



# PENSIONS BOARD

Wednesday, 25th October, 2017

at 10.00 am

Committee Room 102  
Hackney Town Hall

**Members:** Samantha Lloyd  
Kay Brown  
Henry Coldhurst  
Michael Hartney

**Tim Shields**  
Chief Executive

**Contact:**  
Peter Gray  
Governance Services  
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The press and public are welcome to attend this meeting

# **AGENDA**

## **Wednesday, 25th October, 2017**

### **ORDER OF BUSINESS**

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<b>13</b>	<b>Any other Non-Confidential business</b>	

<b>14</b>	<b>Exclusion of Press and Public</b>		
	<p>THAT the press and public be excluded from the proceedings of the Pensions Board meeting during consideration of Exempt items on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A to the Local Government Act 1972 as amended.</p>		
	<b>Wards Affected</b>	<b>Contact Officer</b>  	
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<b>18</b>	<b>Any Other Confidential Business</b>		

# ACCESS AND INFORMATION

## Location

Hackney Town Hall is on Mare Street, bordered by Wilton Way and Reading Lane, almost directly opposite Hackney Picturehouse.

**Trains** – Hackney Central Station (London Overground) – Turn right on leaving the station, turn right again at the traffic lights into Mare Street, walk 200 metres and look for the Hackney Town Hall, almost next to The Empire immediately after Wilton Way.

**Buses** 30, 48, 55, 106, 236, 254, 277, 394, D6 and W15.

## Facilities

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in Committee Rooms and the Council Chamber

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

## Copies of the Agenda

The Hackney website contains a full database of meeting agendas, reports and minutes. Log on at: [www.hackney.gov.uk](http://www.hackney.gov.uk)

Paper copies are also available from Governance Services whose contact details are shown on the front of the agenda.

## Council & Democracy- [www.hackney.gov.uk](http://www.hackney.gov.uk)

The Council & Democracy section of the Hackney Council website contains details about the democratic process at Hackney, including:

- Mayor of Hackney
- Your Councillors
- Cabinet
- Speaker
- MPs, MEPs and GLA
- Committee Reports
- Council Meetings
- Executive Meetings and Key Decisions Notice
- Register to Vote
- Introduction to the Council
- Council Departments

## RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

# ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to **all** Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- The Director of Legal,
- The Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

## 1. Do you have a disclosable pecuniary interest in any matter on the agenda or which is being considered at the meeting?

You will have a disclosable pecuniary interest in a matter if it:

- relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

## 2. If you have a disclosable pecuniary interest in an item on the agenda you must:

- Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- You must leave the room when the item in which you have an interest is being discussed. You cannot stay in the meeting room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the room and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

### 3. Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.

### 4. If you have other non-pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- ii. You may remain in the room, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the room unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the room. Once you have finished making your representation, you must leave the room whilst the matter is being discussed.
- iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the room. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

### Further Information

Advice can be obtained from Suki Binjal, Interim Director of Legal, Services, on 020 8356 6237 or email [suki.binjal@hackney.gov.uk](mailto:suki.binjal@hackney.gov.uk)



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## MINUTES OF A MEETING OF THE PENSIONS BOARD

MONDAY, 20TH MARCH, 2017

**Councillors Present:** Samantha Lloyd in the Chair  
Kay Brown, Henry Colthurst and Michael Hartney,

**Officers in Attendance:** Michael Honeysett and Rachel Cowburn

**Also in attendance:** Jonathan Malins-Smith (For Items 1 – 10)

### 1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were submitted on behalf of Councillor Chapman.

### 1 DECLARATIONS OF INTEREST - Members to declare as appropriate

2.1 There were no declarations of interest.

### 3. MINUTES OF THE PREVIOUS MEETING

3.1 The minutes of the meeting held on 2<sup>nd</sup> December were agreed as correct record.

### 4. REVIEW OF PENSIONS COMMITTEE - SEPTEMBER 2016 -MARCH 2017

4.1 Rachel Cowburn introduced the report on the work undertaken by the Pensions Committee at its meetings in the period from September 2016 to March 2017 and to note items that are relevant to the work of the Pensions Board. Henry Colthurst told the Board that although he agreed with the need for reduction in carbon he did question the overall policy.

### RESOLVED:

To note the report.

### 5. YEAR END DATE/iTRENT IMPLEMENTATION UPDATE

5.1 Rachel Cowburn introduced the report updating the Board on progress of the Council's payroll implementation project, which had significant implications for the future provision of accurate pension contribution data. She reported to the Board that the accuracy of monthly and year end contribution data provided by the Council to the Pension Fund had declined in recent years, as the 2014 scheme changes and introduction of auto-enrolment had made the provision of adequate data more challenging. The report detailed actions taken to help ensure that adequate year end

**Monday, 20th March, 2017**

contribution data was provided for 2016/17 despite the end of the Council's existing payroll contract on 30<sup>th</sup> June 2017. In response to a question from Henry Coldhurst she told the Board that two pieces of key data had not been received. The Chair stressed the provision of up to date data required to be given priority by the Council.

5.2 Michael Hartney asked what mechanisms were in place for monitoring contracts. Rachel Cowburn told the Board of the importance of year end data and that work was underway to ensure that effective quality assurance was in place. She told the Board that in the previous year the specification was not fit for purpose. She said that she was reasonably confident that the yearend data would be received but was concerned about its accuracy. Michael Honeysett confirmed to the Board that work was ongoing on this with payroll. Historical data was to be a separate stream and the Council was looking at capturing data and access. It was recognised that there was a need to store data in a usable form.

5.3 The Chair asked if there were sufficient resources available for this work and Michael Honeysett confirmed that additional resources had been identified for this. The Board emphasised the need for update to date accurate data and that these failures do not occur again. The chair went on to ask that the Board receive monthly updates on progress on iTRENT implementation.

