAL COMPLAINTS REPORT AND LG&SCO LETTER
2017/18

Contact Officer: Naheed Chaudhry Assistant Director, Strategy, Performance and Engagement

Chief Officer: Ade Adetosoye, Deputy Chief Executive and Executive Director Education,
Health and Care

Ward: Borough-wide

1. Reason for report

- 1.1 The Council is required to produce an Annual Complaints Report each year setting out statistics on the complaints it receives. The 2017/18 Annual report is presented in appendix 1.
 - 1.2 The report also provides oversight of the annual Local Government & Social Care Ombudsman (LG&SCO) letter which summarise LG&SCO complaints/enquiries received and the decisions made about the London Borough of Bromley for the year ending 31 March 2018.
-

2. **RECOMMENDATION**

- 2.1 **Members of the General Purposes and Licence Committee are asked to consider and comment on the report.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority Not Applicable:
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs Not Applicable:
 3. Budget head/performance centre: Not Applicable
 4. Total current budget for this head: £Not Applicable
 5. Source of funding: Not Applicable
-

Personnel

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable: Executive decision.
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 Section 18 of The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 places a duty on the Council to prepare an annual report each year. Whilst that legislation mainly refers to social care complaints, we like to go further and publish greater detail about the Council's performance. The appended report (Appendix 1) provides an overview of Complaints and all Local Government & Social Care Ombudsman enquiries to the Council between 1st April 2017 to 31st March 2018.
- 3.2 The Council has an ethos of continuous improvement and is committed to using feedback from a variety of sources to learn, understand and take action to improve services. Our Performance Management Frameworks recognise customer complaints as a valuable source of qualitative feedback on the performance of our services.
- 3.3 The Council received 510 complaints during 2017/18, which is a 3% reduction on last year. Of the 510 complaints received, 44% were upheld. 58% of all complaints were responded to within 20 working days, which although an improvement from last year continues to be an area of development. Training to support managers is planned for 2018/19.
- 3.4 The Local Government & Social Care Ombudsman (LG&SCO) acts as the final stage for complaints about local authorities, adult social care providers (including care homes and home care agencies) and some other organisations providing public services. When the Council responds to a complaint, we are required to signpost the complainant to the Ombudsman if they remain dissatisfied. The Ombudsman analyses each referral to determine firstly whether it meets their criteria and, secondly, whether it merits a full investigation.
- 3.5 The LG&SCO annual review letter provides a breakdown of the upheld investigations and a compliance rate for implementing LG&SCO recommendations. During the year 2017/18 Bromley was the subject of 165 referrals to the LG&SCO, a 3% increase on 2016/17's figure of 158 referrals. Of those 165 referrals, 54 underwent a detailed investigation and of those 56% (30) were upheld. This is an improvement from last year's 50% upheld and better performance than the London average of 65% and the national average of 57%.
- 3.6 In response to the Ombudsman's letter and the timeliness of the Council's responses to enquiries and investigations, the Council has revised its approach accordingly. The complaints database has been reconfigured to monitor compliance against the new expectations, including any extended deadline agreed. Managers who are responsible for drafting replies have been advised of the new expectations. From the date of the visit of the Assistant Ombudsman on 19th February 2018 to the end of the business year on 31st March 2018, 42 out of 43 LGO deadlines were met. The one that wasn't was less than 24 hours overdue. The Ombudsman confirmed he was reassured by the changes made and anticipated improvements as a result.

4. FINANCIAL IMPLICATIONS

- 4.1 None for the purposes of this report.

5. LEGAL IMPLICATIONS

- 5.1 Under regulation 18 of the Local Authority Social Services and National Health Service Complaints Regulations 2009 the Council is required to publish an Annual Complaints report.
- 5.2 Under section 5(2) of the Local Government and Housing Act 1989 the Monitoring Officer is expected to produce a periodic report to the Council summarising the findings on all upheld complaints over a specific period.

6. Supporting Documents

6.1 Appendix 1. Annual Complaints Report 2017/18

6.2 Link below to LG&SCO annual letter 2017/18

<https://www.lgo.org.uk/documents/councilperformance/2018/london%20borough%20of%20bromley.pdf>

Non-Applicable Sections:	Impact on Vulnerable Adults and Children, and Policy, Personnel and Procurement Implications.
Background Documents: (Access via Contact Officer)	



Complaints & Compliments

Annual Report 2017-18



Section 01 | Why do we analyse and report on our complaints?

Section 18 of *The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009* places a duty on the Council to prepare an annual report each year. Whilst that legislation mainly refers to social care complaints, we like to go further and publish greater detail about the Council's performance. This report therefore provides an overview of complaints and all Local Government & Social Care Ombudsman enquiries to the Council between 1st April 2017 to 31st March 2018.

The Council has an ethos of continuous improvement and is committed to using feedback from a variety of sources to learn, understand and take action to improve services. Our Performance Management Frameworks recognise customer complaints as a valuable source of qualitative feedback on the performance of our services.

We know that high-performing services use feedback to help managers and staff understand where they are doing well and where improvements can be made.

We use our complaints data and analysis to:

- ➔ Collaboratively prompt, challenge and deepen the understanding of service performance amongst the leadership group; this enables and promotes a shared understanding of the strengths and areas for development within the service
- ➔ Inform prioritisation in service improvement plans
- ➔ Commission improvement activities and training where appropriate
- ➔ Encourage individual managers to take the initiative at service/team level or with individual staff members to address areas for development and manage local improvements

Continuous improvement plans

The Council has over time accumulated a number of different email addresses that have been used for referring complaints. During 2018/19 we will streamline the ways in which the residents and service users can contact us to register a complaint.

Whilst the majority of our complaints are handled electronically, we recognise that this does not and will not suit everyone. We will therefore be reviewing and maintaining our complaints leaflets and other written methods of communication.

Section 02 | Law & Procedures

Legislation

The main legislation we are governed by is the *Local Authority Social Services and National Health Service Complaints (England) Regulations 2009*. This duty is delivered through the Corporate Complaints Procedure. The majority of Adult Social Care complaints are considered on a statutory basis and are managed through the Corporate Complaints Procedure.

Where the matter directly involves a child (or an authorised person on their behalf) complaining about the care and support provided to a child by Children's Social Care, the relevant rules are found in the *Children Act 1989 Representations Procedure (England) Regulations 2006*) and this duty is delivered through the Children's Complaints Procedure.

Timescales

Under the Corporate Complaints Procedure, complaints should be acknowledged within 3 working days and formally responded to within 20 working days.

Complaints managed through the Children's Complaints Procedure are managed as follows :-

- ➔ Stage 1 initial response within 10 (up to 20) working days
- ➔ Stage 2 investigation within 25 (up to 65) working days
- ➔ Stage 3 Review Panel within 30 working days

The Local Government & Social Care Ombudsman

The Local Government & Social Care Ombudsman (LG&SCO) acts as the final stage for complaints about local authorities, adult social care providers (including care homes and home care agencies) and some other organisations providing public services. When the Council responds to a complaint, we are required to signpost the complainant to the Ombudsman if they remain dissatisfied.

The Ombudsman analyses each referral to determine firstly whether it meets their criteria and, secondly, whether it merits a full investigation.

During the year 2017/18 Bromley was the subject of 165 referrals to the LG&SCO, a 3% increase on the 2016/17 figure of 158 referrals. Of those 165 referrals, 54 underwent a detailed investigation and of those investigations 56% (30) were upheld. This is an improvement on last year when 60% were upheld, and better performance than the London average of 65% and the national average of 57%.

Section 03 | Council Overview

The Council received 510 complaints during 2017/18 which is a 3% reduction on last year. Adult Social Care (25%) were the subject of a significant reduction in complaints during the year, as were Housing services (11%). Complaints about Children's Social Care increased by 16%, equating to 14 additional complaints from the year before. It should be noted that the percentage increases for the Chief Executive's Department and Education services are influenced by the small numbers involved. 78% of complaints were received by email or through the website, an increase from 70% last year.

Division	2016/17	2017/18	% change
Adult Social Care	245	183	-25.3%
Children's Social Care	96	112	16.7%
Housing	126	112	-11.1%
Education	26	31	19.2%
Environment & Community Services	-	13	n/a
Chief Executive's Dept.	32	58	81.3%
Public Health	-	1	n/a
Total	525	510	-2.9%

Proportion upheld

Of the 510 complaints received by the Council, 44% were upheld.

	Complaints	Upheld / Partially Upheld	%age
Adult Social Care	183	104	57%
Children's Social Care	112	44	39%
Housing	112	30	27%
Education	31	17	55%
Environment & Community Services	13	1	8%
Chief Executive's Dept.	58	26	45%
Public Health	1	0	0%
TOTAL	510	222	44%

Causes for complaints

The most frequent complaints were those categorised as a 'lack of action' (128), 41% of which were upheld against the Council. Where a complaint relates to staff conduct, that may include staff of third-party providers contracted by the Council.

Complaint	Adult	Children	Housing	Education	ECS	CED	Public Health	Total	% of total	% upheld
Staff conduct	13	25	10	5	0	7	0	60	11.8%	41.7%
Disputed Decision	9	13	17	5	4	6	1	55	10.8%	14.5%
Inadequate Information	7	9	4	0	0	1	0	21	4.1%	47.6%
Lack of Action	43	28	24	8	4	21	0	128	25.1%	40.6%
Quality of Service	42	18	22	8	4	3	0	97	19.0%	41.2%
Service Delay	23	16	5	4	0	0	0	48	9.4%	47.9%
Billing / Charging	37	-	-	-	-	17	0	54	10.6%	40.7%
Data protection	4	3	1	0	1	3	0	12	2.4%	25.0%
Safeguarding Issues	0	0	0	0	-	-	-	0	0.0%	-
Late call	1	-	-	-	-	-	-	1	0.2%	100.0%
Short call	3	-	-	-	-	-	-	3	0.6%	100.0%
Behaviour of third party	1	0	2	1	-	-	-	4	0.8%	25.0%
Temp. accommodation	-	-	27	-	-	-	-	27	5.3%	28.0%
Total	183	112	112	31	13	58	1	510		

Responding on time

58% of all complaints were responded to within 20 working days. Although an improvement from last year this continues to be an area of performance improvement.

Division	On time	On time
	2016/17	2017/18
Adult Social Care	56%	49%
Children's Social Care	40%	56%
Housing	52%	65%
Education	62%	61%
Environment & Community Services	-	77%
Chief Executive's Dept.	66%	78%
Public Health	-	100%
OVERALL	56%	58%

Section 04 | Adult Social Care

Under the *Local Authority Social Services and National Health Service Complaints (England) Regulations 2009* the majority of Adult Social Complaints are considered on a statutory basis and handled through the Council's Corporate Complaints Procedure.

At a glance

- Adult Social Care were subject of a significant 25% reduction in complaints from 2016/17 to 2017/18.
- 49% of Adult Social Care complaints were responded to on time
- 35% were fully upheld and 22% were partially upheld
- £18,043 was paid out in compensation or other financial adjustments

Complaints received

Adult Social Care were the subject of 183 complaints during 2017/18, 49% (90) of which were responded to in a timely way. A total of 104 complaints (57%) were upheld or partially upheld. The table below provides a detailed breakdown of services and outcomes. 'Contracted Services' refers to those third-party providers of residential and domiciliary care whom the Council engages to provide care to its service users. The Council usually remains ultimately responsible for that support.

Charging & Finance complaints have been recorded differently this year by allocating them against the department involved. Further development is to be undertaken to better align systems with the working practices of the Council's partners, such as Liberata.

Service	Complaints received	No. answered on time	% answered on time	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Blue Badges	4	0	0%	1	25%	0	0%
Complex Care East	25	15	60%	9	36%	5	20%
Complex Care West	24	9	38%	6	25%	6	25%
Coordination & Review	1	1	100%	0	0%	0	0%
Duty Function	15	7	47%	6	40%	2	13%
Hospital Team	16	5	31%	9	56%	4	25%
Initial Response	16	11	69%	7	44%	4	25%
Reablement & Rehabilitation	7	3	43%	4	57%	0	0%
Learning Disabilities	17	11	65%	6	35%	2	12%
Mental Health	5	1	20%	1	20%	0	0%
Occupational Therapy	1	1	100%	0	0%	0	0%
Deprivation of Liberties	4	3	75%	1	25%	0	0%
Safeguarding	2	0	0%	0	0%	0	0%
Direct Care Services	6	1	17%	2	33%	3	50%
Contracted Services	40	22	55%	22	55%	14	35%
OVERALL	183	90	49%	64	35%	40	22%

Nature of complaint and outcome

The majority of complaints were in relation to a 'lack of action', of which 42% were fully upheld and 'Quality of service' of which 21% were fully upheld.

Concern	Complaints	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Staff conduct	13	4	31%	2	16%
Disputed decision	9	2	22%	1	11%
Inadequate information	7	2	29%	3	43%
Lack of action	43	18	42%	10	23%
Quality of service	42	9	21%	11	26%
Service delay	23	9	39%	5	22%
Billing & charging	37	13	35%	8	22%
Data protection	4	2	50%	0	0%
Late / Short / Missed visit	4	4	100%	0	0%
Behaviour of third party	1	1	100%	0	0%
OVERALL	183	64	35%	40	22%

Compliments

As much as we like to learn from complaints we like to learn from compliments too. The following were shared with the relevant staff and management.

Examples of the compliments received by Adult Social Care:-

Thank you so much for your great work yesterday... You were absolutely marvellous with M and just understood her so well. You were absolutely true to your word and everything was in place for her to stay in her own home... You have pulled it altogether and lifted a huge stress from them all... All too often there are complaints, but the good work is not recognised. It was a pleasure to meet you.

Thank you again for all your time and effort with working with Dad, should Dad need social services in the future I really hope that you are our case worker! (Flag us as yours on the system! Please!)

Mum was previously very nervous about your appointment, but was singing your praises when you left

I would like to praise the Social Worker from adult social care, who visited me and my disabled son last Tuesday, in order to assess his and my needs as his main carer. She was an absolute delight. She was positive, very knowledgeable about the services available, cheerful, and kind. A real gem. I now do not feel so alone and, at times, anxious about the care of my son after her visit. I feel we are “in the system” and will get support and advice if and when we need it. A big thanks..!

Local Government & Social Care Ombudsman cases

Adult social care were the subject of 19 referrals to the LG&SCO during 2017/18, of which 9 were upheld.

Service	Total	Upheld	Not Upheld	Premature	Ongoing
Complex Care East	5	3	2	0	0
Complex Care West	4	2	0	0	2
Duty Function	3	0	1	0	2
Initial Response	4	3	1	0	0
Learning Disabilities	2	1	0	1	0
Contracted Services	1	0	0	1	0
OVERALL	19	9	4	2	4

Financial outcomes of Ombudsman complaints

	2017 – 18
Number of cases	19
Compensation and backdated payments	£11,949.33
Charges written off	£5,844.40
Time & trouble payments	£250

Section 05 | Children's Social Care

The Council's experience is that only a small proportion of Children's Social Care complaints it receives are actually from young people or those acting on their behalf, which fall to be processed under the three-stage procedure set out in *The Children Act 1989 Representations Procedure (England) Regulations 2006*. These are referred to as statutory complaints, the timescales for which are :-

- ➔ Stage 1 : Initial response within 10 (up to 20) working days
- ➔ Stage 2 : Investigation within 25 (up to 65) working days
- ➔ Stage 3 : Review Panel within 30 working days

All other complaints from parents, family or friends raising issues that do not directly relate to the quality of the care and support the child in question receives are managed through the corporate complaints procedure. The Complaints Team carefully considers each complaint on its own merits and, if the complaint is not from or on behalf of a child or young person, or if in the Council's opinion it is not serving the interests of that child or young person, it will be handled through the Council's corporate complaints procedure.

Children and young people making a complaint have a legal entitlement to advocacy services to support them in making a complaint or expressing their views. Where the child involved has not already been referred, the Complaints Team will refer complaints made by or on behalf of children in relation to Children Social Care to the independently commissioned Advocacy service.

At a glance

- ➔ Children's Social Care Complaints processed under the statutory procedure rose very slightly compared to last year
- ➔ Complaints processed through the Council's corporate procedure increased from 96 in 2016/17 to 112 during 2017/18 (17%)
- ➔ 56% of Children Social Care complaints were responded to on time
- ➔ 26% were fully upheld and 13% were partially upheld
- ➔ £2,550 was paid out in compensation or other redress

Complaints under the 1989 Representations Procedure

There were a total of seven stage 1 and one Stage 2 Children Social Care complaints during 2017/18. 16 complaints were raised with the LGSCO.

	Quarter 1 Apr - Jun	Quarter 2 Jul - Sep	Quarter 3 Oct - Dec	Quarter 4 Jan - Mar
Stage 1	5	1	0	1
Stage 2	0	0	0	1
Stage 3	0	0	0	0
LGSCO	2	7	5	2
Total	7	8	5	4

Complaints under the Council's Corporate Complaints Procedure

Children's social care were subject of 112 complaints processed through the Council's corporate procedure during 2017/18, 63 complaints were responded to in a timely way (56%). A total of 44 complaints (39%) were upheld or partially upheld.

Service	Complaints received	No. answered on time	% answered on time	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Early Intervention and Family Support	6	5	83%	1	17%	0	0%
Referral & Assessment, incl. MASH, Atlas and ECT	34	16	47%	5	15%	3	9%
Safeguarding and Care Planning East incl. Court Team	23	19	83%	7	30%	2	9%
Safeguarding and Care Planning West incl. Disabled Children's Team	21	15	71%	6	29%	2	9%
Children Looked After and Care Leavers	12	2	17%	4	33%	5	42%
Fostering, Adoption and Resources	10	3	30%	5	50%	1	10%
Quality Improvement	6	3	50%	1	17%	4	67%
Youth Offending Service	0	n/a	n/a	n/a	n/a	n/a	n/a
OVERALL	112	63	56%	29	26%	15	13%

Nature of complaint and outcome

The majority of complaints were in relation to a 'lack of action' of which 32% (9) were fully upheld and 'Staff conduct' of which 28% (7) were fully upheld.

Concern	Complaints	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Staff conduct	25	7	28%	3	25%
Disputed decision	13	2	15%	0	0%
Inadequate information	9	3	33%	1	11%
Lack of action	28	9	32%	3	11%
Quality of service	18	5	28%	5	28%
Service delay	16	3	19%	3	19%
Data protection	3	0	0%	0	0%
OVERALL	112	29	26%	15	13%

Compliments

As much as we like to learn from complaints we like to learn from compliments too. The following examples were shared with the relevant staff and management :-

I just wanted to email to say thank you for your excellent communication with the school throughout the time you have worked with J and his family. You always reply to emails and phone calls promptly and keep us updated with meetings and paperwork, as result we know exactly how to support J throughout this challenging time.

C has gone out of her way to support and advise me and has been so sympathetic and patient with me with me in all manner of things from my dealings with the school and the Council to matters concerning my health, to name but a few. I felt there was nothing she wasn't willing to assist me with and she did so with great charm, empathy and enthusiasm.*

Meeting such a kind and respectable professional lady like you, whom has taken time and initiative to help parents and families that are overcoming issues surrounding adoption has really changed our opinions about social service.

I've changed. Irrevocably. Permanently. My soul is richer and my heart is fuller in brokenness than it ever was without. I've seen true despair and it's made me learn to appreciate true joy. Thank you for everything you have done for us this year. It means more than you know.

Local Government & Social Care Ombudsman cases

Children's social care were subject of 16 referrals to the LG&SCO during 2017/18, 8 of which were upheld.

Service	Total	Upheld	Not Upheld	Premature	Ongoing
Early Intervention and Family Support	0	0	0	0	0
Referral & Assessment, incl. MASH, Atlas and ECT	4	0	2	1	1
Safeguarding and Care Planning East incl. Court Team	2	1	0	0	1
Safeguarding and Care Planning West incl. Disabled Children's Team	4	3	0	0	1
Children Looked After and Care Leavers	3	2	0	0	1
Fostering, Adoption and Resources	3	2	1	0	0
Quality Improvement	0	0	0	0	0
Youth Offending Service	0	0	0	0	0
OVERALL	16	8	3	1	4

Financial outcomes of Ombudsman complaints

	2017 – 18
Number of cases	16
Compensation and backdated payments	£2,150
Charges written off	£0
Time & trouble payments	£400

Section 06 | Housing

Complaints in relation to Housing Services are managed through the Corporate Complaints Procedure.

At a glance

- Housing Services were subject of fewer complaints in 2017/18 (112) than in 2016/17 (126) which equates to an 11% reduction
- 65% of Housing complaints were responded to on time
- 19% were fully upheld and 8% were partially upheld
- £4,550 was paid out in compensation or other redress

Complaints under the Council's Corporate Complaints Procedure

Housing services were subject of 112 complaints during 2017/18, 73 of which were responded to in a timely way (65%).

The majority of complaints were in relation to Housing Allocations and Housing Options.

A total of 30 complaints (27%) were upheld or partially upheld. The table below provides a detailed breakdown of services and outcomes.

Service	Complaints received	No. answered on time	% answered on time	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Housing Allocations	35	26	74%	8	23%	1	3%
Housing Options	39	23	59%	4	10%	7	18%
Housing Register	3	3	100%	0	0%	0	0%
Housing Compliance & Development	14	9	64%	0	0%	1	7%
Housing Management & Acquisitions	13	6	46%	6	46%	0	0%
Housing Support & Resettlement	8	6	75%	3	38%	0	0%
OVERALL	112	73	65%	21	19%	9	8%

Nature of complaint

The largest number of complaints were in relation to a 'Lack of action', of which 17% (4) were fully upheld, and 'Temporary accommodation' of which 30% (8) were fully upheld.

Service	Complaints	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Staff conduct	10	2	20%	3	30%
Disputed decision	17	1	6%	2	12%
Inadequate information	4	0	0%	1	25%
Lack of action	24	4	17%	2	9%
Quality of service	22	5	23%	0	0%
Service delay	5	1	20%	0	0%
Data protection	1	0	0%	1	100%
Temp. accommodation	27	8	30%	0	0%
Behaviour of third party	2	0	0%	0	0%
OVERALL	112	21	19%	9	8%

Compliments

As much as we like to learn from complaints we like to learn from compliments too. The following were shared with the relevant staff and management.

Housing received 145 compliments this year. Some examples :-

First of all thank you for you listening and the support you gave my daughter yesterday. She came out feeling like a weight had been lifted off her shoulders and you made her smile which she hasn't done for a while. I am extremely grateful and you're a credit to your work place.

Thank you so so much for all your help, patience and perseverance. You are an absolute star. Your management team should be proud and lucky to have you on their team. Once again thank you.

I would just like to point out to the management that you have a great team of people. In my dealing with this team I have found them polite, caring and helpful I would like to say thank you for the service you provide.

I just wanted to write to you to say thank you very much for the advice on the telephone last week. It made a difference to have someone understand my situation and indeed try and point me in the right direction to resolve matters. The council have done well appointing you as an advisor as people in precarious situations like myself are in need of help and reassurance.

