

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.
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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
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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
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Personnel

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

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

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