**RESOLVED:**

To note the implementation update and actions taken to secure adequate year end contribution data.

**6. PENSIONS FUND RISK REGISTER**

6.1 Rachel Cowburn introduced the report on the updated Pension Fund Risk Register, detailing potential significant risks to which the Fund was exposed. The Register also detailed the controls in place to manage these risks.

6.2 In response to a question from Henry Coldhurst in relation to training in data protection, Rachel Cowburn confirmed that refresher training was now due. In response to a question from the Chair it was confirmed that an experienced team was in place to undertake this work. Michael Honeysett told the Board that there was currently one vacancy in the administration team. He confirmed that the team had not been subject to reduction as part of the Council's savings exercise and was well resourced.

**RESOLVED:**

To note the report.

**7. PENSIONS FUND COMMUNICATION POLICY 2017/18**

7.1 Rachel Cowburn introduced the updated communications policy statement for the Pension Fund. The chair encouraged the ongoing work in this area.

**RESOLVED:**

To note the report.

## **8. GMP RECONCILIATION UPDATE**

8.1 Rachel Cowburn introduced the report providing the Pensions Board with an introduction to GMP reconciliations, which the Fund was required to undertake to ensure that scheme member records for periods spent contracted out of the second state pension were properly accounted for. The report also provided an update on the progress of Phase 1 of the Fund's reconciliation exercise and outlined factors for consideration before the Fund embarked on Phase 2. Rachel Cowburn told that Board that all appropriate action was being taken to ensure that data from the HMRC is accurate. It was noted that HMRC were sometimes slow to respond to questions. The Board emphasised the need to control costs and to invest in IT.

### **RESOLVED:**

To note the report.

## **9. THE PENSIONS REGULATOR CODE OF COMPLIANCE CHECKLIST**

9.1 Rachel Cowburn introduced the report covering an updated compliance checklist from 1<sup>st</sup> April and all schemes must now consider whether they comply with the code. The Board agreed that training on compliance take place prior to the next meeting of the Board and that a statement of requirements be circulated.

### **RESOLVED:**

To note the Code of Compliance Checklist and where further work is required and being undertaken.

## **10. EXCLUSION OF PRESS AND PUBLIC**

### **RESOLVED:**

THAT the press and public be excluded from the proceedings of the Pensions Board meeting during consideration of Exempt items on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A to the Local Government Act 1972 as amended.

**Duration of the meeting:** 2- 3.30pm

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<b>REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES</b>		
<b>Training – GDPR and Cyber Security</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  None
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>		

## 1. INTRODUCTION

- 1.1 This report introduces the presentation of a training session for Board members on General Data Protection Regulation and cyber security, to assist them in meeting the requirements set out in CIPFA’s Knowledge and Skills Framework and in the Fund’s training policy.

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to note the report.

## 3. RELATED DECISIONS

- Pensions Committee 11<sup>th</sup> September 2017 – Training Policy

## 4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 Management of the Pension Fund is complex and varied, covering areas including investment, administration, governance and financial management. It is therefore essential that members of both the Pensions Committee and Pension Board are provided with training, to ensure that they are able to meet the various duties placed upon them. The cost of such training is immaterial in the context of the Pension Fund; many of the training sessions are provided free of charge or at minimal cost.
- 4.2 An understanding of the new General Data Protection Regulation and of the importance of cyber security helps to ensure that Pension Board members are able to discharge their duty to assist the administering authority in the efficient and effective administration of the Pension Fund. Failures of governance and administration can have significant financial and reputational consequences for the Council, particularly in areas such as GDPR and information security where significant fines can be levied.

## 5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 Each member of the Pension Board is required by Section 248a of the Pensions Act 2004 (as amended by the Public Service Pensions Act 2013) to obtain ‘*a degree of knowledge and understanding...appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*’ This

includes the rules of the scheme, any policy documents concerning its administration and relevant law relating to pensions.

- 5.2 Knowledge and skills requirements are set out in CIPFA's Code of Practice on Public Sector Pensions Finance Knowledge and Skills. Although not statutory, this guidance provides a framework for both Administering Authorities and individual Committee and Board Members to assess their level of understanding and determine any training needs.
- 5.3 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

- 6.1 CIPFA has produced a Technical Knowledge and Skills framework designed for Local Pension Boards, which sets out suggested training requirements for Board members. The requirements are very similar to those set out in the Code of Practice on Public Sector Pension Finance Knowledge and Skills, which the Hackney Pension Fund has adopted as a framework for the Pensions Committee's training programme.
- 6.2 The training session will provide Board members with a broad overview of the new General Data Protection Regulation (GDPR), due to come into force in the UK from 25<sup>th</sup> May 2017. The training session will cover how GDPR applies to the Pension Fund, actions to be taken, and the key areas of assurance the Board and Committee will require. It will also cover the importance of information security, and what the Fund can do to minimise threats to member data.

Ian Williams  
**Group Director of Finance & Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630  
Financial considerations: Michael Honeysett ☎020-8356 3332  
Legal comments: Stephen Rix ☎020-8356 6122

<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>REVIEW OF PENSIONS COMMITTEE PAPERS – April - September 2017</b>  <b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  <b>None</b>
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>

**1. INTRODUCTION**

1.1 The purpose of this report is for the Pension Board to consider the work undertaken by the Pensions Committee at its meetings in the period from April to September 2017 and to note items that are relevant to the work of the Pension Board.