This woman is amazing she is honest direct and the most amazing person I have ever met she made me realise that there is help out there for me she has gone above and beyond doing exactly what she said she would do I never had to chase her she was always on top of it I'm deeply grateful she has given me faith in humans that there is help out there for me I never dreamt that I would be on my way to moving to somewhere more suitable for me she has made this all possible

Local Government & Social Care Ombudsman cases

Housing Services were the subject of 10 referrals to the LG&SCO during 2017/18, 4 of which were upheld.

Service	Total	Upheld	Not Upheld	Premature	Ongoing
Housing Allocations	2	0	0	1	1
Housing Options	3	1	1	1	0
Housing Register	1	1	0	0	0
Housing Management & Acquisitions	3	1	1	1	0
Housing Support & Resettlement	1	1	0	0	0
OVERALL	10	4	2	3	1

Financial outcomes of Ombudsman complaints

	2017 – 18
Number of cases	11
Compensation and backdated payments	£4,300
Charges written off	£0
Time & trouble payments	£250

Section 07 | Education

Complaints in relation to Education services are managed through the Corporate Complaints Procedure.

At a glance

- ➔ Education services were the subject of 31 complaints in 2017/18, an increase on 21 in 2016/17
- ➔ 61% of Education complaints were responded to on time
- ➔ 39% were fully upheld and 16% were partially upheld
- ➔ £2,200 was paid out for compensation or other redress

Complaints under the Council's Corporate Complaints Procedure

Education services were the subject of 31 complaints during 2017/18. 19 of these were responded to in a timely way (61%).

12 complaints were upheld (39%) and 5 were partially upheld (16%).

The table below provides a detailed breakdown of services and outcomes. The majority of complaints were in relation to the SEN service and SEN transport.

Service	Complaints received	No. answered on time	% answered on time	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Admissions	6	4	66%	1	17%	0	0%
Early Years	2	2	100%	0	0%	1	50%
Education Welfare	1	0	0%	1	100%	0	0%
Special Educational Needs	11	4	36%	4	36%	3	27%
Special Educational Needs Transport	11	9	82%	6	55%	1	9%
OVERALL	31	19	61%	12	39%	5	16%

Nature of complaint

The majority of complaints were in relation to a 'Lack of action' of which 50% (4) were fully upheld and 'Quality of Services' of which 50% (4) were fully upheld.

Service	Complaints	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Staff conduct	5	2	40%	2	40%
Disputed decision	5	0	0%	0	0%
Inadequate information	0	0	0%	0	0%
Lack of action	8	4	50%	2	25%
Quality of service	8	4	50%	0	0%
Service delay	4	1	25%	1	25%
Behaviour of third party	1	1	100%	0	0%
OVERALL	31	12	39%	5	16%

Compliments

As much as we like to learn from complaints we like to learn from compliments too. The following were shared with the relevant staff and management. Some examples of the compliments received by Education this year :-

I would just like to say a big thank you to you all for providing an excellent service for my son. E absolutely loves his school transport workers as they provide him with a professional, safe, caring and fun environment. I know he will miss them a lot.

Just a note to say thank you for taking our son back and forth to school. He's had a fantastic first year at PH and we cannot thank them enough for all their hard work. He has learned so much and is clearly in the right place. We see a bright future ahead with lots of potential and aspiration. I know you don't get to hear the good stuff much, so I always want to make a point of doing this as all of us are working hard

Could I just say what a fantastic job I think you are doing? Fronter is now my "go to" place and I have had to eat my hat about ISAT because I have found it an extremely useful process. (C has been so helpful and has confirmed my judgements on a variety of children which is helping to move things forward.)*

Local Government & Social Care Ombudsman cases

Education services were the subject of 7 referrals to the LG&SCO during 2017/18, 1 of which was upheld.

Service	Total	Upheld	Not Upheld	Premature	Ongoing
Admissions	1	1	0	0	0
Early Years	1	0	0	0	1
Special Educational Needs	4	0	1	0	3
Special Educational Needs Transport	1	0	0	1	0
OVERALL	7	1	1	1	4

Financial outcomes of Ombudsman complaints

	2017 – 18
Number of cases	7
Compensation and backdated payments	£2,200
Charges written off	£0
Time & trouble payments	£0

Section 08 | Chief Executive's Department

Complaints in relation to the Chief Executive's Department are managed through the Corporate Complaints Procedure.

At a glance

- ➔ The Chief Executive's Department was the subject of 58 complaints in 2017/18. This is the first full year in which data has been captured for CED complaints in the same way as for other services. The previous year's figures are not directly comparable.
- ➔ 78% of Chief Executive's Department complaints were responded to on time
- ➔ 21% were fully upheld and 24% were partially upheld
- ➔ £1,253 was paid out in compensation or other redress

Complaints under the Council's Corporate Complaints Procedure

The Chief Executive's Department was the subject of 58 complaints during 2017/18. 45 complaints were responded to in a timely way (78%).

A total of 26 complaints (45%) were upheld or partially upheld. The majority of complaints were in relation to Council Tax (32).

Service	Complaints received	No. answered on time	% answered on time	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Electoral Services	1	0	0%	0	0%	0	0%
Registrar Services	2	1	50%	0	0%	0	0%
Customer Services	4	4	100%	3	75%	1	25%
Care Home fees	3	2	66%	1	33%	0	0%
Council Tax	32	29	91%	6	19%	9	28%
Domiciliary Care fees	3	1	33%	0	0%	1	33%
Housing Benefit	11	8	73%	2	18%	3	27%
Legal	2	0	0%	0	0%	0	0%
OVERALL	58	45	78%	12	21%	14	24%

Nature of complaint

The majority of complaints were in relation to a 'Lack of action', of which 14% (3) were fully upheld, and 'Billing & charging' of which 24% (4) were fully upheld.

Service	Complaints	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Staff conduct	7	1	14%	3	43%
Disputed decision	6	2	33%	0	0%
Inadequate information	1	1	100%	0	0%
Lack of action	21	3	14%	8	38%
Quality of service	3	1	33%	1	33%
Service delay	0	0	0%	0	0%
Billing & charging	17	4	24%	2	12%
Data protection	3	0	0%	0	0%
OVERALL	58	12	21%	14	24%

Compliments

An example of a compliment notified to the Complaints team this year in relation to the Chief Executives department :-

I can't begin to tell you how grateful we both are. If Mel Green from the registry office hadn't put herself out then we wouldn't be getting married on the 12th December. So a big thank you to her please. All I need now is for the groom to arrive!!

Local Government & Social Care Ombudsman cases

The Chief Executive's Department was the subject of 25 referrals to the LG&SCO during 2017/18, 4 of which were upheld.

Service	Total	Upheld	Not Upheld	Premature	Ongoing
Care Home fees	2	0	1	1	0
Council Tax	14	2	7	4	1
Domiciliary Care fees	1	0	1	0	0
Housing Benefit	8	2	4	1	1
OVERALL	25	4	13	6	2

Financial outcomes of Ombudsman complaints

	2017 – 18
Number of cases	25
Compensation and backdated payments	£100
Charges written off	£853
Time & trouble payments	£300

Section 09 | Environment & Community Services

At a glance

- ➔ 77% of Environment & Community Services complaints were responded to on time
- ➔ None were fully upheld and one (8%) was partially upheld
- ➔ £1,550 was paid out in compensation or other redress

Complaints under the Council's Corporate Complaints Procedure

The Environment & Community Services division currently manage their own complaints process, whilst adhering to the Council's overall policies. The figures in this report relate only to those cases where it was considered expedient to for the stage 1 complaint to be overseen by the main Complaints service.

13 Environment & Community Services complaints were handled in that way during 2017/18, 10 of which were responded to in a timely way (77%). No complaints were upheld whilst one was partially upheld. The majority of complaints were in relation to Planning and Development (11) and usually concerned long-running cases first raised under the Council's previous corporate process.

Service	Complaints received	No. answered on time	% answered on time	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Highways & Transport	1	1	100%	0	0%	0	0%
Libraries & Lifelong Learning	1	1	100%	0	0%	0	0%
Planning & Development	11	8	73%	0	0%	1	9%
OVERALL	13	10	77%	0	0%	1	8%

Nature of complaint

Complaints were mainly in relation to a 'Lack of action', 'Disputed Decisions' and Quality of services.

Service	Complaints	No. fully upheld	% fully upheld	No. partially upheld	% partially upheld
Staff conduct	0	0	0%	0	0%
Disputed decision	4	0	0%	0	0%
Inadequate information	0	0	0%	0	0%
Lack of action	4	0	0%	0	0%
Quality of service	4	0	0%	1	25%
Service delay	0	0	0%	0	0%
Data protection	1	0	0%	0	0%
OVERALL	13	0	0%	1	8%

Local Government & Social Care Ombudsman cases

Environment & Community Services were the subject of 31 referrals to the LG&SCO during 2017/18, 5 of which were upheld.

Service	Total	Upheld	Not Upheld	Premature	Ongoing
Environmental Services	8	1	6	0	1
Highways & Transport	10	3	7	0	0
Planning & Development	13	1	6	5	1
OVERALL	31	5	19	5	2

Financial outcomes of Ombudsman complaints

	2017 – 18
Number of cases	31
Compensation and backdated payments	£900
Charges written off	£0
Time & trouble payments	£650

Section 10 | Public Health

The Council received only one complaint relating to Public Health this year. It concerned the closure of a service. The complaint was responded to on time and was not upheld.

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Report No.
FSD18096

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Tuesday 27 November 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: GOVERNANCE AND ADMINISTRATION OF PUBLIC SERVICE PENSION SCHEMES

Contact Officer: Fahar Rehman, Pensions Manager
Tel: 020 8461 7024 E-mail: Fahar.Rehman@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides a summary of the Pension Regulator's Code of Practice on Governance and Administration of public service pension schemes.

2. **RECOMMENDATION(S)**

2.1 The General Purposes and Licensing Committee is requested to:

- (i) note that the Pensions Regulator has released Code of practice 'Governance and administration of public service pension schemes' as a guide to good governance;
- (ii) note the requirements on the Local Pension Board and the Scheme Manager as shown in the Code of practice RAG Checklist.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report.
-

Corporate Policy

1. Policy Status: Existing Policy: The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £40.7m expenditure (pensions, lump sums, etc); £52.5m income (contributions, investment income, etc); £1,046m total fund market value at 30th September 2018)
 5. Source of funding: Contributions to Pension Fund
-

Personnel

1. Number of staff (current and additional): Pensions Manager (1 FTE)
 2. If from existing staff resources, number of staff hours: 36
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance The Pensions Regulators' Guidance on scheme governance and administration
 2. Call-in: Not Applicable
-

Procurement

1. Summary of Procurement Implications: None arising directly from this report.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,071 current employees; 5,256 pensioners; 5,729 deferred pensioners as at 30th September 2018.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 The Public Service Pensions Act 2013 (the 2013 Act) introduced the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the regulator.
- 3.2 The Pensions Regulator under the requirements of the Pensions Act 2013 issued a Code of practice on governance and administration of public sector pension schemes. This provides practical guidance and sets the standards of conduct expected of those exercising those functions. This is attached at Appendix 2 for information.
- 3.3 The statutory objectives of the Pensions Regulator are to:
- Protect the benefits of pension scheme members
 - Reduce the risks of calls on the Pension Protection Fund (PPF)
 - Promote, and improve understanding of, the good administration of pension schemes
 - Maximise compliance with the duties and safeguards of Pensions Act 2008

The Regulator has a number of regulatory tools, including the issue of Codes of practice, to enable it to meet its statutory objectives.

- 3.4 The Code of Practice on governance and administration provides practical guidance to the Council, as the administering authority and “Scheme Manager” and Local Pension Board Members in relation to the exercise of functions under relevant pension legislation.
- 3.5 Codes of practice are not statements of law and there is no penalty for failing to comply with them. Whilst it is not necessary for all of the provisions set out in the Code to be followed in every circumstance, any alternative approach must meet the underlying legal requirements and a penalty may be imposed if these requirements are not met.
- 3.6 The code is structured as a reference for scheme managers and pension boards in four core areas of scheme governance and administration:
- Governing the scheme
 - Managing risks
 - Administration
 - Resolving issues
- 3.7 The legal requirements and good practice guidance from each of these four core areas are summarised in Appendix 1. These have been RAG rated to show current levels of compliance.
- 3.8 The Local Pension Board is required under the 2013 Act to support the scheme manager in ensuring compliance with scheme regulation.
- 3.9 Plans are being put in place to ensure full compliance in all areas primarily focussing on those areas which are not currently rated green. Examples include training for Board members, issuing administration and guidance policies to employers and carrying out annual data quality checks on the members’ data held in Altair.

4. POLICY IMPLICATIONS

4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

5.1 None arising directly from this report

6. LEGAL IMPLICATIONS

6.1 The Pensions Regulator has issued code of practice number 14 on the Governance and administration of public service pension schemes pursuant to powers under section 90 of the Pensions Act 2004.

6.2 This code of practice sets out the legal requirements for public service pension schemes in respect of specific matters. It contains practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.

6.3 If scheme managers and the members of pension boards are, for any reason, unable to act in accordance with the guidance set out in this code, or an alternative approach that meets the underlying requirements, they should consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law .

Non-Applicable Sections:	Impact on Vulnerable Adults and Children Personnel Implications Procurement Implications
Background Documents: (Access via Contact Officer)	Code of practice 'Governance and administration of public service pension schemes'

Governing your scheme - Local Pension Board

Knowledge and Understanding	Requirement Level	Source of knowledge/information	Rating
The board members are aware of their legal responsibilities and accountabilities	Legal	Terms of reference	Green
The Pension Board is conversant with scheme rules and documented Administration Policies	Legal	Internal and external	Yellow
Pension Board members have access to scheme rules and regulations	Legal	Pension Website	Green
The Pension Board invest sufficient time in their learning and development	Recommended	Internal and external	Yellow
Training provided to support Board members in acquiring and retaining knowledge and understanding of the LGPS	Legal	Internal and external https://education.thepensionsregulator.gov.uk/login/index.php	Green
The council provides on-going support and helps determine skills requirements	Recommended	Internal	Yellow
The roles and responsibilities of the board are clearly set out	Legal	Terms of reference	Green
The Council maintains a log of training attended by Board Members	Recommended	Pension Website	Green
The Council publishes and the Board are conversant in the following policies: - Conflicts of Interests and register of interests - record-keeping - Internal dispute resolution - reporting breaches - maintaining contributions to the scheme - appointment of pension board members - Risk management policies/risk register for scheme - Discretionary policy - Funding strategy statement	Legal	Pension Website	Yellow
Board members are conversant in the performance of the outsourced service providers, assurances provided and the service level agreements	Legal	Pension Website	Yellow
Board members are conversant in the scheme annual returns and accounting requirements relevant to the scheme.	Legal	Pension Website	Yellow

Appendix 1 - Code of practice RAG ratings

Conflicts of interest and representation	Requirement Level	Source of knowledge/information	Rating
The Pension Board discloses and publishes conflicts of interests	Legal	Pension Website	
There is conflicts of interest policy available to board members	Recommended	Pension Website	
The authority is satisfied that members have no conflict of interest relating to their role as a Pension Board Member	Legal	Pension Website	
There is an equal representation of employer and member representation	Legal	Pension Website	
Conflicts of interest should be regularly reviewed	Recommended	Pension Website	

Publishing information about schemes	Requirement Level	Source of knowledge/information	Rating
Information about the pension board is published	Legal	Pension Website	
Information about board is up-to-date	Legal	Pension Website	
Terms of reference for the board are published	Recommended	Pension Website	

Managing Risks

Internal Controls	Requirement Level	Source of knowledge/information	Rating
Internal controls in place to manage risks	Legal	Pension Website	
The risk register is regularly reviewed	Legal	Pension Website	
Scheme is run in accordance with scheme regulations	Legal	Internal controls	
Scheme manager employs a risk based approach and ensures sufficient time and attention is spent on identifying and managing risks and developing and monitoring appropriate controls	Legal	Risk Register	

Administration

Scheme Record Keeping	Requirement Level	Source of knowledge/information	Rating
Member records and the information they store are in accordance with 'Record Keeping Regulations' 2014 and GDPR Regulations 2018	Legal	Pensions Software	Green
Scheme manager establishes and operates adequate internal controls to include processes and systems to support record keeping requirements	Legal	Pensions Software	Green
Scheme employers are aware of appropriate procedures and timescales for providing scheme data	Legal	Administration Policy	Green
Scheme employers provide timely and accurate data to the Scheme administrator in order for the Scheme to fulfil its legal obligations	Legal	Administration Policy	Yellow
Scheme manager takes necessary action against breaches of law by scheme employer in regards to employee records and data	Legal	Administration Policy	Green
There is a clear and accurate record of transactions in and out of the scheme	Legal	Audit	Green
Records of pension board meetings, minutes and decisions are kept and available for public access	Legal	Council Website	Green
The scheme reviews member data for quality and accuracy at least annually.	Recommended	Internal processes	Yellow

Appendix 1 - Code of practice RAG ratings

Maintaining Contributions	Requirement Level	Source of knowledge/information	Rating
Employer contributions are received in accordance with scheme regulation timelines	Legal	Internal controls	Green
Member contributions are paid to the scheme by the 19th day of the month following the deduction	Legal	Internal controls	Green
where non-payment of contributions (employee & employer) is deemed to be of material significance, the scheme manager reports this to the Pensions Regulator as soon as reasonably practicable	Legal	Internal controls	Green

Providing Information to members	Requirement Level	Source of knowledge/information	Rating
Provide Annual Benefit Statements to all active members of the scheme	Legal	Liberata	Green
Provide annual benefit statement to all active, deferred and pension credit members when requested (if not already provided in the previous 12 months)	Legal	Liberata	Green

Resolving issues

Internal Dispute Resolution	Requirement Level	Source of knowledge/information	Rating
Internal Dispute Resolution Procedure in place	Legal	Internal controls	Green

Reporting Breaches of Law	Requirement Level	Source of knowledge/information	Rating
Scheme is satisfied that those responsible for reporting of breaches are aware of the legal requirements	Legal	Internal controls	Green

Code of practice no. 14

Governance and administration of public service pension schemes

April 2015

The Pensions
Regulator

Page 59

Code of practice no. 14

Governance and administration of public service pension schemes

Presented to Parliament pursuant to Section 91(5) of the Pensions Act 2004

Draft to lie before Parliament for forty days, during which time either House may resolve that the code be not made.

Presented to the Northern Ireland Assembly pursuant to Article 86(5) of the Pensions (Northern Ireland) Order 2005

Draft to lie before the Northern Ireland Assembly for ten days on which the Assembly has sat or thirty calendar days whichever period is the longer, during which time the Assembly may resolve that the code be not made.

12 January 2015

Code of practice no. 14

Governance and administration of public service pension schemes

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Introduction

1. This code of practice is issued by The Pensions Regulator ('the regulator'), the body that regulates occupational and personal pension schemes provided through employers.
2. The regulator's statutory objectives¹ are to:
 - protect the benefits of pension scheme members
 - reduce the risks of calls on the Pension Protection Fund (PPF)
 - promote, and improve understanding of, the good administration of work-based pension schemes
 - maximise compliance with the duties and safeguards of the Pensions Act 2008
 - minimise any adverse impact on the sustainable growth of an employer (in relation to the exercise of the regulator's functions under Part 3 of the Pensions Act 2004 only).
3. The regulator has a number of regulatory tools, including issuing codes of practice, to enable it to meet its statutory objectives.
4. Codes of practice provide practical guidance in relation to the exercise of functions under relevant pensions legislation and set out the standards of conduct and practice expected from those who exercise those functions².

Status of codes of practice

5. Codes of practice are not statements of the law and there is no penalty for failing to comply with them. It is not necessary for all the provisions of a code of practice to be followed in every circumstance. Any alternative approach to that appearing in the code of practice will nevertheless need to meet the underlying legal requirements, and a penalty may be imposed if these requirements are not met. When determining whether the legal requirements have been met, a court or tribunal must take any relevant provisions of a code of practice into account³.
6. If there are grounds to issue an improvement notice⁴, the regulator may issue a notice directing a person to take, or refrain from taking, such steps as are specified in the notice. These directions may be worded by reference to a code of practice issued by the regulator⁵.

This code of practice

7. The Public Service Pensions Act 2013 (the 2013 Act) introduces the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the regulator.

¹ Section 5(1) of the Pensions Act 2004.

² Section 90A(1), *ibid.*

³ Section 90A(5), *ibid.*

⁴ Where the regulator considers that legal requirements are not being met, or have been contravened in circumstances which make it likely that the breach will continue or be repeated, it may issue an improvement notice under s13 of the Pensions Act 2004.

⁵ Section 13(3) of the Pensions Act 2004.

8. The regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes⁶. This code of practice sets out the legal requirements for public service pension schemes in respect of those specific matters. It contains practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
9. The practical guidance sections in this code are not intended to prescribe the process for every scenario. They do, however, provide principles, examples and benchmarks against which scheme managers and members of pension boards can consider whether or not they have understood their duties and obligations and are reasonably complying with them.
10. If scheme managers and the members of pension boards are, for any reason, unable to act in accordance with the guidance set out in this code, or an alternative approach that meets the underlying requirements, they should consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law⁷. For further information, see the section of this code on 'Reporting breaches of the law'.

At whom is this code directed?

11. This code relates to public service pension schemes within the meaning of the Pensions Act 2004⁸. These are schemes established under the 2013 Act, new public body pension schemes and other statutory pension schemes which are connected to those schemes. It does not apply to schemes in the wider public sector, nor to any scheme which is excluded from being a public service pension scheme within the meaning of the Pensions Act 2004.
12. This code is particularly directed at scheme managers and the members of pension boards of public service pension schemes and connected schemes. Scheme managers must comply with various legal requirements relating to the governance, management and administration of public service pension schemes. Pension boards must also comply with certain legal requirements, including assisting scheme managers in relation to securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme, any requirements of the regulator and with any other matters specified in scheme regulations. The role, responsibilities and duties of pension boards will vary. Where pension boards are not directly responsible for undertaking particular activities, they remain accountable for assisting the scheme manager in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme, any requirements of the regulator and with any other matters for which they are responsible under the scheme regulations⁹.

⁶
Section 90A(2) of the Pensions Act 2004.

⁷
Section 70, *ibid.*

⁸
Section 318, *ibid.*

⁹
Section 5 of the Public Service Pensions Act 2013.

13. In addition, the legal requirement to report breaches of the law under section 70 of the Pensions Act 2004 applies to other persons involved in public service pension schemes, so this code is also directed at them.
14. Scheme managers and pension boards (where relevant) may be able to delegate some activities to others, or outsource them, although they will not be able to delegate their accountability for complying with a legal requirement imposed on them. This code should therefore be followed by anyone to whom activities relating to the legal requirements covered by this code have been delegated or outsourced.
15. Employers participating in public service pension schemes will also find the code a useful source of reference. The role and actions of employers can be critical in enabling scheme managers to meet certain legal requirements¹⁰.
16. Public service pension schemes are established primarily as defined benefit (DB) schemes. Some of these schemes also enable members to make additional voluntary contributions (AVCs) on either a DB basis or to a separate defined contribution (DC) scheme. There are also some DC schemes which are offered as alternatives to the DB schemes. This code applies to any DC scheme which is a public service pension scheme within the meaning of the Pensions Act 2004.