**2. RECOMMENDATIONS**

2.1 The Pension Board is recommended to note the report

**3. RELATED DECISIONS**

- Pensions Committees (25<sup>th</sup> April 2017, 27<sup>th</sup> June 2017, 11<sup>th</sup> September 2017)

**4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

4.1 The Pension Board’s role is to assist the Administering Authority in ensuring compliance with the regulations. Consideration of Pensions Committee agendas and being able to understand the remit of the Committee and its work is therefore key to the understanding of the Pension Board.

4.2 There are no immediate financial implications arising from this report.

**5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL**

5.1 The Pension Board has been established in accordance with the Public Service Pensions Act 2013 and in accordance with the Local Government Pensions Scheme (Amendment) (Governance) Regulations 2014. For the Board to demonstrate that it is meeting its broad terms of reference it needs to consider the ongoing work of the Pensions Committee to ensure that the powers and responsibilities delegated to it by the Administering Authority are being met. Reviewing the work of the Pensions Committee on a regular basis therefore forms part of the ongoing work of the Pension Board.

5.2 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

- 6.1 Whilst not a decision making body for the Pension Fund, the Board does have a broad remit to review the decision-making process of the Pensions Committee and in particular, matters relating to scheme administration and governance. Members will be provided with copies of the reports considered at Pensions Committee meetings held on the 25<sup>th</sup> April 2017, 27<sup>th</sup> June 2017 and 11<sup>th</sup> September 2017. A link to the Committee papers is provided here: <http://mginternet.hackney.gov.uk/ieListMeetings.aspx?CId=499&Year=0>
- 6.2 Over the period from April to September 2017, the Pensions Committee have considered reports covering a wide range of issues including investments, asset pooling, pensions administration, procurement and actuarial matters. Members of the Board have been provided with copies of the agenda and associated reports for the Pensions Committee meetings.
- 6.3 Where Pensions Committee work has specific relevance to the Pension Board and where the subject matter is such that it would be helpful to expand further for the Board to fulfil the role, these have become dedicated papers for the Board agenda. In other areas, it is worth highlighting either reports or elements of Committee reports that are of particular relevance to the Board.
- 6.4 The quarterly monitoring report provides both the Pensions Committee and the Board with an update on the key facts pertaining to the Pension Fund with updates provided on funding, investment performance, budget monitoring, corporate governance and engagement, pensions administration and reporting of breaches either to the Committee or where appropriate to the Pensions Regulator. Key to the role of the Board is ensuring that the Fund is being administered in accordance with the regulations and the quarterly report helps demonstrate that the Committee is taking all aspects of their role in managing the Pension Fund in to account and not just investment related issues. Of particular relevance to the Board is the quarterly reporting on administration performance and also the reporting of breaches sections.
- 6.5 The 25<sup>th</sup> April meeting was a special meeting for the Committee to review the results from the Fund's third party administration procurement exercise, and to appoint a service provider on the basis of those results. A specific update on the outcome of the procurement exercise and the progress towards implementation of the new administration contract has been provide with the papers for this Board meeting. Equiniti have been re-appointed as the Fund's administrators, with the new contract due to commence from 1<sup>st</sup> January 2018.
- 6.6 Key items from the 27<sup>th</sup> June meeting included a review of the Fund's Governance and Compliance Statement and a consideration of cashflow projections for the Fund over medium term. The review of the Governance Compliance Statement updates the statement to account for changes as result of asset pooling and also highlights the need for a review of the Pensions Committee's Terms of Reference, to ensure the Committee is able to fulfil its fiduciary duties in a pooled investment environment.
- 6.7 The planned review is due to take place between October and December 2017, and will be carried out as part of a broader review of the Council's constitution. The



planned changes include specifying that the Committee's role in investment decision relates to investment strategy decisions, rather than manager selection, and providing greater on the process for the appointment of co-opted members. Both the Committee and Board, as interested stakeholders, will be consulted on the planned changes.

- 6.8 The review of the Fund's cashflow considered projected cash inflows and outflows over the next medium term in light of the planned phased reduction of the Council's contribution rate. The Fund has been strongly cashflow positive in recent years, largely as a result of the contribution rate paid by the Council. The review found that whilst the planned reductions will naturally reduce cash inflows, the Fund is still expected to remain cashflow positive for at least the 5 years. This situation will be kept under review, as any move towards cashflow negativity will need to be incorporated into the Fund's investment strategy to ensure that it can continue to pay benefits without becoming a forced seller of assets.
- 6.9 Other key items on the agenda included the Pension Fund Administration Annual Report, the results of the recent Employer Data Audit and a Committee Self-Assessment report; these have all been included as separate items on the Pension Board agenda.
- 6.10 Items from the 11<sup>th</sup> September Committee included as papers within this agenda comprise an update to the Administering Authority's Training Policy and a review of compliance with The Pensions Regulator's Code of Practice. The former updates the Training Policy for a pooled investment environment, whilst the latter is included as an annual update for the Committee and is a standing item on the Board's agenda.
- 6.11 Other items of note from the 11<sup>th</sup> September Committee include the Pension Fund Report and Accounts, a request for permission for the Fund to seek elective professional investor status under the Markets in Financial Instruments Directive II (MiFID II) and the Annual Report of the Pensions Committee. Producing the Report and Accounts is a legal requirement for the Fund under Regulation 57 of the Local Government Pension Scheme Regulations 2013, with the report due for publication by 1<sup>st</sup> December following the financial year to which it relates.
- 6.12 MiFID II, which comes into effect on 3<sup>rd</sup> January 2018, will change the Fund's status as an investor from per se professional to retail. A move to retail status would severely restrict the Fund's choice of investment products, materially affecting its ability to effectively implement its investment strategy. As such, the Fund is required to "opt up" to elective professional status with each of its investment managers (including the London CIV) and its investment consultant. Permission to opt up has now been granted by the Committee, and the Fund is in the process of submitting its opt up documentation to managers.

Ian Williams

**Group Director, Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett ☎020-8356 3332

Legal comments: Stephen Rix ☎020-8356 6122

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<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>Third Party Pension Administration Services – New Contract Update</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  Three
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>		

## 1. INTRODUCTION

- 1.1 This report provides the Board with an update on the outcome of the Fund’s third party administration procurement exercise, which concluded in May 2017, and a timetable for implementation of the new contract. **The report proposes the award of a five year contract term, with the option to extend by up to 3 years. The new contract will provide the Fund with an enhanced level of service at a competitive cost per member.**

## 2. RECOMMENDATION

- 2.1 The Pension Board is recommended to:
- Note the report

## 3. RELATED DECISIONS

- Pensions Committee – 25<sup>th</sup> April 2017 – Third Party Administration Procurement
- Pensions Committee – 24<sup>th</sup> January 2017 – Third Party Administration Procurement Update
- Pensions Committee – 6<sup>th</sup> December 2016 – Third Party Administration Procurement
- Pensions Sub-Committee – 9th December 2008 Decision to award the Pension Administration and Pension Payroll contract to Xafinity Paymaster for a period of 5 year commencing 1st April 2009 with the potential to extend for a further 3 years.

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 Equiniti has been the Fund’s third party administrator for 8 years. Following the last procurement exercise for the pension administration and pensioner payroll contract, the Fund was able to secure significant savings with approximately £1m being saved over the 8 year period compared to the cost of the previous contract. The costs of the third party external administration contract for 2016/17 were approximately £400k.
- 4.2 Provision of a good quality pension administration service is vital for both the Fund and the Council as an employer within it. Funding decisions are taken and contribution amounts set on the basis of data provided by the administrator; additionally, failure to meet the requirements of the Pensions Regulator with respect

to administration of the Fund could attract significant fines. Poor performance of the Pension Administration service could therefore have serious consequences for the Council's financial position.

- 4.3 With the approval of the Pensions Committee, officers have used a mini-competition process under the National LGPS Framework for the procurement of Third Party Administration Services to carry out the procurement exercise. Use of the framework has helped ensure that the Fund is able to achieve cost savings from both the procurement process and from any contract procured under the Framework.

## **5. COMMENTS OF THE DIRECTOR, LEGAL**

- 5.1 The Council's Constitution sets out the terms of reference for the Pensions Committee which includes delegated powers to make arrangements for the appointment of and to appoint suitably qualified Pension Fund administrators, advisers, investment managers and custodians and to periodically review those arrangements.
- 5.2 This report recommends the award of a single contract for the provision of the third party pension administration services; the procurement of this contract has been subject to the Public Contracts Regulations 2015.
- 5.3 Legal Services have been instructed during this procurement and, following the standstill period, will assist officers in putting together the contractual documentation should the Pensions Committee decide to award the contract.

## **6. SUMMARY**

- 6.1 Administration is a key function within any pension fund, ensuring that records of membership are properly maintained and updated. Its profile as a key service for LGPS funds has increased in recent years, with the introduction of the LGPS 2014 CARE scheme and its highly complex transitional provisions, as well the new powers of the Pensions Regulator (tPR) to oversee the governance and administration of the funds. An exceptionally complex scheme combined with increasing numbers of employers means that the importance of high quality administration is only likely to increase over the coming years.
- 6.2 Equiniti (then Xafinity Paymaster) were appointed as the Fund's Third Party Administrators for 5 years from 1<sup>st</sup> April 2009, with an option to extend the contract for a further 3 years. This has now been extended by a further 9 months to 31<sup>st</sup> December 2017 to accommodate delays to the commencement of this procurement exercise.
- 6.3 The only long term alternative to procurement of a new pension administration contract would be to take the service in house. Whilst this option has been considered in the past, the cost of hiring suitably experienced staff in an inner London location renders it uneconomical.
- 6.4 Approval to carry out a procurement exercise via a competitive call off from the National LGPS Framework for Third Party Pension Administration Services was granted by the Pensions Committee on 6<sup>th</sup> December 2016. The LGPS National Frameworks are multi-user, multi-provider, OJEU-compliant frameworks that are

open to all LGPS administering authorities in the UK, as well as a number of other bodies. The project has been highly successful in using closer collaboration between funds to drive procurement process savings, as well as increasing competition and lowering prices within a number of markets serving the LGPS.

## 7. MINI-COMPETITION PROCESS

7.1 Suppliers were invited to tender under Lot 1 of the Framework for the provision of a full administration service. Four providers are appointed to this lot, all chosen on the basis of their ability to provide a high quality and competitive third party administration service to LGPS funds. A Notice of Intention to Tender was issued to each of these providers; the Fund received 3 bids in total, one of which was later withdrawn.

7.2 The evaluation of tenders has been based on the following metrics:

- Quality of Service (40%)
- Service Fit (40%)
- Pricing (20%)

Quality of Service and Service Fit have been assessed on the basis of questions set by officers. Pricing has been assessed on the basis of cost per member and daily rates for key staff, using a pricing formula recommended by CIPFA as best practice. The scoring metrics set out above have been used on the National Framework and are suitable for a complex service where a high quality of service is essential.

7.3 Officers scored the Quality of Service and Service Fit questions independently before agreeing a provisional moderated score. Any questions which could not be fully answered within the bids (e.g. those requiring an assessment of suppliers' systems) and those where further detail was required to agree a score were listed for clarification at site visits. Following the site visits, relevant sections of the evaluated scores were adjusted to reflect the findings. A full list of questions can be found at Appendix 1 with scores and explanatory comments set out in Appendix 2

7.4 Pricing scores were evaluated using the scoring mechanisms set out in Appendix 3 which also provides a full breakdown of pricing scores awarded.