Terms used in this code

17. **The 2013 Act** – the Public Service Pensions Act 2013, which sets out the arrangements for the creation of schemes for the payment of pensions and other benefits. It provides powers to ministers to create such schemes according to a common framework of requirements.
18. **Public service pension schemes**¹¹ – these are (a) new public service pension schemes set up under section 1 of the 2013 Act (including any scheme which has effect as such a scheme¹²); (b) new public body pension schemes (within the meaning of the 2013 Act) and (c) any statutory pension schemes connected with a scheme described in (a) or (b). Substantially, these are the schemes providing pension benefits for civil servants, the judiciary, local government workers, teachers, health service workers, fire and rescue workers, members of police forces and the armed forces. Except where specified otherwise, the legal requirements and practical guidance set out in this code apply to any kind of public service pension scheme within the meaning of the Pensions Act 2004, whether it is a scheme established under section 1 of the 2013 Act, a new public body scheme or a connected scheme.

10
Employers participating in occupational public service pension schemes are under a statutory duty to report breaches of the law under s70 of the Pensions Act 2004.

11
As defined in s318 of the Pensions Act 2004. Under s318(6) of that Act, a scheme which would otherwise fall within the definition of 'public service pension scheme' in the Pensions Act 2004 does not do so if it is a scheme providing only for injury or compensation benefits (or both), or if it is specified in an order made under that section.

12
Section 28 of the 2013 Act.

19. **Connected scheme** – a scheme established under section 1 of the 2013 Act and another statutory pension scheme, or a new public body pension scheme and another statutory pension scheme are connected if and to the extent that the schemes make provision in relation to persons of the same description. Scheme regulations may specify exceptions¹³.
20. **Responsible authority** – the 2013 Act identifies secretaries of state/ ministers, each being the responsible authority for their schemes, who have power to make the scheme regulations for the relevant schemes¹⁴. The responsible authority may also be the scheme manager¹⁵. In relation to a public body pension scheme, references in the code to the responsible authority are to be read as references to the public authority which established the scheme.
21. **Scheme regulations** – each new scheme made under section 1 of the 2013 Act has scheme regulations which set out the detail of the membership and benefits to be provided under the scheme¹⁶. The regulations must identify scheme managers and provide for the establishment of pension boards and scheme advisory boards. These regulations constitute the main rules of the scheme. In addition to the scheme regulations, the rules of a scheme include:

- certain legislative provisions, to the extent that they override provisions of the scheme regulations, or which have effect in relation to a scheme and are not otherwise reflected in the scheme regulations, and
- any provision which the scheme regulations do not contain but which the scheme rules must contain if it is to conform with the requirements of Chapter 1 of Part 4 of the Pension Schemes Act 1993 (preservation of benefit under occupational pension schemes)¹⁷.

Some connected schemes and new public body pension schemes will not be established by regulations, so references in the code to scheme regulations should be read as references to the rules of the scheme in these cases.

22. **Scheme manager** – each public service pension scheme has one or more persons responsible for managing or administering the scheme¹⁸. Public service pension schemes can have different persons acting as scheme manager for different parts of the pension scheme. For the locally administered schemes¹⁹, the scheme managers may be the local administering authorities or a person representing an authority or police force.

13
Section 4(6) and (7) of the 2013 Act.

14
Section 2 and Schedule 2, *ibid.*

15
Section 4(3), *ibid.*

16
Section 3 and Schedule 3, *ibid.*

17
Section 318(2) of the Pensions Act 2004.

18
Section 4 and s30 of the 2013 Act.

19
Locally administered schemes include the schemes for England, and Wales, and Scotland for local government workers, and England and Wales for fire and rescue workers and members of police forces.

23. **Pension board** – the scheme manager (or each scheme manager) for a scheme has a pension board²⁰ with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The pension board must also assist the scheme manager with such other matters as the scheme regulations may specify. It will be for scheme regulations and the scheme manager to determine precisely what the pension board’s role, responsibilities and duties entail.
24. **Scheme advisory board** – each DB public service pension scheme has a scheme advisory board²¹ with responsibility for providing advice on the desirability of changes to the scheme, when requested to do so by the responsible authority (or otherwise, in accordance with scheme regulations). Where there is more than one scheme manager the scheme regulations may also provide for the scheme advisory board to provide advice (on request or otherwise) to the scheme managers or the scheme’s pension boards on the effective and efficient administration and management of the scheme or any pension fund of the scheme.
25. **Schemes** – in this code the term ‘schemes’ is used throughout where actions to comply with a legal requirement, standard or expectation may be carried out by the scheme manager, pension board or by another person(s) including those to whom activities have been delegated or outsourced. The scheme manager or pension board will be ultimately accountable, depending upon to whom the legal obligation applies under the legislation.
26. **Must** – in this code the term ‘must’ is used where there is a legal requirement.
27. **Should** – in this code the term ‘should’ is used to refer to practical guidance and the standards expected by the regulator.

How to use this code

28. The code is structured as a reference for scheme managers and pension boards to use to inform their actions in four core areas of scheme governance and administration: governing your scheme, managing risks, administration and resolving issues.
29. Each core section includes practical guidance to help scheme managers and pension boards to discharge their legal duties. The regulator recognises that there may be alternative and justifiable actions or approaches that scheme managers or pension boards may wish to adopt, provided these meet the minimum legal requirements.
30. Schemes will need to consider and apply the practical guidance to suit their own particular characteristics and arrangements.

20
Section 5 and s30(1) of the 2013 Act (in the case of new public body schemes, if the scheme has more than one member).

21
Section 7, *ibid*. This requirement only applies to schemes set up under s1 of the 2013 Act.

Northern Ireland

31. References to the law that applies in Great Britain should be taken to include corresponding legislation in Northern Ireland. References to HM Treasury directions should be taken to be directions by the Department of Finance and Personnel. The responsible authority for each scheme is the relevant government department²².
32. The appendix to this code lists the corresponding references to Northern Ireland legislation.

²²
Section 2 and Schedule 2 of the Public Service Pensions Act (Northern Ireland) 2014.

Governing your scheme

33. This part of the code covers:

- knowledge and understanding required by pension board members
- conflicts of interest and representation, and
- publishing information about schemes.

Knowledge and understanding required by pension board members

Legal requirements

34. A member of the pension board of a public service pension scheme must be conversant with:

- the rules of the scheme²³, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

35. A member of a pension board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

36. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board²⁴.

Practical guidance

37. The legislative requirements about knowledge and understanding only apply to pension board members. However, scheme managers should take account of this guidance as it will support them in understanding the legal framework and enable them to help pension board members to meet their legal obligations.

38. Schemes²⁵ should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.

39. However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.

23

See paragraph 21 for the definition of the 'rules of the scheme'.

24

Section 248A of the Pensions Act 2004.

25

See paragraph 25 for the definition of 'schemes'.

Areas of knowledge and understanding required

40. Pension board members must be conversant with their scheme rules, which are primarily found in the scheme regulations²⁶, and documented administration policies currently in force for their pension scheme²⁷. Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.
41. They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.
42. In terms of documented administration policies, specific documents recording policy about administration will vary from scheme to scheme. However, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable²⁸. This list is not exhaustive and other documented policies may fall into this category:
 - any scheme-approved policies relating to:
 - conflicts of interest and the register of interests
 - record-keeping
 - internal dispute resolution
 - reporting breaches
 - maintaining contributions to the scheme
 - the appointment of pension board members
 - risk assessments/management and risk register policies for the scheme
 - scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures
 - the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
 - terms of reference, structure and operational policies of the pension board and/or any sub-committee
 - statements of policy about the exercise of discretionary functions

²⁶
See paragraph 21 for the definition of the 'rules of the scheme'.

²⁷
Section 248A(2) of the Pensions Act 2004.

²⁸
Section 248A(2)(b) of the Pensions Act 2004.

- statements of policy about communications with members and scheme employers
 - the pension administration strategy, or equivalent²⁹, and
 - any admission body (or equivalent) policies.
43. For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement³⁰.
44. Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:
- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
 - statements of assurance (for example, assurance reports from administrators)
 - third party contracts and service level agreements
 - stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues
 - scheme annual reports and accounts
 - accounting requirements relevant to the scheme
 - audit reports, including from outsourced service providers, and
 - other scheme-specific governance documents.
45. Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.
46. Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.

²⁹
For the local government pension schemes, this might include information about the setting of performance targets or making agreements about levels of performance.

³⁰
Section 248A(2)(b) of the Pensions Act 2004.

Degree of knowledge and understanding required

47. The roles, responsibilities and duties of pension boards and their individual members will vary between pension schemes. Matters for which the pension board is responsible will be set out in scheme regulations³¹. Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.
48. Schemes should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.
49. Pension board members must have a working knowledge of their scheme regulations and documented administration policies. They should understand their scheme regulations and policies in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.
50. Pension board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.
51. Pension board members should be able to identify and where relevant challenge any failure to comply with:
 - the scheme regulations
 - other legislation relating to the governance and administration of the scheme
 - any requirements imposed by the regulator, or
 - any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.
52. Pension board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.

³¹
Section 5(2) of the 2013
Act.

53. Pension board members of funded pension schemes should ensure that they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.
54. All board members should attain appropriate knowledge so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a pensions law expert (for instance, as a result of their day job) should have a greater level of knowledge than that considered appropriate for board members without this background.

Acquiring, reviewing and updating knowledge and understanding

55. Pension board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Schemes should provide pension board members with the relevant training and support that they require. Training is an important part of the individual's role and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations.
56. Newly appointed pension board members should be aware that their responsibilities and duties as a pension board member begin from the date they take up their post. Therefore, they should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration of the scheme and relevant pensions law. Schemes should offer pre-appointment training or arrange for mentoring by existing pension board members. This can also ensure that historical and scheme-specific knowledge is retained when pension board members change.
57. Pension board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.

58. Learning programmes should be flexible, allowing pension board members to update particular areas of learning where required and to acquire new areas of knowledge in the event of any change. For example, pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.
59. The regulator will provide an e-learning programme to help meet the needs of pension board members, whether or not they have access to other learning. If schemes choose alternative learning programmes they should be confident that those programmes:
- cover the type and degree of knowledge and understanding required
 - reflect the legal requirements, and
 - are delivered within an appropriate timescale.

Demonstrating knowledge and understanding

60. Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole. This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.

Conflicts of interest and representation

Legal requirements

61. A conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the pension board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme for which the board is established³².
62. In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:
- that a person to be appointed as a member of the pension board does not have a conflict of interest and
 - from time to time, that none of the members of the pension board has a conflict of interest³³.

32
Section 5(5) of the 2013 Act defines a conflict of interest in relation to pension board members and s7(5) of that Act in relation to scheme advisory board members.

33
Section 5(4)(a), *ibid.*

63. Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above³⁴.
64. Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers³⁵.
65. In relation to the scheme advisory board, the regulations must also include provision requiring the responsible authority to be satisfied:
 - that a person to be appointed as a member of the scheme advisory board does not have a conflict of interest and
 - from time to time, that none of the members of the scheme advisory board has a conflict of interest³⁶.
66. Scheme regulations must require each member of a scheme advisory board to provide the responsible authority with such information as the responsible authority reasonably requires for the purposes of meeting the requirements referred to above³⁷.

Practical guidance

67. This guidance is to help scheme managers to meet the legal requirement to be satisfied that pension board members do not have any conflicts of interest. The same requirements apply to responsible authorities in relation to scheme advisory boards, (apart from the requirement regarding employer and member representatives), but the regulator does not have specific responsibility for oversight of scheme advisory boards.
 68. Actual conflicts of interest are prohibited by the 2013 Act and cannot, therefore, be managed. Only potential conflicts of interest can be managed.
 69. A conflict of interest may arise when pension board members:
 - must fulfil their statutory role³⁸ of assisting the scheme manager in securing compliance with the scheme regulations, other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator or with any other matter for which they are responsible, whilst
 - having a separate personal interest (financial or otherwise), the nature of which gives rise to a possible conflict with their statutory role.
- 34
Section 5(4)(b) of the 2013 Act.
- 35
Section 5(4)(c), *ibid.*
- 36
Section 7(4)(a), *ibid.*
- 37
Section 7(4)(b), *ibid.*
- 38
Section 5(2), *ibid.*

70. Some, if not all, of the 'Seven principles of public life' (formerly known as the 'Nolan principles')³⁹ will already apply to people carrying out roles in public service pension schemes, for example through the Ministerial code, Civil Service code or other codes of conduct. These principles should be applied to all pension board members in the exercise of their functions as they require the highest standards of conduct. Schemes should incorporate the principles into any codes of conduct (and across their policies and processes) and other internal standards for pension boards.
71. Other legal requirements relating to conflicts of interest may apply to pension board members and/or scheme advisory board members⁴⁰. The regulator may not have specific responsibility for enforcing all such legal requirements, but it does have a particular role in relation to pension board members and conflicts of interest. While pension board members may be subject to other legal requirements, when exercising functions as a member of a pension board they must meet the specific requirements of the 2013 Act and are expected to satisfy the standards of conduct and practice set out in this code.
72. It is likely that some pension board members will have dual interests, which may include other responsibilities. Scheme managers and pension board members will need to consider all other interests, financial or otherwise, when considering interests which may give rise to a potential or actual conflict. For example, a finance officer appointed as a pension board member can offer their knowledge and make substantial contributions to the operational effectiveness of the scheme, but from time to time they may be involved in a decision or matter which may be, or appear to be, in opposition to another interest. For instance, the pension board may be required to take or scrutinise a decision which involves the use of departmental resources to improve scheme administration, while the finance officer is at the same time tasked, by virtue of their employment, with reducing departmental spending. A finance officer might not be prevented from being a member of a pension board, but the scheme manager must be satisfied that their dual interests are not likely to prejudice the pension board member in the exercise of any particular function.

39
The Committee on Standards in Public Life has set out seven principles of public life which apply to anyone who works as a public office holder or in other sectors delivering public services:
www.gov.uk/government/publications/the-7-principles-of-public-life.

40
For example, local government legislation applicable to English local authorities contains legal requirements relating to certain people about standards of conduct, conflicts of interest and disclosure of certain interests.

73. Scheme regulations will set out matters for which the pension board is responsible⁴¹. Schemes⁴² should set out clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards in scheme documentation. This should cover, for example, whether they have responsibility for administering or monitoring the administration of the scheme; developing, delivering or overseeing compliance with requirements for governance and/or administration policies; and taking or scrutinising decisions relating to governance and/or administration. Regardless of their remit, potential conflicts of interest affecting pension board members need to be identified, monitored and managed effectively.
74. Schemes should consider potential conflicts of interest in relation to the full scope of roles, responsibilities and duties of pension board members. It is recommended that all those involved in the management or administration of public service pension schemes take professional legal advice when considering issues to do with conflicts of interest.

A three-stage approach to managing potential conflicts of interest

75. Conflicts of interest can inhibit open discussions and result in decisions, actions or inactions which could lead to ineffective governance and administration of the scheme. They may result in pension boards acting improperly, or lead to a perception that they have acted improperly. It is therefore essential that any interests, which have the potential to become conflicts of interest or be perceived as conflicts of interest, are identified and that potential conflicts of interest (including perceived conflicts) are monitored and managed effectively.
76. Schemes should ensure that there is an agreed and documented conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest. They should keep this under regular review. Policies and procedures should include examples of scenarios giving rise to conflicts of interest, how a conflict might arise specifically in relation to a pension board member and the process that pension board members and scheme managers should follow to address a situation where board members are subject to a potential or actual conflict of interest.

41
Section 5(2) of the 2013 Act.

42
See paragraph 25 for the definition of 'schemes'.

77. Broadly, schemes should consider potential conflicts of interest in three stages:
- identifying
 - monitoring, and
 - managing.

Identifying potential conflicts

78. Schemes should cultivate a culture of openness and transparency. They should recognise the need for continual consideration of potential conflicts. Disclosure of interests which have the potential to become conflicts of interest should not be ignored. Pension board members should have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest. They should know how to manage potential conflicts.
79. Pension board members, and people who are proposed to be appointed to a pension board, must provide scheme managers with information that they reasonably require to be satisfied that pension board members and proposed members do not have a conflict of interest⁴³.
80. Schemes should ensure that pension board members are appointed under procedures that require them to disclose any interests, including other responsibilities, which could become conflicts of interest and which may adversely affect their suitability for the role, before they are appointed.
81. All terms of engagement, for example appointment letters, should include a clause requiring disclosure of all interests, including any other responsibilities, which have the potential to become conflicts of interest, as soon as they arise. All interests disclosed should be recorded. See the section of this code on 'Monitoring potential conflicts'.
82. Schemes should take time to consider what important matters or decisions are likely to be considered during, for example, the year ahead and identify and consider any potential or actual conflicts of interest that may arise in the future. Pension board members should be notified as soon as practically possible and mitigations should be put in place to prevent these conflicts from materialising.

43
Section 5(4)(b) of the
2013 Act and scheme
regulations.

Monitoring potential conflicts

83. As part of their risk assessment process, schemes should identify, evaluate and manage dual interests which have the potential to become conflicts of interest and pose a risk to the scheme and possibly members, if they are not mitigated. Schemes should evaluate the nature of any dual interests and assess the likely consequences were a conflict of interest to materialise.
84. A register of interests should provide a simple and effective means of recording and monitoring dual interests and responsibilities. Schemes should also capture decisions about how to manage potential conflicts of interest in their risk registers or elsewhere. The register of interests and other relevant documents should be circulated to the pension board for ongoing review and published, for example on a scheme's website.
85. Conflicts of interest should be included as an opening agenda item at board meetings and revisited during the meeting, where necessary. This provides an opportunity for those present to declare any interests, including other responsibilities, which have the potential to become conflicts of interest, and to minute discussions about how they will be managed to prevent an actual conflict arising.

Managing potential conflicts

86. Schemes should establish and operate procedures which ensure that pension boards are not compromised by potentially conflicted members. They should consider and determine the roles and responsibilities of pension boards and individual board members carefully to ensure that conflicts of interest do not arise, nor are perceived to have arisen.
87. A perceived conflict of interest can be as damaging to the reputation of a scheme as an actual conflict of interest. It could result in scheme members and interested parties losing confidence in the way a scheme is governed and administered. Schemes should be open and transparent about the way they manage potential conflicts of interest.
88. When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the pension board, schemes should consider obtaining professional legal advice when assessing any option.

Examples of conflicts of interest

89. Below are some examples of potential or actual conflicts of interest which could arise, or be perceived to arise, in relation to public service pension schemes. These will depend on the precise role, responsibilities and duties of a pension board. The examples provided are for illustrative purposes only and are not exhaustive. They should not be relied upon as a substitute for the exercise of judgement based on the principles set out in this code and any legal advice considered appropriate, on a case-by-case basis.

a. Investing to improve scheme administration versus saving money

An employer representative, who may be a Permanent Secretary, finance officer or local councillor, is aware that system X would help to improve standards of record-keeping in the scheme, but it would be costly to implement. The scheme manager, for instance a central government department or local administering authority, would need to meet the costs of the new system at a time when there is internal and external pressure to keep costs down. In order to meet the costs of the new system, the scheme manager would need to find money, perhaps by using a budget that was intended for another purpose. This decision could prove unpopular with taxpayers. A conflict of interest could arise where the employer representative was likely to be prejudiced in the exercise of their functions by virtue of their dual interests.

b. Outsourcing an activity versus keeping an activity in-house

In an extension of the previous example, a member representative, who is also an employee of a participating employer, is aware that system X would help to improve standards of record-keeping in the scheme, but it would mean outsourcing an activity that is currently being undertaken in-house by their employer. The member representative could be conflicted if they were likely to be prejudiced in the exercise of their functions by virtue of their employment.

c. Representing the breadth of employers or membership versus representing narrow interests

An employer representative who happens to be employed by the administering authority and is appointed to the pension board to represent employers generally could be conflicted if they only serve to act in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the pension board to represent the entire scheme membership could be conflicted if they only act in the interests of their union and union membership, rather than all scheme members.

d. Assisting the scheme manager versus furthering personal interests

- i. A pension board member, who is also a scheme adviser, may recommend the services or products of a related party, for which they might derive some form of benefit, resulting in them not providing, or not being seen to provide, independent advice or services
- ii. A pension board member who is involved in procuring or tendering for services for a scheme administrator, and who can influence the award of a contract, may be conflicted where they have an interest in a particular supplier, for example, a family member works there.

e) Sharing information with the pension board versus a duty of confidentiality to an employer

An employer representative has access to information by virtue of their employment, which could influence or inform the considerations or decisions of the pension board. They have to consider whether to share this information with the pension board in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the pension board.

Representation on pension boards

90. While scheme regulations must require pension boards to have an equal number of employer and member representatives⁴⁴, there is flexibility to design arrangements which best suit each scheme.
91. Arrangements should be designed with regard to the principles of proportionality, fairness and transparency, and with the aim of ensuring that a pension board has the right balance of skills, experience and representation (for example, of membership categories and categories of employers participating in the scheme). Those responsible for appointing members to a pension board should also consider the mix of skills and experience needed on the pension board in order for the board to operate effectively in light of its particular role, responsibilities and duties.

44
Section 5(4)(c) of the
2013 Act.

Publishing information about schemes

Legal requirements

92. The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date⁴⁵.
93. The information must include:
 - who the members of the pension board are
 - representation on the board of members of the scheme(s), and
 - the matters falling within the pension board's responsibility⁴⁶.

Practical guidance

Publication of pension board information

94. Scheme members will want to know that their scheme is being efficiently and effectively managed. Public service pension schemes should have a properly constituted, trained and competent pension board, which is responsible for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and requirements imposed by the regulator.
95. Scheme managers must publish the information required about the pension board and keep that information up-to-date⁴⁷. This will ensure that scheme members can easily access information about who the pension board members are, how pension scheme members are represented on the pension board and the responsibilities of the board as a whole.
96. When publishing information about the identity of pension board members, the representation of scheme members and matters for which the board is responsible, schemes⁴⁸ should also publish useful related information about the pension board such as:
 - the employment and job title (where relevant) and any other relevant position held by each board member
 - the pension board appointment process
 - who each pension board member represents
 - the full terms of reference for the pension board, including details of how it will operate, and
 - any specific roles and responsibilities of individual pension board members.

45
Section 6(1) of the 2013 Act.

46
Section 6(2), *ibid.*

47
Section 6(1), *ibid.*

48
See paragraph 25 for the definition of 'schemes'.

97. Schemes should also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They should consider any requests for additional information to be published, to encourage scheme member engagement and promote a culture of transparency.
98. Scheme managers must ensure that information published about the pension board is kept up-to-date⁴⁹. Schemes should have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete.