## 8. SCORES AWARDED AND RECOMMENDATION

8.1 The table below sets out the final scores awarded to each supplier for Quality, Service Fit and Pricing.

Category	Weighting	Provider 1	Provider 2
Quality	40.0	29.00	27.80
ServiceFit	40.0	33.20	29.80
Pricing	20.0	10.32	9.68
<b>Total</b>	<b>100.0</b>	<b>72.5</b>	<b>67.3</b>

8.2 The scoring metrics for this tender were intended to give a very high weighting to quality and service fit. Provision of a high quality service is vital to the Fund; not only does it have a direct impact on the accuracy of member benefits, but can also have a significant impact on the Council's financial position.

- 8.3 The completion of the evaluation process identified that the provider with the highest combined score across the 3 criteria is supplier 1, whose score of 72.5 demonstrates their ability to meet the needs and objectives of the Fund. As shown in the table, Supplier 1 was the highest scorer across each of the 3 criteria.
- 8.4 On the basis of the tender evaluation outcome the Pensions Committee is recommended to approve the award of the Third Party Pensions Administration Contract to Supplier 1, for an initial period of 5 years with the option to extend for a further 3 years.
- 8.5 If awarded, the new contract provides for significant improvements relative to the service specification and standards currently in operation. The requirements for provision of a website and online member and employer services have been very considerably strengthened, as have the requirements around reporting performance information. These improvements should help to significantly improve member and employer experience and the quality of information held, as well as ensuring that the Fund is compliant with the increasingly stringent requirements around governance and administration.
- 8.6 The price per member offered by Supplier 1 is competitive relative to other suppliers on the Framework and within the mini-competition scored the higher of the 2 bids received. The actual cost of the contract is dependent on the number of members at the commencement date; it will then be fixed and subject to inflationary increases (in line with CPI) only unless the number of members increases or decreases by more than 10%.

## **9. SUSTAINABILITY ISSUES**

- 9.1 Equality issues – There are no adverse equality issues from the procurement of the third party pension administration services contract. The main beneficiaries will be fund members and employers, who should see improvements to the service received and the Pension Fund itself.
- 9.2 Environmental issues – Online member services could result in a reduction in the need for paper documents in relation to employee pensions. There are no other environmental impacts arising from this procurement
- 9.3 Economic issues – The proposed procurement will not have any negative economic impact on the local economy.

## **Exempt Appendices**

- Appendix 1 – Quality and Service Fit Questions
- Appendix 2 – Quality and Service Fit Scores
- Appendix 3 – Pricing Schedule

## **Appendices 1, 2 and 3 have been classified as exempt on the following basis:**

By virtue of Paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972, appendices 1, 2 and 3 are exempt because they contain:

Information relating to the financial and business affairs of any particular person (including the authority holding that information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Ian Williams

**Group Director, Finance & Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett, ☎020-8356 3332

Legal comments: Patricia Narebor ☎020-8356 2029

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<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>Employer Data Audit</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>
	<b>Ward(s) affected</b>	<b>EXEMPT - One</b>
<b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>	<b>ALL</b>	<b>AGENDA ITEM NO.</b>

## 1. INTRODUCTION

- 1.1 This report provides the Pension Board with the results of an updated employer data audit undertaken on behalf of the Fund by its benefits advisers, AON.

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to note the report.

## 3. RELATED DECISIONS

- Pensions Committee 24<sup>th</sup> January 2017 – Pension Fund Risk Register
- Pensions Committee 13<sup>th</sup> January 2016 – Pensions Administration Audits

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 Recent years have seen a significant increase in the complexity of administering the LGPS. The quality of data held by the Fund has deteriorated over the same period; the Fund wishes to regularly review employer data to ensure that long running issues are addressed and any new problems are dealt with early. The Fund's benefits advisers, AON, have therefore reviewed part of their original audit from 2015, passing their methodology on to officers of the Fund. Whilst the costs of such audits are not inconsequential, the financial and reputational risks if significant errors are not addressed far exceed any cost of audit.

- 4.2 Incorrect data held in the administration system could result in incorrect pension payments to members, whilst the supply of the same poor quality data to the Fund's actuary could result in over or understatement of the Fund's liabilities. This could lead to potentially significant increases in employers' contribution rates in the longer term. Additionally, there are a range of potential short term costs that could arise from holding incorrect data, including fines from the Pensions Regulator. The focus on holding accurate data has intensified over recent years and it is important for the Fund to review the quality of the data it holds and how it is being processed.

## 5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL

- 5.1 The Local Government Pension Scheme Regulations (2013) make clear that 'An administering authority is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under

these Regulations' (Regulation 53(2)). In addition Regulation 69 sets out the payments that employers are required to make to the Fund and the information that is required to accompany such payment (Regulation 69 (3)), whilst Regulations 22-29 describe the information that must be held by the Fund on behalf of each member.

5.2 The contents of this report and the exempt appendix help to demonstrate that the Council as the Administering Authority is fulfilling its responsibilities to manage the administration of the Pension Fund by undertaking an audit of the data supplied by employers. It is consistent with the responsibilities of the Pension Board to review the outcome of this audit and consider its findings.

5.3 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

6.1 Over the past 3 years, the Pension Fund has experienced a marked decline in the quality of data it holds. This can be attributed in part to the introduction of the 2014 scheme; the new scheme has increased the complexity of data collection whilst also increasing its importance. Additionally, the introduction of contractual and auto-enrolment has resulted in increasing numbers of enrolments and opt outs – both of which increase in the workload on employers and the Fund's administrators.

6.2 In 2015, the Fund's benefits consultants, AON, were asked to carry out an audit of the implementation of the 2014 scheme by Equiniti, the Fund's third party administrators, and a review of the data being supplied to the Fund by employers. The audit of the administration service highlighted a number of positive aspects along with some areas for improvement, whilst the review of employer data quality indicated that although there were some employers supplying data of good quality, there remained a number who struggled to meet deadlines and quality standards for the period under review.

6.3 Following the previous audit, the Fund has implemented new processes and worked with employers to improve the data supplied. Changes made include improvements to the review process when data is received, permitting timely and more in depth investigation of potential errors. The Fund is also continuing to work with Equiniti to improve the administration service; Equiniti's recent re-appointment as the Fund's administrator has provided a good opportunity to review this area.

6.4 Whilst some improvements have been made to the quality of data received, this area does remain a concern for the Fund. As such, AON were asked to revisit this element of the original review and share their methodology with officers of the Fund to allow the exercise to be repeated in house in the future. AON's updated review is contained within Appendix 1 to this report; this Appendix is exempt as it contains information with regards to various payroll providers that may be commercially sensitive.

6.5 In summary, the report highlights similar issues to those set out in the 2015 review although it does note that the average overall score has risen slightly, with the most notable increase being to the accuracy of employer contribution amounts. However, overall, data accuracy remains one of the poorest scoring criteria. The report therefore indicates a slight overall increase in the quality of data submitted, albeit with significant room for further improvement.

6.6 Key issues highlighted included:

- A handful of employers are failing to provide an annual return
- Most are providing a monthly return, although approximately 1/3<sup>rd</sup> do not provide this in a consistently timely manner. The same applies to payment of contributions. Charges are now levied where employers fail to provide either information or payment in a timely fashion.
- Many employers still score poorly on accuracy, with difficulties in reconciling contributions paid to pensionable pay. Annual returns are generally worse affected than the monthly reporting.
- A small number of providers are responsible for the provision of data for a large majority of the membership. Significant issues have previously been reported in connection with these providers, and this remains a significant risk.

6.7 Officers have now begun to discuss these results with individual payroll providers and employers. A number of the issues addressed in the report are being reviewed in line with the Council's payroll implementation project where they relate to the provision of data by the Council itself.

Ian Williams

**Group Director, Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett ☎020-8356 3332

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## **Exempt Appendices**

### **EXEMPT**

**That it is likely, in view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A to the Local Government Act 1972 as amended.**

**Specifically, publicity in respect of these items would be likely to lead to the disclosure of information relating to the financial or business affairs of a particular person (including the authority holding that information) and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**If members of the public were present during consideration of this report, exempt information would be disclosed in under Paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended): "information relating to the financial or business affairs of any particular person (including the authority holding the information)". In considering whether to exclude the public during the consideration of the exempt information in order that it is not disclosed, the Sub-Committee should have regard**

**to whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**It is for the Sub-Committee to determine whether it is likely that exempt information would be disclosed and whether it is necessary to make a resolution to exclude the public from the meeting. The public does not have to be excluded in cases where exempt information would be disclosed. Any resolution to exclude the public must identify whether it applies to the whole or only part of the meeting and must state the description of the exempt information giving rise to exclusion of the public.**

## Appendices

1. Employer Data Audit

<b>REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES</b>		
<b>The Pensions Regulator Code of Practice Compliance Checklist</b>  <b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b> <b>One</b> <b>AGENDA ITEM NO.</b>
	<b>Ward(s) affected</b>  <b>ALL</b>	

## 1. INTRODUCTION

- 1.1 From 1<sup>st</sup> April 2015 the Pensions Regulator (TPR) assumed responsibility for public service pension schemes and put in place codes of practice for public service pension schemes covering a number of areas relating to the management of schemes. The Code of Practice for Public Service Pension Schemes came into force from 1<sup>st</sup> April and all schemes must now consider whether they comply with the Code.
- 1.2 This report covers an updated Compliance Checklist for the London Borough of Hackney Pension Fund.

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to:
  - Note the Code of Compliance Checklist and where further work is required and being undertaken.

## 3. RELATED DECISIONS

- Pensions Committee 27<sup>th</sup> June 2017 - Employer Data Audit
- Pensions Committee 24<sup>th</sup> January 2017 – Pension Fund Risk Register
- Pensions Committee 19<sup>th</sup> September 2016 – TPR Code Compliance Checklist

## 4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 In recent years there has been much greater focus on the standard of governance within LGPS funds. This increased focus can be seen can be seen in The Pensions Regulator’s (TPR) recently introduced powers of oversight, as well as in the introduction of local pension boards. TPR’s Code of Practice no. 14, for public service pension schemes, is a useful guide to the standards of governance expected by the Regulator; measuring the Fund’s compliance with it on a regular basis helps to ensure that good practice is understood and maintained.
- 4.2 A good standard of governance is crucial in minimising the key risks involved in managing the Pension Fund. Although the greater powers of oversight granted to TPR should ultimately benefit schemes through driving improvements in governance, ensuring compliance with the updated requirements results in additional work for officers and advisers of the Fund. Whilst delivering the requirements of the Code of Practice and the related legal changes are therefore associated with increased costs,

these are immaterial in comparison with the risks of failing to ensure that scheme governance is of a high standard and compliant with all necessary regulation and guidance.

- 4.3 The risks of non-compliance include both financial penalties issued by TPR, which can be considerable, and the longer term costs to the Council likely to ensue in the event of poor management of the Pension Fund, including a potentially increased employer contribution rate.