Other legal requirements

99. Scheme managers (or any other person specified in legislation) must comply with any other legal requirements relating to the publication of information about governance and administration. In particular, HM Treasury directions may require the scheme manager or responsible authority of a public service pension scheme to publish scheme information, including information about scheme administration and governance and may specify how and when information is to be published⁵⁰.

⁴⁹
Section 6(1) of the 2013 Act.

⁵⁰
Section 15, *ibid.*

Managing risks

100. This part of the code covers the requirement for scheme managers to establish and operate adequate internal controls.

Internal controls

Legal requirements

101. The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

102. For these purposes 'internal controls' means:

- arrangements and procedures to be followed in the administration and management of the scheme
- systems and arrangements for monitoring that administration and management, and
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme⁵¹.

Practical guidance

103. Internal controls are systems, arrangements and procedures that are put in place to ensure that pension schemes are being run in accordance with the scheme rules (which for most public service pension schemes are set out in the scheme regulations) and other law. They should include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the scheme.

104. Good internal controls are an important characteristic of a well-run scheme and one of the main components of the scheme manager's role in securing the effective governance and administration of the scheme. Internal controls can help protect pension schemes from adverse risks, which could be detrimental to the scheme and members if they are not mitigated.

105. Scheme managers must establish and operate internal controls⁵². These should address significant risks which are likely to have a material impact on the scheme. Scheme managers should employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They should seek advice, as necessary.

⁵¹ Section 249A(5) and s249B of the Pensions Act 2004.

⁵² Section 249B, *ibid.*

Identifying risks

106. Before implementing an internal controls framework, schemes⁵³ should carry out a risk assessment. They should begin by:
- setting the objectives of the scheme
 - determining the various functions and activities carried out in the running of the scheme, and
 - identifying the main risks associated with those objectives, functions and activities.
107. An effective risk assessment process will help schemes to identify a wide range of internal and external risks, which are critical to the scheme and members. When identifying risks, schemes should refer to relevant sources of information, such as records of internal disputes and legislative breaches, the register of interests, internal and external audit reports and service contracts.
108. Once schemes have identified risks, they should record them in a risk register and review them regularly. Schemes should keep appropriate records to help scheme managers demonstrate steps they have taken to comply, if necessary, with legal requirements.

Evaluating risks and establishing adequate internal controls

109. Not all risks will have the same potential impact on scheme operations and members or the same likelihood of materialising. Schemes should consider both these areas when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high.
110. Many pension schemes will already have adequate internal controls in place, some of which may apply to a variety of the functions of the administering authority. Schemes should review their existing arrangements and procedures to determine whether they can prevent and detect errors in scheme operations and help mitigate pension scheme-related risks. For example, schemes could obtain assurance about their existing controls through direct testing or by obtaining reports on controls. Any such review should be appropriate to the outcome of the risk evaluation.
111. Schemes should consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. For example, the scheme manager(s) for a funded scheme should establish and operate internal controls that regularly assess the effectiveness of investment-related decision making. Scheme managers for all pension schemes should establish and operate internal controls that regularly assess the effectiveness of data management and record-keeping.

⁵³
See paragraph 25 for the definition of 'schemes'.

Managing risks by operating internal controls

112. Schemes should consider a number of issues when designing internal controls to manage risks. The examples provided are for illustrative purposes only and are not exhaustive. They should not be relied upon as a substitute for the exercise of judgement, based on the principles set out in this code and any advice considered appropriate, particularly in light of any problems experienced in the past.

a. How the control is to be implemented and the skills of the person performing the control

For example, schemes should ensure that new employers participating in the scheme understand what member data are required and the process for supplying it. Where employers fail to supply the correct data or do not follow the correct process, schemes should ensure that the employer identifies the cause of the error and that appropriate action is taken to avoid recurrence, for example remedying a systemic error or providing the relevant training.

b. The level of reliance that can be placed on information technology solutions where processes are automated

For example, where scheme administration processes use an automated system, internal or external auditors could audit the system on an annual basis to assess whether it is capable of performing a required function and report any issues that are identified.

c. Whether a control is capable of preventing future recurrence or merely detecting an event that has already happened

For example, schemes should ensure that their systems support the maintenance and retention of good member records. This includes implementing procedures and controls which identify where systems are not fit for purpose, there are gaps in the data, the data are of a poor quality and/or there has been a loss of data.

d. The frequency and timeliness of a control process

For example, schemes should ensure that data are complete. They should undertake a data-cleansing or member-tracing exercise and review this on a regular basis (at least annually or at regular intervals that they consider appropriate for the scheme).

e. How the control will ensure that data are managed securely

For example, schemes should ensure that all staff, including temporary or contract staff, complete information management training before they are given access to sensitive data.

f. The process for flagging errors or control failures, and approval and authorisation controls

For example, schemes should ensure that member communications such as member information booklets are reviewed regularly, particularly where there are changes to the scheme. All relevant parties should be aware of how they should flag errors and the authorisation required before any changes are made to the communications.

Monitoring controls effectively

113. Risk assessment is a continual process and should take account of a changing environment and new and emerging risks, including significant changes in or affecting the scheme and employers who participate in the scheme.
114. For example, where relevant, schemes should put in place systems and processes for making an objective assessment of the strength of an employer's covenant (which should include analysis of their financial position, prospects and ability to pay the necessary employer contributions).
115. An effective risk assessment process will provide a mechanism to detect weaknesses at an early stage. Schemes should periodically review the adequacy of internal controls in:
 - mitigating risks
 - supporting longer-term strategic aims, for example relating to investments
 - identifying success (or otherwise) in achieving agreed objectives, and
 - providing a framework against which compliance with the scheme regulations and legislation can be monitored.
116. Internal or external audits and/or quality assurance processes should ensure that adequate internal controls are in place and being operated effectively. Reviews should take place when substantial changes take place, such as changes to pension scheme personnel, implementation of new administration systems or processes, or where a control has been found to be inadequate.
117. A persistent failure to put in place adequate internal controls may be a contributory cause of an administrative breach. Where the effect and wider implications of not having in place adequate internal controls are likely to be 'materially significant', the regulator would expect to receive a whistleblowing report that outlines relevant information relating to the breach. For more information, see the 'Reporting breaches of the law' section of this code.

118. Ultimately, the legal responsibility for establishing and operating adequate internal controls rests with the scheme manager⁵⁴. Scheme regulations or other documents may delegate responsibilities to pension board members or others – for example identifying, evaluating and managing risks, developing and maintaining appropriate controls and providing assurance to the scheme manager about any controls in place. However, accountability for those controls and the governance of policies, procedures and processes will reside with the scheme manager.

Outsourcing services

119. The legal requirements relating to internal controls apply equally where schemes outsource services connected with the running of the scheme. Providers should be required to demonstrate that they will have adequate internal controls in their tenders for delivering services. The requirements should be incorporated in the terms of engagement and contract between the scheme and service provider. Outsourced services may include, for example, the maintenance of records and data, calculation of benefits and investment management services. Where services are outsourced, scheme managers should be satisfied that internal controls associated with those services are adequate and effective.

120. An increasing number of service providers are obtaining independent assurance reports to help demonstrate their ability to deliver quality administration services. Schemes should ask their service providers to demonstrate that they have adequate internal controls relating to the services they provide. It is vital that schemes ensure they receive sufficient assurance from service providers. For example, the information from providers should be sufficiently detailed and comprehensive and the service level agreements should cover all services that are outsourced. Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards. This should help to ensure effective administration.

54
Section 249B of the
Pensions Act 2004.

Administration

121. This part of the code covers:

- scheme record-keeping
- maintaining contributions, and
- providing information to members.

Scheme record-keeping

Legal requirements

122. Scheme managers must keep records of information relating to:

- member information⁵⁵
- transactions⁵⁶, and
- pension board meetings and decisions⁵⁷.

123. The legal requirements are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations').

Practical guidance

124. Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes⁵⁸ to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying members incorrect benefits. For funded schemes, it may lead to schemes managing investment risks ineffectively. There is also the potential for the maladministration of members' contributions and failure to identify any misappropriation of assets. Schemes should be able to demonstrate to the regulator, where required, that they keep accurate, up-to-date and enduring records to be able to govern and administer their pension scheme efficiently.

125. Scheme managers must establish and operate adequate internal controls⁵⁹, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.

55
Regulation 4 of the Record Keeping Regulations.

56
Regulation 5, *ibid.*

57
Regulation 6, *ibid.*

58
See paragraph 25 for the definition of 'schemes'.

59
Section 249B of the Pensions Act 2004.

Records of member information

126. Scheme managers must ensure that member data across all membership categories specified in the Record Keeping Regulations is complete and accurate⁶⁰. Member data should be subject to regular data evaluation.
127. Scheme managers must keep specific member data⁶¹, which will enable them to uniquely identify a scheme member and calculate benefits correctly. This is particularly important with the establishment of career average revalued earnings (CARE) schemes. Scheme managers must be able to provide members with accurate information regarding their pension benefits (accrued benefits to date and their future projected entitlements) in accordance with legislative requirements⁶², as well as pay the right benefits to the right person (including all beneficiaries) at the right time.
128. Schemes should require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that processes are established by employers which enable the transmission of complete and accurate data from the outset. Processes will vary from employer to employer, depending on factors such as employee turnover, pay periods, number of employees who are members and the timing and number of payroll processing systems.
129. Schemes should seek to ensure that employers understand the main events which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee:
- joins or leaves the scheme
 - changes their rate of contributions
 - changes their name, address or salary
 - changes their member status, and
 - transfers employment between scheme employers.
130. Schemes should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes, for checking scheme data against employer data and for receiving information which may affect the profile of the scheme. If an employer fails to act according to the procedures set out above, meaning that they and/or scheme managers may not be complying with legal requirements, those under a statutory duty to report breaches of the law to the regulator under section 70 of the Pensions Act 2004 should assess whether there has been a relevant breach and take action as necessary.

⁶⁰
Section 16 and s30 of the 2013 Act. Regulation 4 of the Record Keeping Regulations specifies member records which must be kept. The Data Protection Act 1998 requires personal data to be accurate and up-to-date.

⁶¹
Regulation 4 of the Record Keeping Regulations.

⁶²
Legislative requirements include s14 of the 2013 Act, HM Treasury directions made under that section, and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

Records of transactions

131. Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions and scheme costs. In doing so, they will have clear oversight of the core scheme transactions and should be able to mitigate risks swiftly.
132. Scheme managers must keep records of transactions made to and from the scheme and any amount due to the scheme which has been written off⁶³. They should be able to demonstrate that they do so.

Records of pension board meetings and decisions

133. Scheme managers must keep records of pension board meetings including any decisions made⁶⁴. Schemes should also keep records of key discussions, which may include topics such as compliance with policies relating to administration of the scheme.
134. Scheme managers must also keep records relating to any decision taken by members of the pension board other than at a pension board meeting, or taken by a committee/sub-committee, which has not been ratified by the pension board. The records must include the date, time and place of the decision and the names of board members participating in that decision⁶⁵. This will ensure that there is a clear and transparent audit trail of the decisions made in relation to the scheme.

Retention of scheme records

135. Schemes should retain records for as long as they are needed. It is likely that data will need to be held for long periods of time and schemes will need to retain some records for a member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries. Schemes should have in place adequate systems and processes to enable the retention of records for the necessary time periods.

Ongoing monitoring of data

136. Schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete, regardless of the volume of scheme transactions. This should be in relation to all membership categories, including pensioner member data where queries may arise once the pension is being paid.
137. Schemes should adopt a proportionate and risk-based approach to monitoring, based on any known or historical issues that may have occurred in relation to the scheme's administration. This is particularly important for the effective administration of CARE pension schemes, which requires schemes to hold significantly more data than needed for final salary schemes.

63
Regulation 5 of the
Record Keeping
Regulations.

64
Regulation 6, *ibid.*

65
Ibid.

Data review exercise

138. Schemes should continually review their data and carry out a data review exercise at least annually. This should include an assessment of the accuracy and completeness of the member information data held. Schemes should decide the frequency and nature of the review in light of factors such as the level of data quality, any issues identified and key scheme events.
139. Where the management of scheme data has been outsourced, it is vital that schemes understand and are satisfied that the controls in place will ensure the integrity of scheme member data. They should ensure that the administrator has assessed the risks that poor or deficient member records may present to the scheme and has taken the necessary steps to mitigate them, where applicable.
140. Where there has been a change of administrator or the administration system/platform, schemes should review and cleanse data records and satisfy themselves that all data are complete and accurate.

Data improvement plan

141. Where schemes identify poor quality or missing data, they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.

Reconciliation of member records

142. Schemes should ensure that member records are reconciled with information held by the employer, for example postal address or electronic address (email address) changes and new starters. Schemes should also ensure that the numbers of scheme members is as expected based on the number of leavers and joiners since the last reconciliation. Schemes should be able to determine those members who are approaching retirement, those who are active members and those who are deferred members.

Data protection and internal controls

143. Schemes must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles.

144. Schemes should understand:

- their obligations as data controllers and who the data processors are in relation to the scheme
- the difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998)
- how data are held and how they should respond to data requests from different parties
- the systems which need to be in place to store, move and destroy data, and
- how data protection affects member communications.

Other legal requirements

145. In addition to the requirements set out in the Record Keeping Regulations, there are various other legal requirements that relate to record-keeping in public service pension schemes. Those requirements apply variously to managers, administrators and employers. Not all requirements apply to all public service pension schemes, but some of the key requirements are set out under the following legislation:

- Pensions Act 1995 and 2004
- Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010⁶⁶
- Occupational Pension Schemes (Scheme Administration) Regulations 1996
- Registered Pension Schemes (Provision of Information) Regulations 2006
- Data Protection Act 1998, and
- Freedom of Information Act 2000.

146. Where applicable, schemes should be able to demonstrate that they keep records in accordance with these and any other relevant legal requirements. Schemes should read the relevant legislation and any guidance in conjunction with this code where applicable.

⁶⁶ See the regulator's guidance about automatic enrolment for more information about record-keeping requirements under this legislation.

Maintaining contributions

Legal requirements

147. Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations. Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable⁶⁷.
148. Where employee contributions are deducted from a member's pay, the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically (the 'prescribed period')⁶⁸, or earlier if required by scheme regulations. References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.
149. Where employee contributions are not paid within the prescribed period, if the scheme manager⁶⁹ has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, they must give notice of the failure to the regulator and the member within a reasonable period after the end of the prescribed period⁷⁰. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law. For more information about reporting breaches of the law, see this section of the code.

67
Section 70A of the Pensions Act 2004.

68
Section 49(8) of the Pensions Act 1995 and regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

69
The legal requirement to report late payments of employee contributions is imposed on the 'managers' of a scheme, which the regulator generally takes to be the 'scheme manager' identified in scheme regulations in accordance with the 2013 Act.

70
Section 49(9) of the Pensions Act 1995.

71
See paragraph 25 for the definition of 'schemes'.

Practical guidance

150. As part of the requirement to establish and operate adequate internal controls, scheme managers should ensure that there are effective procedures and processes in place to identify payment failures that are – and are not – of material significance to the regulator. A 'payment failure' is where contribution payments are not paid to the scheme by the due date(s), or within the prescribed period and a 'materially significant payment failure' refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.
151. Schemes⁷¹ should monitor pension contributions, resolve payment issues and report payment failures, as appropriate, so that the scheme is administered and managed in accordance with the scheme regulations and other legal requirements.

152. Adequate procedures and processes are likely to involve:

- developing a record to monitor the payment of contributions
- monitoring the payment of contributions
- managing overdue contributions, and
- reporting materially significant payment failures.

153. These procedures and processes should help scheme managers to meet their statutory duty to report materially significant payment failures to the regulator, as well as ensuring the effective management of scheme contributions and payment of the right pension.

Developing a record for monitoring the payment of contributions

154. There are legislative requirements for managers of DB schemes to keep a schedule of contributions; and for DC schemes, a payment schedule, which allows managers to monitor contributions to their scheme. There are various exemptions from these requirements including for DB and DC schemes which are established by or under an enactment and which are guaranteed by a Minister of the Crown or other public authority, and for DB schemes which are pay-as-you-go schemes⁷².

155. Public service pension schemes which meet these exemptions should nonetheless develop a record for monitoring the payment of contributions to the scheme (a contributions monitoring record, which must reflect any requirements in scheme regulations where relevant). Schemes should prepare the contributions monitoring record in consultation with employers.

156. A contributions monitoring record will enable schemes to check whether contributions have been paid on time and in full, and, if they have not, provide a trigger for escalation for schemes to investigate the payment failure and consideration of whether scheme managers need to report to the regulator and, where relevant, members.

157. A contributions monitoring record should include the following information:

- contribution rates
- the date(s) on or before which employer contributions are to be paid to the scheme
- the date by when, or period within which, the employee contributions are to be paid to the scheme
- the rate or amount of interest payable where the payment of contributions is late.

72

Exemptions from the requirement to secure a schedule of contributions in respect of DB schemes under s227 of the Pensions Act 2004 are in regulation 17 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005. Exemptions from the requirement to secure a payment schedule in respect of DC schemes under s87 of the Pensions Act 1995 is in regulation 17 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

158. The date when employer contributions must be paid is the date on or before which they are due under the scheme in accordance with the scheme regulations (or other scheme documentation). Schemes should assess the timing of payments against the date specified.
159. While there is a legal requirement for employee contributions to be paid to the scheme by the 19th day of the month following deduction, or by the 22nd day if paid electronically, this does not override any earlier time periods required by the scheme regulations. There are special rules for the first deduction of contributions on automatic enrolment under the Pensions Act 2008⁷³.
160. A contributions monitoring record should help schemes to identify any employers who are not paying contributions on time and/or in full, support schemes to ensure that contributions are paid and employers to develop and implement new processes, as appropriate. The contributions monitoring record should provide schemes with information to maintain records of money received and will be useful for schemes to ensure that their member records are kept up-to-date.

Monitoring the payment of contributions

161. Schemes should monitor contributions on an ongoing basis for all the membership categories within the scheme. Schemes should regularly check payments due against the contributions monitoring record.
162. Schemes should apply a risk-based and proportionate approach to help identify employers and situations which present a higher risk of payment failures occurring and which are likely to be of material significance and require the scheme manager to intervene.
163. Schemes should be aware of what is to be paid in accordance with the contributions monitoring record or other scheme documentation, which may be used by the pension scheme. Schemes should also have a process in place to identify where payments are late or have been underpaid, overpaid or not paid at all.
164. For schemes to effectively monitor contributions they will require access to certain information. Employers will often provide the payment information that schemes need to monitor contributions at the same time as they send the contributions to the scheme, which may be required under the scheme regulations. Payment information may include:
 - the employer and employee contributions due to be paid, which should be specified in the scheme regulations and/or other scheme documentation
 - the pensionable pay that contributions are based upon (where required), and
 - due date(s) on or before which payment of contributions and other amounts are to be made.

73
Regulation 16 of the
Occupational Pension
Schemes (Scheme
Administration)
Regulations 1996.

165. Schemes should have adequate internal controls in place to monitor the sharing of payment information between the employer, pension scheme and member. Where the necessary payment information is not automatically available or provided by employers, schemes should request the additional information they need. Schemes may not need to obtain payment information as a matter of course, only where it is required for effective monitoring.
166. Scheme managers must record and retain information on transactions, including any employer and employee contributions received and payments of pensions and benefits⁷⁴, which will support them in their administration and monitoring responsibilities.
167. Where the administration of scheme contributions is outsourced to a service provider, schemes should ensure that there is a process in place to obtain regular information on the payment of contributions to the scheme and a clear procedure in place to enable them to identify and resolve payment failures which may occur.

Managing overdue contributions

168. When schemes identify or are notified of a problem, they should assess whether a payment failure has occurred before taking steps to resolve and, if necessary, report it. During their assessment, schemes should take into account:
- legitimate agreed payments made directly by an employer for scheme purposes, ie where the scheme has agreed that a contributions payment can be made late due to exceptional circumstances
 - legitimate agreed payment arrangements made between an employee and employer, ie where the employer has agreed that a contribution payment can be made late due to exceptional circumstances
 - contributions paid directly to a pension provider, scheme administrator or investment manager
 - any AVCs included with an employer's overall payment.
169. Where schemes identify a payment failure, they should follow a process to resolve issues quickly. This should normally involve the following steps:
- a. Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements.
 - b. Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment.

74
Regulation 5 of the
Record Keeping
Regulations.

- c. Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure.
 - d. Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future.
170. Schemes should maintain a record of their investigation and communications between themselves and the employer. Recording this information will help to provide evidence of schemes' effective monitoring processes and could help to demonstrate that the scheme manager has met the legal requirement to establish and operate adequate internal controls. It will also form part of the decision of whether or not to report a payment failure to the regulator and, where relevant, members.
171. The regulator recognises that a monitoring process based on information provided by employers may not be able to confirm deliberate underpayment or non-payment, or fraudulent behaviour by an employer. Schemes should review current processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.
172. Ultimately, schemes have flexibility to design their own procedures so that they can obtain overdue payments and rectify administrative errors in the most effective and efficient way for their particular scheme.

Reporting payment failures which are likely to be of material significance to the regulator

173. Scheme managers must report payment failures which are likely to be of material significance to the regulator within a reasonable period, in the case of employee contributions; and as soon as reasonably practicable in the case of employer contributions⁷⁵.
174. Where schemes identify a payment failure, they should attempt to recover contributions within 90 days from the due date or prescribed period having passed without full payment of the contribution.
175. While schemes are not expected to undertake a full investigation to establish materiality or investigate whether an employer has behaved fraudulently, schemes should ask the employer:
- the cause and circumstances of the payment failure
 - what action the employer has taken as a result of the payment failure, and
 - the wider implications or impact of the payment failure.

75
Section 49(9)(b) of the Pensions Act 1995 and s70A of the Pensions Act 2004.

176. When reaching a decision about whether to report, schemes should consider these points together and establish whether they have reasonable cause to report.
177. Having reasonable cause means more than merely having a suspicion that cannot be substantiated. Schemes should investigate the payment failure and use their judgement when deciding whether to report to the regulator.
178. Schemes may choose to take an employer's response to their enquiries at face value if they have no reason to believe it to be untrue or where their risk-based process indicates that there is a low risk of continuing payment failure. Where they receive no response, schemes may infer that an employer is unwilling to pay the contributions due.
179. Examples of payment failures that are likely to be of material significance to the regulator include:
- where schemes have reasonable cause to believe that the employer is neither willing nor able to pay contributions, for example in the event of a business failure or where an employer becomes insolvent and is unable to make pension payments
 - where there is a payment failure involving possible dishonesty or a misuse of assets or contributions, for example where schemes have concerns that an employer is retaining and using contributions to manage cash flow difficulties or where schemes have become aware that the employer has transferred contributions elsewhere other than to the pension scheme, which may be misappropriation
 - where the information available to schemes may indicate that the employer is knowingly concerned with fraudulently evading their obligation to pay employee contributions
 - where schemes become aware that the employer does not have adequate procedures or systems in place to ensure the correct and timely payment of contributions due and the employer does not appear to be taking adequate steps to remedy the situation, for example where there are repetitive and regular payment failures, or
 - any event where contributions have been outstanding for 90 days from the due date, unless the payment failure was a one-off or infrequent administrative error that had already been corrected on discovery or is thereafter corrected as soon as possible.

180. Examples of payment failures which are not likely to be of material significance to the regulator include:
- where a payment arrangement is being met by an employer for the recovery of outstanding contributions, or
 - where there are infrequent one-off payment failures or administrative errors such as where employees leave or join the scheme and those occasional failures or errors have been corrected within 90 days of the due date.
181. Schemes should identify and report to the regulator, as appropriate, any payment failures that may not be of material significance taken individually, but which could indicate a systemic problem. For example, an employer consistently failing to pay contributions by the due date or within the prescribed period, but paying within 90 days, may be due to inefficient scheme systems and processes. Schemes may also need to report payment failures that occur repeatedly and are likely to be materially significant to the regulator, depending on the circumstances.
182. Reporting payment failures of employer contributions as soon as ‘reasonably practicable’ means within a reasonable period from the scheme manager having reasonable cause to believe that the payment failure is likely to be of material significance to the regulator. Schemes should also consider whether it may be appropriate to report a payment failure of employer contributions to scheme members.
183. A reasonable period for reporting would be within ten working days from having reasonable cause to believe that the payment failure is likely to be of material significance. This will depend upon the seriousness of the payment failure and impact on the scheme. A written report should be preceded by a telephone call, if appropriate.
184. In the case of an employer failing to pay employee contributions to the pension scheme, if the scheme manager has reasonable cause to believe that the payment failure is likely to be of material significance to the regulator, the failure must be reported to the regulator⁷⁶ and members within a reasonable period after the end of the prescribed period⁷⁷. A reasonable period for reporting to the regulator would be within ten working days and to members within 30 days of having reported to the regulator.
185. Reports relating to payment failures of employer contributions must be made in writing (preferably using our Exchange online service)⁷⁸. In exceptional circumstances the scheme manager could make a telephone report.

76
Reporting to the regulator does not affect any responsibility to report to another person or organisation.

77
S49(8) and (9) of the Pensions Act 1995 and regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under s70 of the Pensions Act 2004 to assess and if necessary report breaches of the law.

78
Section 70A of the Pensions Act 2004.

186. The regulator has standardised reporting procedures and expectations regarding content, format and channel. For more information, see the section of this code on 'Reporting breaches of the law'.

Providing information to members

Legal requirements

187. The law requires schemes⁷⁹ to disclose information about benefits and scheme administration to scheme members and others. This section summarises the legal requirements relating to benefit statements and certain other information which must be provided and should be read alongside the requirements in the 2013 Act, HM Treasury directions⁸⁰ and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation. See paragraph 211 for further details.

79
See paragraph 25 for the definition of 'schemes'.

80
Section 14 of the 2013 Act.

81
Section 14(1) and s30(1) of the 2013 Act.

Benefit statements

For active members of DB schemes under the 2013 Act

188. Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the 2013 Act or new public body scheme⁸¹. The statement must include a description of the benefits earned by a member in respect of their pensionable service⁸².

82
Section 14(2)(a), *ibid.*

83
Section 14(4) and (5), *ibid.*

84
Section 14(2)(b) and (6), *ibid.*

189. The first statement must be provided no later than 17 months after the scheme regulations establishing the scheme come into force. Subsequent statements must be provided at least annually after that date⁸³.

85
The Occupational Pension Schemes (Managers) Regulations 1986 specify who is to be treated as the 'manager' (in certain occupational public service pension schemes) for the purpose of providing information under specified legislation, including the Disclosure Regulations 2013, which may differ from the person who is the 'scheme manager'.

190. Statements must also comply with HM Treasury directions in terms of any other information which must be included and the manner in which they must be provided to members⁸⁴.

For active, deferred or pension credit members of any DB public service pension scheme under the Disclosure Regulations 2013

191. Managers⁸⁵ of a scheme must also provide a benefit statement following a request by an active, deferred or pension credit member of a DB scheme if the information has not been provided to that member in the previous 12 months before that request⁸⁶.

86
Regulation 16 of the Disclosure Regulations 2013.

192. These benefit statements must include information about the amount of benefits by reference to a particular date and how they are calculated⁸⁷. The full details depend on the type of member making the request.
193. The information must be given as soon as practicable but no more than two months after the date the request is made⁸⁸.

For members of a DC public service pension scheme under the Disclosure Regulations 2013

194. Managers of a scheme must provide a benefit statement to a member of a DC public service pension scheme, who is not an 'excluded person', within 12 months of the end of the scheme year⁸⁹. An 'excluded person' is a member or beneficiary whose present postal address and email address is not known to the scheme because the correspondence has been returned (in the case of postal correspondence) or has not been delivered (in the case of electronic correspondence)⁹⁰.
195. The information which must be provided includes the amount of contributions (before any deductions are made) credited to the member during the immediately preceding scheme year⁹¹, the value of the member's accrued rights under the scheme at a date specified by the managers of the scheme⁹² and a statutory money purchase illustration⁹³. The full detail of the information that must be provided is set out in the Disclosure Regulations 2013.

87
Regulation 16 and
Schedule 5 of the
Disclosure Regulations
2013.

88
Regulation 16(3), *ibid.*

Other information about scheme administration

196. Under the Disclosure Regulations 2013, managers of a scheme must provide other information to members and others in certain circumstances (for example, on request). The Regulations set out the information which must be given, the timescales for providing such information and the methods that may be used. Not all information must be provided in respect of all public service pension schemes (there are some exemptions for specified public service schemes or according to the type of benefit offered), but information which scheme managers may need to provide includes:
- basic scheme information
 - information about the scheme that has materially altered
 - information about the constitution of the scheme
 - annual report (this requirement will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers⁹⁴)

89
Regulation 17, *ibid.*

90
Regulation 2, *ibid.*

91
'Scheme year' is defined
in Regulation 2, *ibid.*

92
Regulation 17 and
Schedule 6, *ibid.*

93
Paragraph 6 and
Schedule 6, *ibid.* There
are certain exceptions
to the requirements to
provide this information.

94
Regulation 4, *ibid.*

- information about funding principles, actuarial valuations and payment schedules (these requirements will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers⁹⁵)
- information about transfer credits
- information about lifestyling (this requirement will not apply in respect of DB benefits in public service pension schemes⁹⁶)
- information about accessing benefits, and
- information about benefits in payment.

197. The detail of the information that must be provided to scheme members and others and any exemptions are set out in the Disclosure Regulations 2013. Managers must provide the required information, along with confirmation that members may request further information and the postal and email addresses to which a person should send those requests and enquiries⁹⁷.

Who is entitled to information

198. Managers of a scheme must ensure that scheme members and others are given information in accordance with the Disclosure Regulations 2013, unless they are an 'excluded person' (as defined above).

199. The Disclosure Regulations 2013 make provision for scheme members and others to receive information that is relevant to their pension rights and entitlements under the scheme. The categories of people who are entitled to receive information vary according to the different types of information, and there are exemptions where information has already been provided in a specified period. The detail of who is entitled to any particular type of information is set out in the Disclosure Regulations 2013 but may include any of the following ('a relevant person'):

- active members
- deferred members
- pensioner members
- prospective members
- spouses or civil partners of members or prospective members
- other beneficiaries, and
- recognised trade unions.

95
Regulation 4 of the
Disclosure Regulations
2013.

96
Regulation 18(1), *ibid.*

97
Regulation 4(7), *ibid.*

When basic scheme information must be provided

200. Managers must disclose certain basic information about the scheme and the benefits it provides to a prospective member (if practicable to do so) or a new member⁹⁸. Where the manager has received jobholder information⁹⁹ for the member or prospective member they must provide the information within a month of the jobholder information being received¹⁰⁰. Where they have not received jobholder information, they must provide the information within two months of the date the person became an active member of the scheme¹⁰¹.

201. Managers must also provide the information on request to a relevant person within two months of the request being made, except where the same information was provided to the same person or trade union in the 12 months before the request¹⁰².

What information must be disclosed on request

202. In addition to the basic scheme information, pension scheme members and other relevant persons are entitled to request certain scheme information or scheme documents including:

- information about the constitution of the pension scheme, and
- information about transfer credits¹⁰³.

How benefit statements and other information must be provided

203. Generally, schemes may choose how they provide information to scheme members, including by post, electronically (by email or by making it available on a website) or by any other means permitted by the law. For benefit statements issued under the 2013 Act, HM Treasury directions may specify how the information must be provided. Where schemes wish to provide information required under the Disclosure Regulations 2013 by electronic means there are important steps and safeguards that must first be met¹⁰⁴. These include:

- scheme members and beneficiaries being provided with the option to opt out of receiving information electronically by giving written notice to the scheme
- managers being satisfied that the electronic communications have been designed:
 - so that the person will be able to access and either store or print the relevant information and
 - taking into account the requirements of disabled people

98
Regulation 6 of the Disclosure Regulations 2013.

99
Specified in regulation 3 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

100
Regulation 6(5) of the Disclosure Regulations 2013.

101
Regulation 6(6), *ibid.*

102
Regulation 6(4) and (7), *ibid.*

103
Regulations 11, 14 and Parts 1 and 4 of Schedule 3, *ibid.*

104
Regulation 26, *ibid.*

- ensuring that members and beneficiaries who were members or beneficiaries of the public service pension scheme on 1 December 2010 (where the scheme had not provided information electronically prior to that date) has been sent a written notice (other than via email or website), informing them that:
 - it is proposed to provide information electronically in the future and
 - scheme members and beneficiaries may opt out of receiving information electronically by sending written notice.

204. Where schemes make information or a document available on a website for the first time, they must give notice (other than via a website) to the recipient¹⁰⁵. They must ensure that the notice includes:

- a statement advising that the information is available on the website
- the website address
- details of where on the website the information or document can be read, and
- an explanation of how the information or document may be read on the website¹⁰⁶.

205. When any subsequent information is made available on a website, managers of a scheme must give a notice (other than via a website) to recipients informing them that the information is available on the website¹⁰⁷. This notice will not be required where¹⁰⁸:

- at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address
- each of those letters asks the recipient to give their electronic (email) address to the scheme and informs the recipient of their right to request (in writing) that information or documents are not to be provided electronically
- a third letter has been given to the recipient by hand or sent to the recipient's last known postal address and includes a statement that further information will be available to read on the website and that no further notifications will be sent to the recipient and
- the managers of the scheme do not know the recipient's email address and have not received a written request that information or documents are not to be provided to the recipient electronically.

105
Regulation 27(1) and (5) of the Disclosure Regulations 2013.

106
Regulation 27(2), *ibid.*

107
Regulation 27(3) and (5), *ibid.*

108
Regulation 28, *ibid.*

206. In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods¹⁰⁹:

- available to view free of charge, at a place that is reasonable having regard to the request
- published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details)
- given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or
- publicly available elsewhere.

Practical guidance

207. Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.

208. Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.

209. Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.

210. To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.

Other legal requirements

211. Managers (or any other person specified in legislation) must comply with other legislation requiring information to be provided to members of public service pension schemes in certain circumstances. Not all requirements apply to all public service pension schemes and some may only arise in limited circumstances.

¹⁰⁹
Regulation 29 of the
Disclosure Regulations
2013.

Some of the requirements that schemes may need to be aware of are set out in or under the following legislation¹¹⁰:

- Occupational Pension Schemes (Contracting-out) Regulations 1996
- Occupational Pension Schemes (Transfer Values) Regulations 1996
- Occupational Pension Schemes (Winding up etc.) Regulations 2005
- Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 (the requirements of these regulations are covered in the section of this code on 'Internal dispute resolution').

110

The legislation identified in this list is made under section 113 of the Pension Schemes Act 1993. There are other requirements that relate to providing information to members which arise under other legislation and which may be relevant to public service pension schemes (for example, under legislation relating to automatic enrolment and early leavers).

Resolving issues

212. This part covers:

- internal dispute resolution, and
- reporting breaches of the law.

Internal dispute resolution

Legal requirements

213. Scheme managers¹¹¹ must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pensions disputes between the scheme manager and a person with an interest in the scheme. 'Pension disputes'¹¹² cover matters relating to the scheme between the managers and one or more people with an interest in the scheme. These exclude 'exempted disputes'.

214. There are certain 'exempted disputes' to which the internal dispute resolution procedure will not apply¹¹³. This includes disputes where proceedings have commenced in any court or tribunal, or where the Pensions Ombudsman has commenced an investigation into it. Certain other prescribed disputes, for instance medical-related disputes that may arise in relation to police and fire and rescue workers, are also 'exempted disputes'¹¹⁴.

215. A person has an interest in the scheme if they:

- are a member or surviving non-dependant beneficiary of a deceased member of the scheme
- are a widow, widower, surviving civil partner or surviving dependant of a deceased member of the scheme
- are a prospective member of the scheme
- have ceased to be a member, beneficiary or prospective member or
- claim to be in one of the categories mentioned above and the dispute relates to whether they are such a person.

216. Dispute resolution arrangements may require people with an interest in the scheme to first refer matters in dispute to a 'specified person' in order for that person to consider and give their decision on those matters. The specified person's decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters¹¹⁵.

111
Legal requirements relating to the internal dispute resolution provisions are imposed on the 'managers' of a scheme, which the regulator generally takes to be the 'scheme manager' identified in scheme regulations in accordance with the 2013 Act.

112
Section 50(3) of the Pensions Act 1995.

113
Section 50(9), *ibid.*

114
Regulation 4 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008.

115
Section 50(4A) of the Pensions Act 1995.

217. Scheme managers and specified persons (if used as part of a scheme's procedure) must take the decision required on the matters in dispute within a reasonable period of receiving the application. They must notify the applicant of the decision within a reasonable period of having taken it¹¹⁶.
218. Internal dispute resolution procedures must state the manner in which an application for the resolution of a pension dispute is to be made, the particulars which must be included in such an application and the manner in which any decisions required in relation to such an application are to be reached and given¹¹⁷. The procedure must specify a reasonable period within which applications must be made by certain people¹¹⁸.
219. Scheme managers must provide information about the scheme's dispute resolution procedure as well as information about The Pensions Advisory Service (TPAS) and the Pensions Ombudsman to certain people at certain stages¹¹⁹.

Practical guidance

220. Scheme members expect their pension scheme to be managed effectively. Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision which affects them), they have the right to ask for that matter to be reviewed.
221. Internal dispute resolution arrangements provide formal procedures and processes for pension scheme disputes to be investigated and decided upon quickly and effectively. They play a key role in the effective governance and administration of a scheme.
222. Schemes¹²⁰ can operate a two-stage procedure with a 'specified person' undertaking the first-stage decision. Alternatively, they may adopt a single-stage procedure if they consider that is more appropriate for their scheme.
223. With the exception of certain matters outlined below, the law does not prescribe the detail of the dispute resolution procedure. Schemes should decide on this and ensure it is fit for purpose.

116
Section 50(5) of the Pensions Act 1995.

117
Section 50B(4), *ibid*.

118
Section 50B(3)(a), *ibid*.

119
Regulation 6 of, and Part 1 of Schedule 2 to, the Disclosure Regulations 2013 and regulation 2 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures) (Consequential and Miscellaneous Amendments) Regulations 2008.

120
See paragraph 25 for the definition of 'schemes'.

When applications should be submitted

224. Schemes may choose to specify time limits within which the following people must apply for a dispute to be resolved¹²¹:

- scheme members
- widows, widowers, surviving civil partners or surviving dependants of deceased scheme members
- surviving non-dependant beneficiaries of deceased scheme members, and
- prospective scheme members.

225. If schemes decide to specify time limits, they should publish and make those time limits readily available to ensure that those with an interest in the scheme are aware that they must submit an application within a prescribed time limit.

226. Scheme managers must ensure their scheme's procedure specifies a reasonable period within which applications by the following people must be made¹²²:

- a person who has ceased to be within the categories in paragraph 224 above
- a person who claims that they were a person within the categories in paragraph 224 above and has ceased to be such a person, and the dispute relates to whether they are such a person.

227. A reasonable period would be six months beginning immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. However, schemes have the flexibility to exercise their judgement and take an application outside a specified time period, if appropriate.

When decisions should be taken

228. Managers and specified persons (where applicable) must decide the matter in dispute within a reasonable period of receiving the application. A reasonable period is within four months of receiving the application. In the case of a two-stage dispute resolution procedure, the reasonable period applies to each stage separately. Where a dispute is referred to scheme managers for a second-stage decision, the reasonable period begins when the managers receive the referral. However, there may be cases where it will be possible to process an application sooner than the reasonable time given. Where this is the case, there should not be a delay in taking the decision.

121
Section 50B(3)(b) of the Pensions Act 1995.

122
Section 50B(3)(a) of the Pensions Act 1995.

229. There may be exceptional circumstances of a particular dispute which may prevent the process being completed within the reasonable time period stated above. For instance, where the dispute involves unusually complex and labour-intensive calculations or research, or delays occur that are outside the control of the scheme manager (or specified person), or because they need to obtain independent evidence.
230. The regulator recognises that the circumstances of each dispute are different and decision times may vary. Schemes should be satisfied that the time taken to reach a decision is appropriate to the situation and be able to demonstrate this, if necessary.

When applicants should be informed of a decision

231. Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made¹²³. Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.
232. Schemes should provide the applicant with regular updates on the progress of their investigation. They should notify the applicant where the time period for a decision is expected to be shorter or longer than the reasonable time period and let them know when they are likely to receive an outcome.

Implementing the procedure and processes

233. Scheme regulations or other documents recording policy about the administration of the scheme should specify internal dispute resolution arrangements. Schemes should focus on educating and raising awareness of their internal dispute resolution arrangements and ensuring that they are implemented.
234. Schemes should ensure that the effectiveness of the arrangements is assessed regularly and be satisfied that those following the process are complying with the requirements set, which includes effective decision making. This is particularly important where the arrangements require employers participating in the pension scheme to carry out duties as part of the process, for example where schemes have implemented the two-stage procedure and employers are acting as the specified person for the first stage.
235. Schemes should confirm and communicate their arrangements to members, for example, in the joining booklet. Schemes should make their arrangements accessible to potential applicants, for example by publishing them on a scheme website.

123
Section 50(5) of the
Pensions Act 1995.

236. Scheme managers must provide the following information about the procedure and processes the scheme has in place for the internal resolution of disputes to certain people in certain circumstances¹²⁴:

- prospective members, if it is practicable to do so
- any scheme members who have not already been given the information
- certain relevant people who request the information and who have not been given that information in the previous 12 months, and
- members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment.

237. Scheme managers must also provide the postal or email address and job title of the person to contact in order to make use of the internal dispute arrangements.

238. In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages¹²⁵. Upon receiving an application for the resolution of a pension dispute, scheme managers (or the specified person) must make the applicant aware as soon as reasonably practicable that TPAS is available to assist members and beneficiaries of the scheme and provide contact details for TPAS. When notifying the applicant of the decision, scheme managers must also inform the applicant that the Pensions Ombudsman is available to investigate and determine complaints or disputes of fact or law relating to a public service pension scheme and provide the Pension Ombudsman's contact details.

239. Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants:

- the procedure and processes to apply for a dispute to be resolved
- the information that an applicant must include
- the process by which any decisions are reached, and
- an acknowledgement once an application has been received.

124
Regulation 6 of, and Part 1 of Schedule 2 to, the Disclosure Regulations 2013.

125
Regulation 2 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures) (Consequential and Miscellaneous Amendments) Regulations 2008.

240. When reviewing an application, scheme managers and specified persons (where relevant) should ensure that they have all the appropriate information to make an informed decision. They should request further information if required. Scheme managers and specified persons should be satisfied that the times taken to reach a decision and notify the applicant are appropriate to the situation and that they have taken the necessary action to meet the reasonable time periods. Scheme managers should be able to demonstrate this to the regulator if required.

Reporting breaches of the law

Legal requirements

241. Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:

- a legal duty¹²⁶ which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions¹²⁷.

For further information about reporting late payments of employee or employer contributions, see the section of this code on 'Maintaining contributions'.

242. People who are subject to the reporting requirement ('reporters') for public service pension schemes are:

- scheme managers¹²⁸
- members of pension boards
- any person who is otherwise involved in the administration of a public service pension scheme
- employers¹²⁹: in the case of a multi-employer scheme, any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers
- professional advisers¹³⁰ including auditors, actuaries, legal advisers and fund managers: not all public service pension schemes are subject to the same legal requirements to appoint professional advisers, but nonetheless the regulator expects that all schemes will have professional advisers, either resulting from other legal requirements or simply as a matter of practice
- any person who is otherwise involved in advising the managers of the scheme in relation to the scheme¹³¹.

243. The report must be made in writing as soon as reasonably practicable¹³². See paragraph 263 for further information about how to report breaches.

126

The reference to a legal duty is to a duty imposed by, or by virtue of, an enactment or rule of law (s70(2)(a) of the Pensions Act 2004).

127

Section 70(2) of the Pensions Act 2004.

128

The legal requirement to report breaches of the law under section 70(1)(a) is imposed on the 'managers' of a scheme, which the regulator generally takes to be the 'scheme manager' identified in scheme regulations in accordance with the 2013 Act.

129

As defined in s318 of the Pensions Act 2004.

130

As defined in s47 of the Pensions Act 1995.

131

Section 70(1) of the Pensions Act 2004.

132

Section 70(2), *ibid.*

Practical guidance

244. Schemes¹³³ should be satisfied that those responsible for reporting breaches are made aware of the legal requirements and this guidance. Schemes should provide training for scheme managers and pension board members. All others under the statutory duty to report should ensure they have a sufficient level of knowledge and understanding to fulfil that duty. This means having sufficient familiarity with the legal requirements and procedures and processes for reporting.

Implementing adequate procedures

245. Identifying and assessing a breach of the law is important in reducing risk and providing an early warning of possible malpractice in public service pension schemes. Those people with a responsibility to report breaches, including scheme managers and pension board members, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligations. Procedures should enable people to raise concerns and facilitate the objective consideration of those matters. It is important that procedures allow reporters to decide within an appropriate timescale whether they must report a breach. Reporters should not rely on waiting for others to report.

246. Procedures should include the following features:

- a process for obtaining clarification of the law around the suspected breach where needed
- a process for clarifying the facts around the suspected breach where they are not known
- a process for consideration of the material significance of the breach by taking into account its cause, effect, the reaction to it, and its wider implications, including (where appropriate) dialogue with the scheme manager or pension board
- a clear process for referral to the appropriate level of seniority at which decisions can be made on whether to report to the regulator
- an established procedure for dealing with difficult cases
- a timeframe for the procedure to take place that is appropriate to the breach and allows the report to be made as soon as reasonably practicable
- a system to record breaches even if they are not reported to the regulator (the record of past breaches may be relevant in deciding whether to report future breaches, for example it may reveal a systemic issue), and
- a process for identifying promptly any breaches that are so serious they must always be reported.