## **5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL**

- 5.1 The Public Service Pensions Act (2013) introduces a legal framework for the governance and administration of public service pension schemes and provides for extended regulatory oversight by TPR. The 2013 Act requires TPR to issue one of more Codes of Practice setting out the legal requirements in respect of the management of the schemes; the Regulator has discharged this duty by issuing the Code of Practice for Public Service Pension Schemes.
- 5.2 The Code of Practice is not a statement of the law and there is no penalty for failing to comply with it. However, any alternative approach to that appearing in the Code will need to meet the underlying legal requirements of the Public Service Pensions Act 2013 and a penalty may be imposed by the Regulator if those requirements are not met.
- 5.3 The Code of Practice contains practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to those legal requirements. It is therefore appropriate for both the Pensions Committee and the Pension Board to consider the Hackney Pension Fund's adherence to the Code of Practice at regular intervals.
- 5.4 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

- 6.1 TPR finalised its 14th Code of Practice in January 2015 following a consultation with interested parties on the original draft and the Regulator's new powers under the Public Services Pensions Act 2013 (the 2013 Act).
- 6.2 Although following the code itself is not a regulatory requirement, should TPR identify a situation where the legal requirements are being breached, he will use the code as a core reference document when deciding appropriate action.
- 6.3 The matters covered by Code 14 are:
- knowledge and understanding for members of pension boards;
  - conflicts of interest;
  - publication of information about pension boards, governance and administration;
  - internal controls;
  - record-keeping;
  - late payment of employer and employee contributions;
  - information about member benefits and disclosure of information to members;
  - internal dispute resolution, and
  - reporting breaches of the law.

- 6.4 Given the powers of oversight granted to TPR and the increased focus on the governance of public service pension schemes, it is appropriate to assess if the management of the London Borough of Hackney Pension Fund meets the requirements of the Public Service Pensions Act 2013 and the recommended ways of working outlined in TPR's Code of Practice. The Board were last provided with the completed checklist in March 2017, showing where the Fund was able to demonstrate Compliance with the Code.
- 6.5 The full updated checklist is attached for review by the Board. As can be seen in many areas, the Fund is generally able to demonstrate good levels of compliance with the Code and these are highlighted in green. This has improved from the previous update, thanks to greater frequency of review resulting in small improvements across several categories. There are still a number of areas associated with the Pensions Board showing as amber – in many cases these are areas associated with training, where the replacement of 3 out of 4 original Board members has resulted in an increased training requirement. There are also other areas highlighted as amber, where further work need to be undertaken to reach full compliance.
- 6.6 There are also 2 areas where the Fund is failing to meet the requirements of the Code, one of which is related to the administering authority's Internal Dispute Resolution Procedure (IDRP). The authority's current process guide does not highlight or consider whether or not a dispute is exempt under Section 50 – this has been flagged and the guide is now due to be updated
- 6.7 The second red area relates to the issuance of Annual Benefits Statements to active scheme members. Statements to deferred members were submitted by the deadline of 31<sup>st</sup> August, with 4341 statements for active members sent on 4<sup>th</sup> September 2017. A further 783 statements were sent w/c 2<sup>nd</sup> October, whilst the remaining 2,400 statements to actives have not yet been issued. The Fund has worked with Equiniti to draw up a plan for producing these statements, with target dates for issue ranging from 6<sup>th</sup> November to 31<sup>st</sup> December. The primary cause of the breach was a failure by the Council, as the Fund's main employer, to submit an adequate year end return. The issue has been highlighted in the quarterly report on breaches and a formal breach report submitted to TPR, along with timescales for issuing the remaining statements.
- 6.8 Whilst this is not an issue that is confined to the London Borough of Hackney, submitting good quality data to the Fund has been an ongoing problem for the Council. The Council has recently changed its payroll supplier and, whilst this does not immediately resolve the issue, the Fund is working with the project team for the new system to ensure that reporting from the new supplier is developed in line with the Fund's requirements. Midland HR, the new supplier, has recognised that there have been difficulties in producing LGPS reporting, and is working constructively with employers to develop its reporting capabilities.

Ian Williams

**Group Director of Finance & Corporate Resources**

**List of appendices:**

Appendix 1- The Pensions Regulator's Code of Practice – Compliance Checklist

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

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# The Pension Regulator's and Scheme Advisory Board Compliance Checklist

Date of Completion: 16/10/2017

## Contents

- Introduction
- Summary Results Dashboard
- A - Reporting Duties
- B - Knowledge and Understanding
- C - Conflicts of interest
- D - Publishing information about schemes
- E - Managing risk and internal controls
- F - Maintaining accurate member data
- G - Maintaining contributions
- H - Providing information to members and others
- I - Internal Dispute Resolution
- J - Reporting breaches of the law
- K - Scheme Advisory Board - Guidance on the creation and operation of Local Pension Boards in England and Wales

## Introduction

This document outlines how Hackney Council complies with the Pensions Regulator's (TPR) Code of Practice No 14 Governance and administration of public service pension schemes ('the TPR Code') in relation to the management of the London Borough of Hackney Pension Fund which is part of the Local Government Pension Scheme (LGPS). It will be updated regularly by officers of the Fund and reported annually to the Pensions Committee and Pension Board (generally in June/July each year).

This document highlights all the key elements of the TPR Code and then evidences whether Hackney Council meets these areas of best practice. As part of this evidence it shows when the element was last checked and whether, at that point, it was considered fully, partially or not compliant. Where they are partially or not compliant, it also highlights whether the Council have identified actions to be carried out to improve their current practices. Where an element is not yet active, the commentary will generally still highlight where advanced progress is being made.

Those reading this document should be mindful that the TPR Code applies equally to all public service pension schemes and therefore it is generic in nature. There may be a number of elements that are more specifically stipulated within LGPS legislation and it is not the purpose of this compliance checklist to consider that level of detail.