133
See paragraph 25
for the definition of
'schemes'.

Judging whether a breach must be reported

247. Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and, for funded pension schemes, making investment or investment-related decisions.

Judging whether there is 'reasonable cause'

248. Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

249. Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.

250. Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to check with the pension board or scheme manager or with others who are in a position to confirm what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the regulator without delay.

251. If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

252. In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Judging what is of 'material significance' to the regulator

253. In deciding whether a breach is likely to be of 'material significance' to the regulator. It would be advisable for those with a statutory duty to report to consider the:

- cause of the breach
- effect of the breach
- reaction to the breach, and
- wider implications of the breach.

254. When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the regulator.

Cause of the breach

255. The breach is likely to be of material significance to the regulator where it was caused by:

- dishonesty
- poor governance or administration
- slow or inappropriate decision making practices
- incomplete or inaccurate advice, or
- acting (or failing to act) in deliberate contravention of the law.

256. When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

257. A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

Effect of the breach

258. Reporters need to consider the effects of any breach, but with the regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the regulator:

- pension board members not having the appropriate degree of knowledge and understanding, which may result in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements
- pension board members having a conflict of interest, which may result in them being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements
- adequate internal controls not being established and operated, which may lead to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time
- accurate information about benefits and scheme administration not being provided to scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement
- appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time
- pension board members misappropriating any assets of the scheme or being likely to do so, which may result in scheme assets not being safeguarded, and
- any other breach which may result in the scheme being poorly governed, managed or administered.

259. Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

Reaction to the breach

260. Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the regulator will not normally consider this to be materially significant.

261. A breach is likely to be of concern and material significance to the regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion, or
- fail to notify affected scheme members where it would have been appropriate to do so.

Wider implications of the breach

262. Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

Submitting a report to the regulator

263. Reports must be submitted in writing and can be sent by post or electronically, including by email or by fax. Wherever possible reporters should use the standard format available via the Exchange online service on the regulator's website.

264. The report should be dated and include as a minimum:

- full name of the scheme
- description of the breach or breaches
- any relevant dates
- name of the employer or scheme manager (where known)
- name, position and contact details of the reporter, and
- role of the reporter in relation to the scheme.

265. Additional information that would help the regulator includes:

- the reason the breach is thought to be of material significance to the regulator
- the address of the scheme
- the contact details of the scheme manager (if different to the scheme address)
- the pension scheme's registry number (if available), and
- whether the concern has been reported before.

266. Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.
267. Reporters should ensure they receive an acknowledgement for any report they send to the regulator. Only when they receive an acknowledgement can the reporter be confident that the regulator has received their report.
268. The regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.
269. The reporter should provide further information or reports of further breaches if this may help the regulator to exercise its functions. The regulator may make contact to request further information.
270. Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.
271. In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, the regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the regulator to the breach.

Whistleblowing protection and confidentiality

272. The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
273. The statutory duty to report does not, however, override 'legal privilege'¹³⁴. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.

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Section 311 of the
Pensions Act 2004.

274. The regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
275. The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The regulator expects such individual reports to be rare and confined to the most serious cases.

Appendix

Corresponding Northern Ireland legislation

GB legislation	NI legislation
Pension Schemes Act 1993 (c. 48) - Chapter 1 of Part 4 - section 113	Pension Schemes (Northern Ireland) Act 1993 (c. 49) - Chapter 1 of Part 4 - section 109
Pensions Act 1995 (c. 26) - section 47 - section 49 - section 50 - section 50B - section 87	Pensions (Northern Ireland) Order 1995 (SI 1995/3213 (NI 22)) - Article 47 - Article 49 - Article 50 - Article 50B - Article 85
Employment Rights Act 1996 (c. 18)	Employment Rights (Northern Ireland) Order 1996 (SI 1996/1919 (NI 16))
Data Protection Act 1998 (c. 29)	Data Protection Act 1998 (c. 29)
Freedom of Information Act 2000 (c.36)	Freedom of Information Act 2000 (c.36)
Pensions Act 2004 (c. 35) - section 5 - section 13 - section 70 - section 70A - section 90A - Part 3 - section 227 - section 248 - section 248A - section 249A - section 249B - section 311 - section 318	Pensions (Northern Ireland) Order 2005 (SI 2005/255 (NI 1)) - Article 4 - Article 9 - Article 65 - Article 65A - Article 85A - Part 4 - Article 206 - Article 225 - Article 225A - Article 226A - Article 226B - Article 283 - Article 2
Pensions Act 2008 (c. 30)	Pensions (No. 2) Act (Northern Ireland) 2008 (c. 13)

GB legislation	NI legislation
Public Service Pensions Act 2013 (c. 25) <ul style="list-style-type: none"> - section 1 - section 2 - section 3 - section 4 - section 5 - section 6 - section 7 - section 14 - section 15 - section 16 - section 28 - section 30 - Schedule 2 - Schedule 3 	Public Service Pensions Act (Northern Ireland) 2014 (c. 2) <ul style="list-style-type: none"> - section 1 - section 2 - section 3 - section 4 - section 5 - section 6 - section 7 - section 14 - section 15 - section 16 - section 28 - section 31 - Schedule 2 - Schedule 3
Occupational Pension Schemes (Managers) Regulations 1986 (SI 1986/1718)	Occupational Pension Schemes (Managers) Regulations (Northern Ireland) 1986 (SR 1986 No. 320)
Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172)	Occupational Pension Schemes (Contracting-out) Regulations (Northern Ireland) 1996 (SR 1996 No. 493)
Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715)	Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997 (SR 1997 No. 94)
Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847)	Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996 (SR 1996 No. 619)
Occupational Pension Schemes (Winding up etc.) Regulations 2005 (SI 2005/706)	Occupational Pension Schemes (Winding up, etc.) Regulations (Northern Ireland) 2005 (SR 2005 No. 171)
Occupational Pension Schemes (Scheme Funding) Regulations 2005 (SI 2005/3377)	Occupational Pension Schemes (Scheme Funding) Regulations (Northern Ireland) 2005 (SR 2005 No. 568)
Registered Pension Schemes (Provision of Information) Regulations 2006 (SI 2006/567)	Registered Pension Schemes (Provision of Information) Regulations 2006 (SI 2006/567)

GB legislation	NI legislation
Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 (SI 2008/649)	Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008 (SR 2008 No. 116)
Employers' Duties (Registration and Compliance) Regulations 2010 (SI 2010/5)	Employers' Duties (Registration and Compliance) Regulations (Northern Ireland) 2010 (SR 2010 No. 186)
Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 (SI 2010/772)	Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations (Northern Ireland) 2010 (SR 2010 No. 122)
Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (SI 2013/2734)	Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 (SR 2014 No. 79)
Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014	Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014

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The Pensions
Regulator

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Report No.
FSD18095

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: General Purposes & Licensing Committee

Date: 27^h November 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018**

Contact Officer: Fahar Rehman, Pensions Manager
Tel: 020 8461 7024 E-mail: fahar.rehman@bromley.gov.uk

Tammy Eglinton, Head of HR Consultancy
Tel: 020 8 313 4209 E-Mail: tammy.eglinton@bromley.gov.uk

Chief Officer: Director of Finance
Director of Human Resources

Ward: Borough Wide

1. Reason for report

1.1 This report provides details of required amendments to the Council's published discretionary policies arising from the Local Government Pension Scheme (Amendment) Regulations 2018 and of a new requirement for exit credits to be paid.

2. **RECOMMENDATION(S)**

2.1 The General Purposes and Licensing Committee is requested to:

- (i) note the changes to the Local Government Pension Scheme Regulations and how they impact on employer discretions relating to early payment of retirement benefits (3.2).
- (ii) note the consultation from MHCLG regarding the intention of Regulations to pay early retirement benefits from age 55 rather than at age 55 (3.2.3.6).
- (iii) agree the updated discretionary policies arising from these changes as detailed in Appendix 2;
- (iv) note the change in Regulation that requires payment of exit credits to employers that exit the fund (3.3);

Corporate Policy

1. Policy Status: Existing Policy: The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees.
 2. BBB Priority Excellent Council
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Pension Fund.
 4. Total current budget for this head: £40.7m expenditure (pensions, lump sums, etc); £52.5m income (contributions, investment income, etc); £1,046m total fund market value at 30th September 2018)
 5. Source of funding: Contributions to Pension Fund
-

Staff

1. Number of staff (current and additional): n/a
 2. If from existing staff resources, number of staff hours: n/a
-

Legal

1. Legal Requirement: Statutory Requirement The Local Government Pension Scheme Regulations 2013 (as amended)
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,071 current employees; 5,256 pensioners; 5,729 deferred pensioners as at 30th September 2018.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1.1 The Local Government Pension Scheme (LGPS) Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 resulted in significant changes to the LGPS which came into force on 1st April 2014. Details were reported to General Purposes and Licensing Committee on 10th June 2014. The report also provided details of the Councils' published discretionary policies, amended to reflect the updated Regulations.
- 3.1.2 The LGPS (Amendment) Regulations 2018 introduce some further changes requiring amendments to the Council's published discretions which are detailed below.
- 3.1.3 Another significant change arising from the 2018 Regulations is a new requirement for the Pension Fund to pay any surplus (exit credit) to an employer exiting the fund. This is detailed in section 3.3.

3.2 Discretionary Policies

- 3.2.1 Under LGPS Regulations, employers and administering authorities are required to formulate and keep under review a statement of policy on various employer discretions where the employer is able to apply flexibility to the Regulations. Regulation 60 requires a scheme employer or administering authority to publish a written statement of its policy relating to certain of these discretionary functions.
- 3.2.2 Although there are number of individual discretions, they can be summarised as relating to funding of additional pension contributions, the operation of early retirement and flexible retirement provisions and the award of additional pension.

3.2.3 Funding of Additional Pension:

- 3.2.3.1 Active members may purchase additional annual pension (up to a maximum amount of £6,822 from 1st April 2018 to be increased by annual pensions increase) by entering into an agreement to pay additional pension contributions. The cost is determined by the Government actuary and contributions can be made by way of either a lump sum payment or regular contributions. A scheme employer has discretion to contribute to the cost of these additional contributions, either in full or in part.
- 3.2.3.2 The Council's policy is that this discretion would not normally be applied due to the additional costs that would be incurred. However, exceptionally it may be in the Council's interests to consider this option in which case Members' agreement would be required taking into account legal, financial and HR advice appropriate to the individual circumstances.

- 3.2.3.3 There are no changes arising from the 2018 Regulations.

3.2.3 Early / Flexible Retirement:

- 3.2.3.1 An employer, former employer or an administering authority where the employer no longer participates in the Fund may agree to waive, in whole or in part, any reduction to benefits that applies on early retirement (from age 55) or flexible retirement. Under the 2013 scheme, active members and deferred members with benefits accrued from 1st April 2014 may choose to take their pension benefits from age 55 (previously age 60) without their employer's consent although actuarial reductions will be applied unless the employing authority agrees to waive them.

- 3.2.3.2 Currently in considering applications for early/flexible retirement the Chief Officer's Early Retirement Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds. The cost factor is also a key consideration.
- 3.2.3.3 This is in line with the Council's Flexible Retirement Policy and Pay Policy Statement (reported to General Purposes & Licensing Committee on 6th February 2018 and full Council on 26th February 2018).
- 3.2.3.4 The changes arising from the 2018 Regulations are:
- 3.2.3.5 Deferred members, including Councillors, who left before 1st April 2014 can also now access actuarially reduced pension benefits from the age of 55 without their employers consent.
- 3.2.3.6 Due to an anomaly in the Regulations, members who left the scheme before 1st April 1998 can only access their pension early at age 55 (rather than from age 55). On 4th October 2018 The Ministry of Housing, Communities and Local Government (MHCLG) began an 8 week consultation to make a technical amendment to the Regulations to reflect the true intention to allow payment of benefits from age 55 rather than at age 55.
- 3.2.3.7 As a result of the changes to the LGPS relating to early release of pension benefits for deferred members who left the scheme before 1st April 2008, the employer discretion to allow early access to benefits between the ages of 50 and 60 has now been amended to ages 50 to 55.
- 3.2.3.8 In summary, there are no significant changes to the Council's existing discretionary policies relating to flexible and early retirement, merely an extension to cover scheme members who left the scheme before 1st April 2014.

3.2.4 Award of Additional Pension

- 3.2.4.1 An employer may award an active pension scheme member, or someone who leaves employment on grounds of redundancy or business efficiency, additional pension of up to the additional pension limit (£6,822 from 1st April 2018 increased by annual pensions increase). This replaced a previous discretion to award additional service ("added years") for pension purposes. The cost of awarding additional pension is determined by the Government actuary and is met in full by the employer.
- 3.2.4.2 The Council's current policy, as reflected in the 2018/19 Pay Policy Statement for Chief Officers, is that the Council would not normally agree any discretionary increase in or enhancement of pension entitlement. However, exceptionally, it may be in the Council's interests to consider this option in which case Members' agreement would be required taking into account legal, financial and HR advice appropriate to the individual circumstances.
- 3.2.4.3 There are no changes arising from the 2018 Regulations.

3.2.5 Non-Mandatory Discretions

- 3.2.5.1 There are a large number of other existing policies and discretions relating to the Council's responsibilities under LGPS Regulations which are not required to be published under Regulation 60. These are continuously reviewed and have been updated to reflect any required changes arising from the 2018 Regulations.

3.2.5.2 Appendix 1 provides a summary of the Council's current published discretionary policies and the updated position, reflecting changes introduced by the 2018 Regulations, is summarised in Appendix 2.

3.3 Requirement to Pay an Exit Credit

3.3.1 Employers in the London Borough of Bromley Pension Fund include Admitted Bodies and Scheduled Bodies. Admitted Bodies are employers that do not have automatic right of access to the LGPS but have been admitted in to the Bromley Fund through a signed and sealed admission agreement. This would include employers relating to outsourced services.

3.3.2 Scheduled Bodies are public bodies that have an automatic right to access the LGPS and an example of this is Academies.

3.3.3 An Exit event (Cessation) for an employer occurs when either the contract ends or when there are no remaining active members working for the employer.

3.3.4 On Cessation, the Administering Authority instructs the scheme actuary to carry out a Cessation Valuation to determine the value of the Exiting employer's assets and liabilities. Employers are required to pay any outstanding deficit to the Pension Fund where liabilities are greater than the value of the assets.

3.3.5 Exit Credits relate to instances where the assets of an employer exiting the pension fund are greater than their pension liabilities based on calculations by the scheme actuary. Under LGPS 2013 Regulations, there was no legal requirement for the pension fund to return such a surplus to an exiting employer.

3.3.6 Regulation 13 of the LGPS (Amendment) Regulations 2018 introduces a new requirement for the Pension Fund to pay any surplus to an employer exiting the Pension Fund within 3 months of the exit event.

3.3.7 This change in Regulation requires an amendment to the Fund's Termination Policy. This will be reported to the Pensions Investment Sub Committee as part of the Pension Fund Annual Report.

4. POLICY IMPLICATIONS

4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

5.1 There are no additional costs arising from the discretionary policies set out in this report as they are, in the main, a continuation of existing policies.

6. LEGAL IMPLICATIONS

6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014.

6.2 Regulation 60 of the LGPS Regulations 2013 requires the Council to prepare and publish a written policy on certain discretions.

7. PERSONNEL IMPLICATIONS

- 7.1 Council officers liaise with the Council's Pensions Contractor, Liberata, to ensure that there is regular communication with members about their pension benefits to enable them to make informed decisions about their pensions. Information is disseminated by regular newsletters advising members of any updates or changes to the Local Government Pension Scheme Regulations.

Non-Applicable Sections:	Procurement Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pension Act 2013 LGPS Regulations 2013 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 LGPS (Amendment) Regulations 2018

Local Government Pension Scheme Regulations 2013 (as amended) and other related Local Government Pension Scheme legislation

Areas where the Council is required to prepare and publish a written statement on how they will exercise certain discretions

Regulations	Policy
<p>Additional Pension Contributions</p> <p>Discretion: whether, how much, and in what circumstances the Council will contribute to a shared cost additional pension contribution (SCAPC) scheme.</p> <p>Where an active member elects to pay additional pension contributions to purchase extra annual pension of up to £6,822 (amount at 1 April 2018), the Scheme employer may contribute towards the cost.</p>	<p>The Council will not normally exercise this discretion, other than in exceptional circumstances with Members' agreement where it can be demonstrated that there is a clear financial, operational or strategic benefit to the Council in doing so.</p>
<p>Benefits on Voluntary Retirement and Early Payment of Deferred Benefits</p> <p>Discretion: whether to waive in whole or in part, actuarial reduction where a member with post 1 April 2014 active membership voluntarily draws their benefits on or after age 55 and before normal pension age.</p> <p>Discretion: whether to grant applications for early payment of deferred benefits on or after age 55 and before age 60 for members who ceased active membership before 1 April 2014 and whether to waive, on compassionate grounds, the actuarial reduction applied to these benefits.</p> <p>Discretion: whether to grant applications for early payment of deferred benefits on or after age 50 and before age 60 for members who ceased active membership before 1 April 2008 (on compassionate grounds only for members who ceased active membership before 1 April 1998) and whether to waive, on compassionate grounds, any actuarial reduction applied to these benefits.</p>	<p>A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement, or early payment of deferred benefits, without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds.</p>

<p>(Benefits paid before the age of 55 will be subject to an unauthorised payments charge)</p> <p>Additionally, where a person was a member of the LGPS before 1 October 2006, the Scheme employer may preserve the transitional arrangements that were introduced in 2006 enabling a member whose age and scheme membership add up to 85 (rule of 85) to receive unreduced pension benefits.</p>	
<p>Benefits on Flexible Retirement</p> <p>Discretion: whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement) and whether to waive any actuarial reduction that would otherwise apply.</p> <p>Where an active member who has attained the age of 55 reduces their working hours and/or grade of employment, the Scheme employer may consent to the immediate payment of all or part of their accrued retirement pension. The Scheme employer may waive in whole or in part any actuarial reduction for early payment.</p>	<p>The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision taking any cost, service impact/benefit, the employee's contribution to the Council's service to date and any compassionate grounds into account.</p>
<p>Award of Additional Pension</p> <p>Discretion: whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency.</p> <p>An employer may award an active member, or a member who left employment by reason of redundancy or business efficiency, an additional annual pension up to £6,822 (1 April 2018).</p>	<p>The Council will not normally exercise this discretion, other than in exceptional circumstances with Members' agreement where it can be demonstrated that there is a clear financial, operational or strategic benefit to the Council in doing so.</p>

Appendix 2

Local Government Pension Scheme Regulations 2013 (as amended) and other related Local Government Pension Scheme legislation

Areas where the Council is required to prepare and publish a written statement on how they will exercise certain discretions

Regulations	Policy
<p>Additional Pension Contributions</p> <p>Discretion: whether, how much, and in what circumstances the Council will contribute to a shared cost additional pension contribution (SCAPC) scheme.</p> <p>Where an active member elects to pay additional pension contributions to purchase extra annual pension of up to £6,822 (amount at 1 April 2018), the Scheme employer may contribute towards the cost.</p>	<p>The Council will not normally exercise this discretion, other than in exceptional circumstances with Members' agreement where it can be demonstrated that there is a clear financial, operational or strategic benefit to the Council in doing so.</p>
<p>Benefits on Voluntary Retirement and Early Payment of Deferred Benefits</p> <p>Discretion: whether to waive in whole or in part, actuarial reduction where a member voluntarily draws their benefits on or after age 55 and before normal pension age.</p> <p>Discretion: whether to grant applications for early payment of deferred benefits on or after age 50 and before age 55 for members who ceased active membership before 1 April 2008 (on compassionate grounds only for members who ceased active membership before 1 April 1998) and whether to waive, on compassionate grounds, any actuarial reduction applied to these benefits.</p> <p>(Benefits paid before the age of 55 will be subject to an unauthorised payments charge)</p> <p>Additionally, where a person was a member of the LGPS before 1 October 2006, the Scheme employer may preserve the transitional arrangements that were introduced in 2006 enabling a member whose age and scheme membership add up to 85 (rule of 85) to receive unreduced pension benefits.</p>	<p>A Chief Officers' Panel is authorised to consider applications from staff aged 50 and over for early retirement without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds.</p>

<p>Benefits on Flexible Retirement</p> <p>Discretion: whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement) and whether to waive any actuarial reduction that would otherwise apply.</p> <p>Where an active member who has attained the age of 55 reduces their working hours and/or grade of employment, the Scheme employer may consent to the immediate payment of all or part of their accrued retirement pension. The Scheme employer may waive in whole or in part any actuarial reduction for early payment.</p>	<p>The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision taking any cost, service impact/benefit, the employee's contribution to the Council's service to date and any compassionate grounds into account.</p>
<p>Award of Additional Pension</p> <p>Discretion: whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency.</p> <p>An employer may award an active member, or a member who left employment by reason of redundancy or business efficiency, an additional annual pension up to £6,822 (1 April 2018).</p>	<p>The Council will not normally exercise this discretion, other than in exceptional circumstances with Members' agreement where it can be demonstrated that there is a clear financial, operational or strategic benefit to the Council in doing so.</p>

Report No.
FSD18081

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: LOCAL PENSION BOARD
PENSIONS INVESTMENT SUB COMMITTEE
GENERAL PURPOSES & LICENSING COMMITTEE
COUNCIL

Date: 6th November 2018
7th November 2018
27th November 2018
10th December 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: LOCAL PENSION BOARD – ANNUAL REPORT

Contact Officer: Fahar Rehman, Pensions Manager
Tel: 020 8461 7024 E-mail: fahar.rehman@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report, would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.

2. **RECOMMENDATIONS**

2.1 **Members of the Local Pension Board are asked to approve the draft LPB Annual Report at Appendix A.**

2.2 **Members of the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council are asked to note the contents of the report.**

Corporate Policy

1. Policy Status: Existing Policy: The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
 2. BBB Priority Excellent Council
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund
 4. Total current budget for this head: £40.7m expenditure (pensions, lump sums, etc); £52.5m income (contributions, investment income, etc); £1,018m fund market value (at 30th June 2018)
 5. Source of funding: Contributions to Pension Fund
-

Staff

1. Number of staff (current and additional): The Local Pension Board comprises of 2 Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
 2. If from existing staff resources, number of staff hours: n/a
-

Legal

1. Legal Requirement: Statutory Requirement The Local Government Pension Scheme Regulations 2013 (as amended)
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,030 current employees; 5,220 pensioners; 5,627 deferred pensioners as at 30th June 2018
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 The London Borough of Bromley Local Pension Board was established by Council on 23rd February 2015. The Board held an introductory meeting on 27th July 2015 and its first formal annual meeting on 26th October 2015.
- 3.2 In accordance with the Terms of Reference the Board are required to produce a single annual report to the Pensions Manager. This report should include:
- A summary of the work of the Local Pension Board and a work plan for the coming year
 - Details of areas of concern reported to or raised by the Board and recommendations made
 - Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - Any areas of risk or concern the Board wish to raise with the Scheme Manager
 - Details of training received and identified training needs
 - Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 3.3 Members are asked to note the contents of the Local Pension Board Annual Report.

4. POLICY IMPLICATIONS

- 4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

- 5.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members is limited to a refund of actual expenses incurred in attending meetings and training.
- 5.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.
- 5.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.
- 5.4 There were reimbursement claims for cost of travel totalling £8.30 within the relevant period.

6. LEGAL IMPLICATIONS

- 6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards.

7. PERSONNEL IMPLICATIONS

- 7.1 All Local Government Pension Scheme employers and members must have an equal opportunity to be nominated to become Board members through an open and transparent process.

Non-Applicable Sections:	Procurement Implications Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Government Pension Scheme Regulations 2013; Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015; Local Pension Board – Appointment of Board Members, General Purposes and Licensing Committee and Council 27 th May and 29 th June 2015. Local Pension Board – Appointment of Board Members to General Purposes & Licensing Committee 14 th September 2016



THE LONDON BOROUGH

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LONDON BOROUGH OF BROMLEY – LOCAL PENSION BOARD

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ANNUAL REPORT
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1. Foreword

- 1.1 The purpose of this London Borough of Bromley Local Pension Board Annual report is to provide information regarding the activities and role of the Board for Scheme Members, Scheme Employers and the Scheme Manager (Administering Authority).
- 1.2 The Local Pension Board was established by the London Borough of Bromley Pension Fund in response to new regulatory requirements introduced into the Local Government Pension Scheme Regulations 2013
- 1.3 The role of the Local Pension Board is to provide assistance to the London Borough of Bromley in its role as an Administering Authority within the Local Government Pension Scheme in ensuring it remains compliant with the relevant legislation and requirements of the Pensions Regulator.

2. Background

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) required that the Local Pension Board be established by 1st April 2015 to assist the Administering Authority (London Borough of Bromley) to:
- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and the requirements imposed by the Pensions Regulator.
 - Ensure effective and efficient governance and administration of the LGPS
- 2.2 The Local Pension Board is not a decision making body but is expected to support the Council's current committee structure.
- 2.3 The London Borough of Bromley Local Pension Board was approved at Full Council on 23rd February 2015.

3. Board Membership

- 3.1 The London Borough of Bromley Local Pension Board requires a total of four members. The membership is constituted as follows:
- 2 members representing the interests of the Fund's employers – Employer Representatives.
 - 2 members representing the interests of the Fund's scheme members – Member Representatives.
- 3.2 At the last meeting of Local Pension Board held on 10th April 2018, the board members were:
- Employer Representatives:
- Josepha Reynolds
 - Pinny Borg
- Member Representatives
- Leslie Rickards
 - Geoffrey Wright
- 3.3 On the 20th April 2018 Josepha Reynolds resigned from her role as an Employer Representative owing to her ceasing her employment with the Council.
- 3.4 In accordance with the Local Pension Board Terms of Reference, applications were invited from all Employers for the vacant role of Employer Representative and the closing date for expressions of interest was 10th June.
- 3.5 One application was received from Emma Downie (Head of HRIS & Reward for LBB).

3.6 On the 25th of July, the General Purposes and Licensing Committee were asked to make a recommendation to Full Council for Emma Downie to be formally appointed to the role of an Employer Representative at their meeting of 8th October 2018. Full Council approved Emma Downie for the role of Employer Representative.

4. Board Meetings

4.1 Following an introductory meeting of the Local Pension Board Members which took place on Monday 27th July 2015, formal meetings of the Board took place on Monday 26th October 2015, Thursday 10th November 2016 and Tuesday 10th April 2018. The table below shows the attendance of those meetings:

	Employer Representatives				Member Representatives			
	Mr B Toms	Ms J Harding	Ms J Reynolds	Ms P Borg	Mr G Kelly	Mr T Conboy	Mrs L Rickards	Mr G Wright
Introductory Meeting 27/07/2015	✓	✓	N/A	N/A	✓	N/A	✓	N/A
Formal Meeting 26/10/2015	✓	✓	N/A	N/A	X	N/A	✓	N/A
Formal Meeting 10/11/2016	✓	✓	N/A	N/A	N/A	X	✓	N/A
Formal Meeting 10/04/2018	N/A	N/A	✓	✓	N/A	N/A	✓	✓

4.2 At the Local Pension Board meeting held on 10th November 2016, Mrs Lesley Rickards was elected by the members of the Board to act as its Chair for a period of 12 months, succeeding Mr Brian Toms, in line with the requirements of the Terms of Reference.

4.3 A meeting of the Local Pension Board was held on 10th April 2018 at which Pinny Borg was elected the new Chair of the Pension Board.

5. Board Activity

5.1 Members of the Board are also invited to attend meetings of the Pensions Investment Sub-Committee and where appropriate meetings of the General Purposes and Licensing Committee.

- 5.2 In accordance with the work plan agreed by the Local Pension Board members, members have been provided throughout the year with monthly Pensions Administration Reports for review. These reports are produced by Liberata UK Ltd, and include a monthly summary of activity, and details of key Performance Indicators (KPI's). To date no issues have been raised by Board members in connection with such reports.
- 5.3 The Pension Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 require the Administering Authority to hold accurate data on scheme members. It is also essential to hold accurate data for efficient administration.
- 5.4 The Pensions Regulator is due to carry out Data Quality checks as part of the Annual Scheme Return. For the 2017/18 Scheme Return, we are asked to provide the completeness of Common Data (i.e. member name, member dob, member address) and the completeness of Scheme Conditional Data (i.e. Contributions, Employer, Job title).
- 5.5 The Local Pension Board will be asked to assist in reviewing the quality of data report to ensure compliance.

6. Training

- 6.1 It is a requirement of the Public Service Pensions Act that Board members have the capacity to become conversant with the rules governing the Local Government Pension Scheme and the policy documents of the Administering Authority.
- 6.2 The following training has been made available to the Local Pension Board members:
- The Pensions Regulator e-learning package, covering Conflicts of Interest, Managing risk and internal controls, maintaining accurate member data, Maintaining member contributions, Providing Information to members and others, Resolving internal disputes and Reporting breaches of the law.
 - A presentation on the Introduction to the LGPS will be carried out at the next Local Pension Board Meeting on Tuesday 6th November 2018 by the Pensions Manager.
 - The Board are invited to a members pension seminar on the 5th of November led by the Director of Finance.
- 6.3 Members have also been provided with the following documentation;
- The Local Government Pension Scheme Regulations
 - Administration, HR, Payroll and Member Guides to the Local Government Pension Scheme
 - Guidance on the creation and operation of Local Pension Boards
 - Mercer Newsletters 'Local Government Pension Scheme – Current Issues'

- Agendas and reports for the Pensions Investment Sub-Committee meetings

7. Board Observations and Comments

- 7.1 The Local Pension Board terms of reference set out that the Board should raise any areas of risk or concern with the Scheme Manager in the first instance, no such matters have been raised.

8. Conflicts of Interest

- 8.1 It is explained to each Board member that they are required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the London Borough of Bromley. Members are also required to complete 'The Notification of Disclosable Pecuniary Interests Form', 'The Notification of Non-Pecuniary Interests Form' and a 'Declaration of Acceptance of Office Form'
- 8.2 No declarations of interest were made at the formal meeting of the Board on 10th April 2018.

9. Expenses and Costs

- 9.1 All costs regarding the administration of the Local Pension Board have been contained within existing resources. There were reimbursement claims for cost of travel totalling £8.30 within the relevant period.

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Report No.
CSD18169

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Tuesday 27 November 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: APPOINTMENTS TO OUTSIDE BODIES -
BECKENHAM PAROCHIAL CHARITIES

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Director of Corporate Services

Ward: Copers Cope;

1. Reason for report

- 1.1 At its first ordinary meeting of the Council year on 29th May 2018 the Committee made appointments to various outside bodies. This report deals with casual vacancies arising outside the normal annual cycle on the Board of the Beckenham Parochial Charities. Further details are set out in section 3 of this report.

2. **RECOMMENDATION**

That, subject to confirmation from the Charity, the following representatives be reappointed to the Board of the Beckenham Parochial Charities for the four year term of office commencing on 24th January 2019 - Councillor Russell Mellor, Mrs M Jessiman and Mr Robert Mitchell.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
-

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £350,650
 5. Source of funding: 2018/19 revenue budget
-

Personnel

1. Number of staff (current and additional): 8 (6.79fte)
 2. If from existing staff resources, number of staff hours: Not applicable
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: This report does not involve an executive decision
-

Procurement

1. Summary of Procurement Implications: Not applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

3. COMMENTARY

- 3.1 The primary purposes of the Beckenham Parochial Charities are to provide and maintain good housing for needy people in Beckenham and Penge, grants of money for relief in need, hardship or distress of residents of Beckenham and Penge, or to former alms-house residents and grants of money for the promotion of education of young persons living in Beckenham and Penge. The charity's income in 2017 was £48k.
- 3.2 The Council appoints six representatives to the charity (out of a total of eleven), serving four year terms. These are: Mrs Maureen Jessiman, Councillor Russell Mellor, Mr Robert Mitchell, Mr Alan Duncan, Mrs Gillian Scales and Mrs Kathryn Strachan. The terms of office of three of the Council representatives - Mrs Jessiman, Councillor Mellor and Mr Mitchell - end on 24th January 2019, and the Committee is asked to make appointments for the next four years.
- 3.3 This is an opportunity for the Council to appoint new representatives should it wish to do so, but the charity's views have been sought on whether it wishes to see the three current representative re-appointed. Any views received from the charity will be reported to the Committee.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children, Policy, Financial, Personnel, Legal and Procurement.
Background Documents: (Access via Contact Officer)	None

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Report No.
CSD18160

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 27th November 2018

Decision Type: Non-Urgent Non-Executive Non-Key

Title: WORK PROGRAMME 2018/19

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 This report summarises the Committee's role and sets out the Committee's proposed dates and work programme for the 2018/19 Council year.
-

2. **RECOMMENDATION**

Members are requested to consider their work programme for 2018/19.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Corporate Policy

1. Policy Status:: Existing Policy
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £350,650
 5. Source of funding: 2018/19 revenue budget
-

Personnel

1. Number of staff (current and additional): 8 (6.79fte)
 2. If from existing staff resources, number of staff hours: Not applicable
-

Legal

1. Legal Requirement: Statutory Requirement: The Committee is responsible for non-executive functions as required by the Local Government Act 2000.
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Procurement

1. Summary of Procurement Implications: Not applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

3. COMMENTARY

- 3.1 Bromley Council operates under a “Leader and Executive” constitutional model, with most decision making functions resting with the Executive. However, there are a number of functions which the Executive is prohibited from dealing with, for which Committees need to be appointed. In Bromley, the majority of these “non-executive” functions are the responsibility of Development Control Committee for town planning and related functions, and this Committee for most other non-executive functions, including licensing.
- 3.2 General Purposes and Licensing Committee fulfils the role of Licensing Committee under the 2003 Licensing Act, but also deals with a range of other non-executive functions that cannot be dealt with by the Executive or do not fall within the terms of reference of Development Control Committee. It therefore has a range of varied and sometimes unrelated responsibilities, including finance matters relating to audit and pensions, human resources, complaints, elections and Member appointments.
- 3.3 Unlike PDS Committees, the General Purposes and Licensing Committee has decision-making powers, many of which are delegated to a number of sub-committees. These sub-committees also have decision-making powers within their own terms of reference, and in most cases their minutes are reported up to the parent committee for information. At the meeting on 25th July 2018 the Chairman suggested that the Committee might like to receive a brief oral update from each of the main Sub-Committee Chairmen - this is being arranged for the current meeting.
- 3.4 At its last ordinary meeting on 26th September 2018 the Committee received an update on changes to Animal Licensing Legislation. A report is now due to be considered at Public Protection and Enforcement PDS Committee on 4th December for pre-decision scrutiny before the Public Protection and Safety Portfolio Holder is asked to agree the fees to be charged from 1st January 2019. The fees are set on a full cost recovery basis.
- 3.5 The Committee has six scheduled meetings in the year, including this one, plus a meeting after the Council’s annual meeting to appoint Sub-Committees. In addition, a special meeting was held on 5th November. The meetings for the 2018/19 Council year are set out in appendix 1, with the reports anticipated at each meeting.

Non-Applicable Sections:	Impact on vulnerable adults and children/Policy/Financial/Personnel/Legal/Procurement
Background Documents: (Access via Contact Officer)	None

General Purposes and Licensing Committee

Work Programme 2018/19

29th May 2018

Appointments to Outside Bodies
Work Programme

25th July 2018

Audit of Financial Statements 2017/18
New Animal Welfare Regulations
Draft Statement of Gambling Licensing Policy
Local Pension Board Appointment of Board Member
Work Programme
(+ *training session on Licensing*)

26th September 2018

Update from Local Elections 2018
Update from the Members Induction Programme
Members Allowances Review
Gambling Licensing Policy
Animal Welfare Regulations
Work Programme
(+ *training session on HR appeals*)

5th November 2018 (*special meeting*)

Teacher Pay Policy - Centrally Based Staff

27th November 2018

Updates from Sub-Committee Chairmen
Teacher Pay Policy - Centrally Based Staff
Annual Complaints Report and Annual Ombudsman's Letter
Governance and Administration of Public Service Pension Schemes
Local Government Pension Scheme (Amendment) Regulations 2018
The Local Pension Board - Annual Report
Appointments to Outside Bodies
Work Programme

12th February 2019

Pay Award 2018
Programme of Meetings 2019/20
Pay Policy Statement 2019/20
Members Allowances 2019/20
Executive Assistants Reports 2018/19
Work Programme

19th March 2019

Work Programme

LOCAL JOINT CONSULTATIVE COMMITTEE

Minutes of the meeting held at 6.30 pm on 18 July 2018

Present:

Employer's Side

Councillor Russell Mellor (Chairman)
Councillor Nicholas Bennett J.P.
Councillor David Cartwright QFSM
Councillor Simon Fawthrop
Councillor Josh King
Councillor Kate Lymer
Councillor Pauline Tunnicliffe
Councillor Michael Turner

Staff Side and Departmental Representatives

Nikki Dyer, Education, Care and Health Services
(Children's Social Care)
Melody Makumbe, Education, Care and Health
Services (Adult Social Care)
Gill Slater, Unite Representative

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from the Leader.

Apologies were also received from Nicola Musto, Stuart Henderson, Kirsty Wilkins, Jackie Goad and Duncan Bridgwater.

2 MINUTES FROM THE PREVIOUS MEETING OF LOCAL JOINT CONSULTATIVE COMMITTEE HELD ON 5th APRIL 2018

The Vice Chairman raised the issue of the Committee using a 'Matters Arising' report in the future. It had been suggested previously that this was a matter that could be discussed at Full Council. A Member suggested that the concern would be better served if it was considered by the Constitutional Improvement Working Group.

RESOLVED that

1) The minutes of the meeting held on 5th April be agreed as a correct record.

2) The issue concerning whether or not Council committees should incorporate matters arising reports into agendas be considered by the Constitutional Improvement Working Group.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 TERMS AND CONDITIONS GOING FORWARD FOR OUTSOURCED STAFF

The Staff Side had asked the following question that was read out by the Chairman:

Does the Council have a breakdown of the numbers of Bromley Council jobs outsourced over the last 10 years? Long standing staff providing the same or even increased services to the Council are not guaranteed and often not receiving pay awards equivalent to those which they would have received had they not been outsourced. Has the Council undertaken any monitoring of the pay awards made to former Bromley staff, now employed externally to provide Council services, in order to understand the implications of commissioning decisions for staff, and if not will it?

The Director of Human Resources had circulated the following written response prior to the meeting:

In the last 10 years, 428 staff have been TUPE transferred to other organisations. The Council is not required to monitor the pay of staff of other organisations. More importantly, the Council does not interfere or get involved in the terms and conditions of employment of third party organisations. That is a matter between these organisations and their workforce.

The Vice Chairman clarified that she was aware that LBB did not currently monitor the pay awards of former Bromley staff, but that she was asking if LBB could monitor them in the future. She asked if certain requirements could be incorporated into the contracts when LBB was undertaking commissioning. She expressed the view that LBB was not taking into account the reduced pay for commissioned staff. She felt that this was a moral and social issue that adversely affected the health of staff, and impacted on productivity. She expressed the view that if the Council did not ensure the well-being of staff that had been commissioned out to work on Council services, then this could pose a risk to the adequate provision of those services.

The Chairman reminded everyone that the Council used the TUPE process which would ensure that outsourced staff were transferred out with their existing terms and conditions protected. He stated that recently, he was aware of a contract that had not been outsourced as the contractor would not agree to the TUPE of Bromley staff.

A Member commented that the information the Vice Chairman was seeking was likely to be the subject of Freedom of Information requests. The Council would not wish to impose unnecessary burdens on those companies that it was looking to commission work to, as well as unnecessary burdens on the Council in researching the information. It should also be borne in mind that many of these companies were larger than LBB, which would in itself create new opportunities for outsourced staff.

A Member agreed with the Vice Chairman, stating that it seemed that savings accrued by the Council in outsourcing were borne by outsourced staff in the form of reduced pay awards going forward.

A Member expressed the view that LBB should not seek to influence the pay policy of any organisation other than LBB. This was a view seconded by the Director of HR (Charles Obazuaye) Even if LBB had access to the relevant data, what would they do with it--as LBB would still be in the position of being unable to influence the pay policy of another organisation. Such a course of action could also pose a legal risk to the Council because by influencing or determining the pay of outsourced staff they could be used as comparators for equal pay purposes. The Director of Commissioning expressed the view that it would be much harder for LBB to commission services if they tried to influence the pay policy of other organisations.

The Vice Chairman responded that whilst she appreciated some of the difficulties raised by the issue, she felt that it was the case that LBB could do more if they had the will. By this she was referring to building in extra staff protection into contracts such as the London Living Wage or TUPE plus arrangements.

5 MONITORING OF STAFF MENTAL HEALTH AND WELLBEING

The Staff Side had asked the following question:

At the last LJCC, the Head of HR provided information on staff absence related to stress, depression, anxiety and mental health issues during 2017/2018. However, no monitoring of employee mental health and wellbeing as recommended in 'Thriving at Work—Stevenson/Farmer review of mental health and employers' has been undertaken.

<https://www.gov.uk/government/publications/thriving-at-work-a-review-of-mental-health-and-employers>

Given the impact on staff of increasing workloads, reorganisation and outsourcing activity, will the Council respond to the findings of the report, agree to undertake such monitoring and meet other 'mental health core standards', which the Stevenson- Farmer review believed all organisations in the country to be capable of implementing quickly?

Prior to the meeting, the Director of HR had disseminated the following response:

The Council's approach to managing mental health is dealt with in a number of ways, namely:

1. Training for managers on Managing Employee Ill Health is delivered in house to managers. The training provides managers with practical advice and guidance on how to manage employee ill health and includes information on how to manage stress and depression, as well as other mental health

conditions. In addition, mental health awareness sessions have been arranged for both staff and managers. We are also looking at commissioning mental health training for accredited first aiders in the Council.

2. The Council recognises good practice and HR will routinely advise managers on the use of the Health and Safety Executive (HSE) Stress Tool where sickness absence, connected to work related stress has been identified. This tool helps managers to identify the stressors so that the manager and employee can work through the areas of concern in order to support and assist them.

3. The Council, through its Occupational Health contractor, provides an Employee Assistance Programme, whereby employees and their families can access free confidential telephone counselling 24/7. In addition, and where this has been recommended, the Council can also provide face to face counselling sessions.

The Director of HR stated that he had studied the document that was referred to in the link on the question provided by the Vice Chairman. The document outlined good practice but did not contain elements relating to any legal duty for the Council. He felt that for the most part, LBB was already working in line with the recommendations. He highlighted that LBB had been working with Nicola Musto to help spread awareness of mental health and well-being issues throughout the Council. Ms Musto's training in this area had been supported by the Council and it was the case that a conference regarding mental health was being arranged shortly. It was hoped to invite Prince Harry or Prince William, or possibly the Duchess of Cambridge; alternatively a representative of their mental health charity 'Heads Together'.

A Member asked if the Council consulted with employees to ask them how they were doing. The Director of HR replied that a survey of this nature had been undertaken in the past, and a new one was about to be undertaken by ACAS. This had been one of the recommendations that had previously been advocated by the Departmental Representatives. Additionally, the Council was now in the process of asking employees leaving the Council to complete a last opinion survey so that relevant feedback and information was relayed back to the Council from employees that were leaving. A six monthly 'On Boarding Survey' would also be run for existing staff so that the Council could receive up to date feedback from employees.

The Vice Chairman was pleased to note the involvement of ACAS and the Departmental Representatives in the implementation of a new independent staff survey, she asked if the unions could also be involved in this. She highlighted that the prevention of mental health issues was very important, rather than just responding to incidents when they arose. The idea should be that through the effective monitoring of staff health and well-being, individuals could be helped before they developed serious mental health issues or reached a crisis point.

The Director of HR clarified that the ACAS survey would be generic and not limited to mental health issues.

The Director of HR expressed the view that the best monitoring tool was to effectively equip/train managers so that they were able to identify possible mental health problems with their staff at an early stage. They should also be equipped so that they knew how to respond effectively should the need arise.

A Member welcomed the positive comments and feedback that had been received from the Staff Side and observed that the previous minutes had noted that LBB had a low absence figure with respect to mental health issues. It was also the case that not all mental health issues were related to problems at work. He applauded the Director of HR for the mental health schedule that he had planned.

A Member asked if any special measures had been required due to the current heatwave. The Director of HR responded that managers had been provided with the relevant guidance and a flexible approach would be adopted with respect to employee dress.

6 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 9th October 2018.

The Meeting ended at 7.00 pm

Chairman

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PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 13 September 2018

Present

Councillor Keith Onslow (Chairman)
Councillor Russell Mellor (Vice-Chairman)
Councillors Gareth Allatt, Simon Fawthrop, Simon Jeal,
David Jefferys and Gary Stevens

Also Present

Councillor Graham Arthur, Resources Portfolio
John Arthur, MJ Hudson Allenbridge Investment Advisers

52 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for non-attendance were received from Mr. Geoffrey Wright,
Member Representative, Local Pensions Board.

53 DECLARATIONS OF INTEREST

Cllr Russell Mellor, Cllr Simon Fawthrop, and Cllr David Jefferys each
declared an interest as deferred Members of the Local Government Pension
Scheme.

54 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 24TH JULY 2018 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

The Minutes were agreed.

55 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

There were no questions.

56 RE-ORDER OF AGENDA ITEMS

Following the previous item, and with no members of the public present at the
meeting, Members agreed to move into Part 2 proceedings at this point to
take item 10 (*London CIV – Governance Update and Due Diligence Review*)
and Item 9 (*Confirmation of Exempt Minutes of the Meeting held on 24th July
2018*). This enabled Members to consider item 10 ahead of item 6 (*London
CIV Due Diligence - attendance by LCIV Representatives*).

Members also agreed to take item 5 (*Chairman's Update*) under Part 2 proceedings to receive briefing on issues in preparation for item 6.

Following item 5, Members agreed to move back to Part 1 proceedings and take item 6 and then item 7 (*Pension Fund Performance Q1 2018/19*).

57 CHAIRMAN'S UPDATE

This item was considered under Part 2 proceedings so that the Director of Finance, with the Chairman's agreement, could brief Members on issues in preparation for item 6.

58 LONDON CIV DUE DILIGENCE - ATTENDANCE BY LONDON CIV REPRESENTATIVES

London CIV representatives attending for the item comprised Mr. Mark Hyde-Harrison, Interim CEO, and Mr Kevin Cullen, Client Relations Director.

John Arthur also returned to the room for all Part 1 proceedings of the meeting.

Mr Hyde-Harrison began the presentation with a brief background on the history of LGPS Fund Investment pools, the primary purpose of which is to achieve cost savings for member funds. Pooling LGPS funds became mandatory in 2015/16. Some Pools are now established with others on the way to being so. The presentation slides were circulated to those at the meeting.

Formerly having 33 Funds of London Boroughs, the LCIV now had 32 Funds as the L B Richmond and L B Wandsworth pension funds merged on 1st October 2016. Fund investments managed by the LCIV ranged from almost 80% for L B Tower Hamlets to approximately 16% for the City of London authority, and currently nil for Bromley.

The LCIV currently has £16.5bn of assets under management. The LCIV has equity products and other funds and has launched a number of fixed income funds. There is also a wide range of passive funds. Pooling began as soon as the LCIV started. Set up costs are therefore relatively low and savings are exceeding projected costs resulting in savings for boroughs.

Through an extensive investment consultation over the previous quarter, the LCIV are obtaining an understanding of the current asset allocation of boroughs and what future allocations might look like. The consultations also covered a client engagement framework to ensure regular ongoing information updates from boroughs about their target asset allocations. Additionally the consultation covered working with a group of officers and Treasurers to define pooling methods. It is intended to use the asset allocation information to shape a product launch- programme which would then be used to work with boroughs to understand how best to meet individual borough pooling plans. All 32 boroughs had been contacted and meetings

had taken place with 30 boroughs since 1st May 2018. A total of 22 boroughs had returned their current and target asset allocations in line with the new asset classes and strategies. Further boroughs are finalising this with consultants under the new definitions. The presentation also outlined information totalling asset allocation classes and strategies from those boroughs who had returned details along with information by strategy on assets currently pooled. The allocations would be subject to ongoing discussions.

Additionally, the presentation referred to a new bespoke reporting system to provide commentary on a borough's personalised investment mandate along with updates provided in LCIV newsletters. Borough LCIV Valuations are also updated daily on the LCIV client portal and Information sheets are updated quarterly. Meet the Manager Days had also taken place with LCIV Managers making presentations (16th May 2018 for Fixed Income and 16th August 2018 for Equity with the LCIV Infrastructure manager likely to be present at a presentation on 15th November 2018). An organisation chart of the London CIV was included in the presentation.

Details were provided of the new LCIV Governance Structure and Mr Cullen commented that the LCIV is regulated by the Financial Conduct Authority (FCA). In addition to the LCIV Board and Shareholder Committee, the LCIV also has an Executive Committee, Investment Oversight Committee, Compliance Audit and Risk Committee, and Remuneration Committee. The Leaders of L B Merton and L B Wandsworth are on the LCIV Board to ensure shareholder representation. The Shareholders Committee, comprising eight Councillors, four Treasurers, and the London CIV Chair (plus a Trade Union observer), meet quarterly with the Committee's first meeting scheduled for October 2018. Decisions are taken at General meetings of the LCIV Board and the Shareholders Committee provides a key consultation forum for the Board's AGM.

Oversight of the LCIV is provided by:

- Independent non-executive directors on the LCIV Board acting in the interest of all shareholders and holding the Board to account;
- The FCA who had approved persons, permissions for business, and prospectus;
- The Depositary providing an independent oversight of assets to protect investors' interests and providing confidence to them;
- Auditors auditing the LCIV (company) and ACS (pooling vehicle);
- The Ministry of Housing, Communities and Local Government (MHCLG) assessing progress against pooling criteria.

Both the LCIV (company) and ACS (pooling) had received clean audits.

Reference was also made to the current Fund offering and latest AUM for each fund along with its launch date. Details were also provided of planned launches for further fixed income funds and three other funds (LCIV Infrastructure Fund, LCIV Property Fund, and LCIV Global Equity Core Fund).

The LCIV had established a Responsible Investment Policy which would be taken to the Shareholder Committee to be ratified. The LCIV had also become a UN PRI signatory and a member of the Local Authority Pension Fund Forum (LAPFF). The LCIV is also a signatory of the UK Stewardship Code and all LCIV Managers are required to have Responsible Investment policies (published on the LCIV client portal). When Boroughs are more activist, the LCIV will have products available for ethical investments for boroughs that wish to include such portfolios plus fund divestment (the LCIV already had low carbon trackers into which some boroughs had invested).

Concerning finances, the LCIV budget is set by the Medium Term Financial Strategy (MTFS) which sets the organisation's cost base. The MTFS is for the Shareholders Committee to approve. Most costs are fixed and not variable to assets (i.e. excluding individual investment activities). They are already committed and currently comprise £5m although this figure might change following the pooling strategy.

Regulatory Capital is the largest asset for the LCIV balance sheet (required by the FCA to enable an orderly closure of the business). Unless action is taken to reduce the level of LCIV liabilities there will be insufficient Regulatory Capital - the staff LGPS Pension Fund in particular having a significant impact on the balance sheet. The amount of regulatory capital required is impacted by AUM, FCA permissions operated, the net pension liability, and the Profit and loss account. There is currently £12bn of AUM headroom.

Gross savings of £8m p.a. were being achieved through fee reductions and tax benefits. Investments in LCIV funds result in lower fees paid to managers. These savings are then shared across boroughs through a lower fee to the investing borough and further fee reductions to existing investors in the LCIV fund. As the 2.5bps (on average) LCIV Management Fee doesn't currently meet all LCIV costs, due to the slower pace of pooling than anticipated, the Development Funding Charge (DFC) has been introduced, which is shared amongst all shareholders. The DFC for 2017/18 was £75k, and the intention is that once all of London's LGPS assets are pooled, the Management Fee earnings will negate the need for the DFC.

The management fee charge has varied by fund as it is perceived there is a need to ensure the LCIV fund is less expensive than the existing borough fund. As such there are lower charges for Passive and Fixed Income (the LCIV Fund management charge bearing no direct relation to costs).

In discussion, the Chairman outlined the reason for inviting the LCIV and referred to the Sub-Committee's request (at its previous meeting) for due diligence to be undertaken before deciding whether to transfer L B Bromley's Baillie Gifford Global Equities to the equivalent Baillie Gifford fund held by the LCIV. As such, L B Bromley's Investment Advisers, MJ Hudson Allenbridge, had submitted a proposal upon request to carry out the due diligence work.

The Chairman asked about the LCIV's approach to Environmental, Social and Governance (ESG) matters, having not seen ESG referenced in the presentation.

Concerning the Willis Towers Watson review of LCIV Governance, a Member asked whether the FCA had been made aware of the review outcomes; whether any comments had been received back from the FCA; and had the review been discussed with the FCA. The Member noted a current vacancy for the role of Compliance Manager at the LCIV. He also enquired of the LCIV's end goal and whether it aimed to be an asset manager or a vehicle for launching funds.

Mr Hyde-Harrison indicated that the review had not been shared with the FCA although it had been shared with the LCIV Depositaries providing the prime oversight. The LCIV's objective is to pool assets of boroughs and deliver cost savings/efficiencies for funds, discharging what boroughs want on assets (and their allocation) and how the LCIV can help in this regard. To this end, the LCIV have launched funds for boroughs to invest their assets. There is no LCIV wish to dilute savings and increase costs for boroughs; it provided vehicles for pooling and will continue to pool assets for the next three to five years. Upon launch of the LCIV's Investment Phase (Phase 3), different pooling vehicles will be included with a view to maximise fee savings and reduce costs for best efficiencies. Mr Hyde-Harrison also outlined the expected approach to infrastructure.

On matters such as operating procedures and LCIV staff job descriptions, core skills, calibre, competencies, and salaries, Mr Hyde-Harrison agreed that relevant documents would be provided to MJ Hudson Allenbridge when visiting LCIV offices (with personal data redacted), and that they would support the due diligence work.

The LCIV made a profit last year of around £160k, details of which are on the LCIV client portal. The profit is not passed back to shareholders but instead goes to the LCIV's reserves. A Member suggested that as L B Bromley had already contributed some £150k to the LCIV it had already invested in the LCIV. However, this is not shown as it is in the LCIV management accounts rather than the ACS. A loss of some £800k the previous year went from the LCIV reserves.

The Member also felt that LCIV staff costs are expensive and enquired on action to contain the costs. He asked whether all LCIV staff are in the LGPS. Mr Hyde-Harrison referred to a range of salaries and the LCIV was unable to close the LGPS to staff as the winding up debt would result in the closure of the organisation. It was necessary to ensure the LGPS has less input on LCIV regulatory capital. Should the last active LGPS member leave the scheme, protection is necessary (for the City of London fund) against liabilities for the scheme members (LCIV being an admitted employer to the City of London LGPS fund). All boroughs needed to contribute (through a pension guarantee agreement) to protect the LCIV and its responsibilities for liabilities to the City of London.

The Director suggested the LCIV would not necessarily have an immediate termination payment to make if the scheme was closed, but a repayment arrangement could be agreed. This would be less than the costs if the scheme was kept open (boroughs were also being asked to sign a pension recharge agreement to reduce the impact of any cessation of the scheme on LCIV regulatory capital). The bill to boroughs would be much more longer term (through contributing to the LCIV/City of London liabilities) and it is necessary for L B Bromley to know in full why the LGPS is needed at the LCIV.

Mr Hyde-Harrison referred to some boroughs taking a different view and it is necessary for the LCIV to consider its staff and their remuneration. Moreover, the LCIV Board did not want to take decisions which jeopardise the company's regulatory capital. If a cessation event occurred, arrangements are needed to smooth over (the liabilities issue) with all boroughs and to ensure the regulatory capital is not impacted. Should a cessation debt be in the order of £2m to £3m, the LCIV does not have the level of capital to pay such a liability and continue to manage the existing level of assets under management. A Member suggested that this reflected on LCIV governance and understood that LCIV Client Directors are also in the LGPS. He suggested the scheme can be stopped for new entrants and the whole position seemed akin to a monopoly situation; accountability is needed as is co-operation in bringing people together rather than by coercion. The Chairman added that he had raised the pension scheme at the Pensions CIV Sectoral Joint Committee (PCSJC) last November, recalling a suggestion that as a closed scheme, action could not be taken. He indicated disappointment that his concerns raised last November had not been taken up. The matter of LCIV Pension arrangements would be taken up further outside of the meeting.

The Vice-Chairman was unimpressed by the LCIV savings ratio and felt that a proposed infrastructure product aiming for a 4% return was inadequate for L B Bromley where the performance of some of its funds touched 8%. The LCIV organisation being set up is large and L B Bromley already has a good investment structure (direct with Fund Managers). He asked how the LCIV could improve on L B Bromley's funding level at almost 100%.

Mr Hyde-Harrison explained that he wanted to run the LCIV business without asking for more capital. With 27 staff the LCIV currently remained the lowest staffed pool. He conceded that savings at £8m across 32 funds was not particularly impressive and the LCIV was working to meet Government aims. A portfolio with 100% equities would achieve a higher return but some boroughs wanted different allocations/products in their portfolios. The LCIV tried to cater for a range of different views. When the Government required pools to be established there was a wide range of performance and the aim is to improve the performance of poorer funds being pooled. The Government initiated pooling to improve the average return across the whole. He added that the LCIV can offer fee savings but was unable to confirm that the LCIV can achieve more than that (for L B Bromley).

Mr Hyde-Harrison confirmed that all boroughs continue to hold their asset allocation strategy intact and the LCIV has no permission to move borough monies between funds. Additionally, it is not authorised by the FCA to direct funds. The Chairman could envisage a pressure in future to consolidate the number of funds downwards. But for the moment, boroughs have complete authority for their allocations.

Mr Hyde-Harrison also indicated that the LCIV aimed for the Development Fund Charge (DFC) to cease about 2023. Should substantial further levels of pooling not occur, this date would be difficult to achieve.

Including the LCIV Chief Executive position (Mark Hyde-Harrison being interim Chief Executive), a Member noted eight current vacancies within the LCIV staff structure and asked whether the positions are on hold. Mr Hyde-Harrison confirmed that the LCIV wanted to recruit for the positions and were actively doing so. On the Chief Executive and Chief Investment Officer vacancies Mr Hyde-Harrison understood that authority had been provided that afternoon to recruit for the two positions. It had been more difficult to recruit for some positions and the salary and LGPS benefit was not attractive for all. Appointments to the vacancies will cause costs to rise but as the pool increases savings will also rise.

On composition of the LCIV Shareholders Committee, Mr Hyde-Harrison explained that London Councils organised this through nominations. It was suggested the composition comprise representatives from top performing funds so the Committee is not political. However, the nominations were accepted at the LCIV Board's AGM with the aim of looking to represent views across London. Highlighting London Councils involvement with the process, the Chairman didn't disagree with the Committee's political representation, but as a governance issue felt that London Councils needed to see the LCIV as a separate organisation and he would pursue the matter. He also highlighted that a Councillor and Treasurer from the same borough can be represented on the Committee and suggested this might present a potential conflict of interest. In this scenario a Treasurer might be better appointed to another LCIV Committee. Another Member indicated that the Willis Towers Watson report made reference to having a Committee free from political interference and he again emphasised a need to represent best performing boroughs on the Committee. Mr Hyde-Harrison indicated that the current form of representation did not always have to remain the same should shareholders think differently. The Chairman suggested the matter be left to the Shareholders Committee to consider.

With the LCIV a company, Mr Hyde-Harrison confirmed that its meetings are not open to the public although it is subject to Freedom of Information (FOI) requirements. For transparency, it was suggested the meetings are open and Mr Hyde-Harrison explained that shareholders can express views on the matter. The Chairman felt that the Shareholders Committee should (at least) be open for other Councillors to observe.

Returning to the LCIV's liabilities for its LGPS scheme, it was understood that a deficit in the order of £3.3m to £6.5m could be charged to boroughs under the LCIV's proposals (should this become necessary). As boroughs would effectively underwrite such a level of deficit, the Director again suggested the LCIV provide a detailed analysis (for boroughs) of the LCIV's case for keeping an "open" LGPS scheme, given the increasing liabilities from the scheme and other costs e.g. pension strain costs. This would be helpful along with the LCIV sharing its actuarial advice for the scheme. The deficit risk is a significant sum and the full business case is needed for transparency. On receipt of full information and costs, details can be provided to L B Bromley's Full Council so that a decision can be taken by Members on whether to sign the agreements. Mr Hyde-Harrison confirmed that the LCIV wanted to be engaged and he would try to provide the information.

In signing the Pensions Recharge agreement to protect the LCIV's regulatory capital, the Director highlighted that boroughs would not want to forego significant financial savings in order to avoid increasing regulatory capital. The Director felt that it is essential that LCIV provide comprehensive information about the reasons for the LGPS scheme and this is key before L B Bromley considers the recharge issue and it is necessary to have the facts about the financial impact of closing the LGPS scheme and any cessation arrangements.

The Director also enquired of any plans to obtain permissions to transfer between funds (e.g. in the event of a fund being overweight in a particular asset) and whether it will be possible to transfer between funds. Mr Hyde-Harrison indicated that the LCIV is planning to extend its permissions as it is now on a firmer footing and it is necessary for the permissions to align with its business model. If permissions allowed the LCIV to do more an IMA agreement would be necessary with each borough. This would be a separate cost to any boroughs above the 2.5bps management fee which should cover existing planned costs.

For Phase 3 (Investment), LCIV activity included looking at how borough investment strategies vary. Potential products will be shared with boroughs and the LCIV already has 140 possible funds. Boroughs can choose from the range. With the current phase about pooling resources, the Director sought confirmation that Phase 3 is not about managing investments. Mr Hyde-Harrison explained that if the LCIV had an IMA with boroughs it is possible to do this. With boroughs providing an IMA, the LCIV can help a borough (in managing its investments) but without running their strategic allocation. Permissions would allow the LCIV to *inter-alia* advise on investments and the LCIV would have an IMA (to do so in such circumstances). The LCIV can only operate a pooled vehicle (under current permissions). Should the LCIV apply for and receive the additional permissions, Mr Hyde-Harrison indicated that it would then be able to do what Pension Funds undertake. These would increase LCIV costs but other factors would also increase costs e.g. having more funds. Although Mr Hyde-Harrison was unable to confirm LCIV costs in a further three years, the LCIV aimed to not ask for more capital; to reduce the Development Fund Charge (DFC); and to reduce costs. He envisaged

total costs in the region of £6m to £7m, much of which would be driven by investment and governance. Mr Hyde-Harrison also confirmed the LCIV's Depository as Northern Trust and it would be necessary to check whether a copy of the Depository's report can be provided.

Mr Hyde-Harrison referred to a diverse range of needs amongst boroughs in the LCIV. Nationally, the LCIV is ahead of a number of other pools and 40% of assets from boroughs have already been pooled. However, the Minister for Local Government wanted the LCIV (and other pools) to develop faster. Mr Hyde-Harrison was not party to the Government's policy decision on pooling but agreed with the Chairman that pooling is harder and more complicated than anticipated. The Government appeared committed to the principle of pooling and the LCIV existed to help boroughs and to achieve savings.

In drawing the item to a close, the Chairman expressed his appreciation for the time of Mr Hyde-Harrison and Mr Cullen in attending the meeting. He thanked both for coming and for their openness in answers. Both Mr Hyde-Harrison and Mr Cullen then left the room.

Subsequently, Members briefly assessed comments made by the representatives. The Chairman felt that a robust report is needed to Full Council on the LCIV staff pension scheme and the request for agreements on liabilities. The Resources Portfolio Holder, Cllr Graham Arthur, also briefly addressed the meeting. Cllr Arthur referred to the Bromley fund's history of good performance and was concerned about political involvement in LGPS developments over recent years. This included involvement by London Councils and ideally L B Bromley needed to be left alone to manage its Fund.

A meeting had been planned for the end of October between the Chairman, Vice-Chairman, Portfolio Holder, Director, and John Arthur to consider the due diligence report from MJ Hudson Allenbridge. The Chairman hoped it would then be available for the Sub-Committee's meeting on 7th November to inform any further consideration on transferring the Fund's Bailie Gifford Global Equities to the equivalent Baillie Gifford portfolio at the LCIV. A Member suggested that it might be necessary to say to the LCIV that L B Bromley will only transfer upon confirmation that the report's recommendations have been implemented.

59 PENSION FUND PERFORMANCE Q1 2018/19

Report FSD18069

Details were provided of the Fund's investment performance for the first quarter of 2018/19. Additional detail was provided in an appended report from the Fund's external advisers, MJ Hudson Allenbridge.

The market value of the Fund ended the June quarter at £1,017.9m (£970.7m at 31st March) and had further increased to £1,044.3m as at 31st July 2018. The quarter total fund return of +4.95% against a +4.43% benchmark, compared to a +4.9% average across the 61 LGPS funds in PIRC's universe.

Detail on performance by individual fund managers was appended to Report FSD18069.

The Fund's medium and long-term returns remained very strong overall - the Fund ranking third in the PIRC LGPS universe for the year to 31st March 2018, first over three years, second over five years, first over ten years and second over 20 and 30 years.

Information on general financial and membership trends of the Pension Fund was also outlined along with summarised information on early retirements. Final outturn details for the 2017/18 Pension Fund Revenue Account, the first quarter position for 2018/19, and fund membership numbers were also appended to the report.

Where the assets of an employer exiting a Fund are greater than its pension liabilities as published in a revised rates and adjustments certificate (Exit Credits), Report FSD18069 advised that recent changes to the LGPS 2013 Regulations required a Fund to pay any excess in credit to an exiting employer within three months of cessation of the admission agreement. Further information would be included in the LGPS 2018 (Amendment) Regulations to be considered by the General Purposes and Licensing Committee at its meeting on 26th September 2018.

The report also outlined future Fund Manager attendance as:

- Schroders (multi-asset income) on 7th November 2018 and
- Baillie Gifford (global equities and fixed income) on 5th March 2019.

The Chairman was pleased with the performance reported. Noting that the General Purposes and Licensing (GP&L) Committee will consider further information on Exit Credits to be included in the LGPS 2018 (Amendment) Regulations, the Chairman highlighted a preference to see the Sub-Committee a Committee in its own right rather than as a Sub-Committee of the GP&L Committee. Another Member, also pleased with the report, thanked MJ Hudson Allenbridge for the Quarterly Review appended to Report FSD18069.

A Member expressed concern at the continued underperformance of MFS. Mr Arthur indicated that MFS looked for certainty and hope in their approach whereas Baillie Gifford looked for more growth. Mr Arthur felt the two managers work well together in the Fund's portfolio - the MFS investment philosophy and process suggested their approach is unlikely to change.

A Member asked whether MFS are best placed to respond in the event of a downturn and whether there is an argument to reduce the MFS holding rather than Blackrock's holding should the latter perform better over a year. Mr Arthur explained that most of the MFS portfolio is now cheaper with its holdings in Facebook and Tesla expected to fall further. There are concerns about the scale of MFS underperformance and the market is not rewarding their processes. However, markets go through cycles and investors are now

in a behavioural market. The market will rotate at some stage. Mr Arthur was not overly concerned with MFS but their underperformance is now noticeable. As such, he will have another meeting with MFS Managers. An important question is whether their way of performance is now outdated.

RESOLVED that the contents of the report be noted.

60 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters
involving exempt information**

61 CONFIRMATION OF EXEMPT MINUTES OF THE MEETING HELD ON 24TH JULY 2018

The exempt minutes were agreed.

62 LONDON CIV - GOVERNANCE UPDATE AND DUE DILIGENCE REVIEW

Report FSD18070

Members agreed that the Council's contract with MJ Hudson Allenbridge should be varied so the company can undertake due diligence of the London CIV and its governance arrangements on behalf of the Sub-Committee.

Members also noted that the Pensions CIV Sectoral Joint Committee had been formally dissolved and that Cllr Keith Onslow had been appointed to the new London CIV Shareholder Committee.

John Arthur left the room for the first part of discussion on this item and subsequently returned to provide clarification on some questions from Members before then leaving the room again in order for Members to conclude their discussion.

The Meeting ended at 10.08 pm

Chairman

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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