Further, Hackney Council may also incorporate key elements of national guidance from the LGPS Scheme Advisory Board into this compliance checklist. This version contains the checklists included as part of the Shadow Scheme Advisory Boards "Guidance on the creation and operation of Local Pension Boards in England and Wales".

## Key

**Frequency of review and last review date:** Where a process, policy or practice is officially reviewed at a set interval, the actual interval will be shown as well as the last interval date. However, in many circumstances processes and procedures are ongoing and part of the day – to - day operation of the Fund. In these circumstances, an annual check will be carried out to ensure that the ongoing process meets the TPR Code expectations and therefore the date shown will be the date that annual check was carried out and the frequency will be shown as "ongoing (annual check)".

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Completed:	Compliant:	Where responsibility relates to employers:
Fully completed	Fully compliant	Employers - Fully compliant
In progress	Partially compliant	Employers - Partially compliant
Not started	Non-compliant	Employers - Non-compliant
Not yet relevant	Not yet relevant	Not yet relevant

### Definitions:

<i>PSPA13</i>	Public Service Pensions Act 2013
<i>LGPS</i>	Local Government Pension Scheme
<i>TPR</i>	The Pensions Regulator
<i>TPR Code</i>	The Pensions Regulator's Code of Practice No 14 Governance and administration of public service pension schemes
<i>Scheme Manager</i>	For the London Borough of Hackney Pension Fund, this is Hackney Council.
<i>Administering Authority</i>	The LGPS specific term for Scheme Manager. For the London Borough of Hackney Pension Fund, this is Hackney Council.
<i>IDRP</i>	Internal Dispute Resolution Procedure
<i>SAB</i>	The national LGPS Scheme Advisory Board
<i>PC</i>	Pensions Committee
<i>PB</i>	Pension Board

## Summary Dashboard

A dashboard showing the summary of the results of the latest compliance checklist is shown below:

No.	Completed	Compliant
<b>Reporting Duties</b>		
A1	Fully completed	Fully compliant
A2	Fully completed	Fully compliant
A3	Fully completed	Fully compliant
A4	Fully completed	Fully compliant
<b>Knowledge and Understanding</b>		
B1	In progress	Fully compliant
B2	Fully completed	Fully compliant
B3	Fully completed	Partially compliant
B4	Fully completed	Fully compliant
B5	Fully completed	Fully compliant
B6	In progress	Partially compliant
B7	Fully completed	Fully compliant
B8	In progress	Partially compliant
B9	Fully completed	Partially compliant
B10	In progress	Partially compliant
B11	In progress	Partially compliant
B12	Fully completed	Partially compliant
<b>Conflicts of Interest</b>		
C1	Fully completed	Fully compliant
C2	In progress	Fully compliant
C3	In progress	Fully compliant
C4	Fully completed	Fully compliant
C5	Fully completed	Fully compliant
C6	Fully completed	Fully compliant
C7	Fully completed	Fully compliant
C8	Fully completed	Fully compliant
C9	Fully completed	Fully compliant
C10	Fully completed	Fully compliant
C11	Fully completed	Fully compliant
<b>Publishing Information</b>		
D1	In progress	Partially compliant
D2	In progress	Partially compliant
D3	Fully completed	Fully compliant
D4	Fully completed	Fully compliant

No.	Completed	Compliant
<b>Risk and Internal Controls</b>		
E1	Fully completed	Fully compliant
E2	Fully completed	Fully compliant
E3	Fully completed	Fully compliant
E4	Fully completed	Fully compliant
E5	Fully completed	Fully compliant
E6	Fully completed	Fully compliant
E7	Fully completed	Fully compliant
E8	Fully completed	Fully compliant
<b>Maintaining Accurate Member Data</b>		
F1	Fully completed	Partially compliant
F2	Fully completed	Fully compliant
F3	Fully completed	Fully compliant
F4	Fully completed	Fully compliant
F5	Fully completed	Fully compliant
F6	Fully completed	Fully compliant
F7	Fully completed	Fully compliant
F8	Fully completed	Fully compliant
F9	Fully completed	Partially compliant
F10	Fully completed	Fully compliant
F11	Fully completed	Partially compliant
<b>Maintaining Contributions</b>		
G1	Fully completed	Fully compliant
G2	Fully completed	Fully compliant
G3	Fully completed	Partially compliant
G4	Fully completed	Fully compliant
G5	Fully completed	Fully compliant
G6	Fully completed	Fully compliant
G7	Fully completed	Employers - Partially compliant
G8	Fully completed	Fully compliant
G9	Fully completed	Fully compliant
<b>Providing Information to Members and Others</b>		
H1	In progress	Employers - Non-compliant
H2	Fully completed	Partially compliant
H3	Fully completed	Fully compliant
H4	Fully completed	Partially compliant
H5	Fully completed	Fully compliant
H6	Fully completed	Fully compliant

No.	Completed	Compliant
H7	Fully completed	Employers - Fully compliant
H8	Fully completed	Partially compliant
H9	Fully completed	Fully compliant
H10	Fully completed	Fully compliant
H11	Fully completed	Partially compliant
H12	Fully completed	Fully compliant
H13	Fully completed	Fully compliant
<b>Internal Dispute Resolution</b>		
I1	Fully completed	Fully compliant
I2	Fully completed	Non-compliant
I3	Fully completed	Partially compliant
I4	Fully completed	Fully compliant
I5	Fully completed	Fully compliant
I6	Fully completed	Partially compliant
I7	Fully completed	Fully compliant
I8	Fully completed	Fully compliant
I9	Fully completed	Fully compliant
<b>Reporting Breaches</b>		
J1	Fully completed	Fully compliant
J2	Fully completed	Fully compliant
J3	Fully completed	Partially compliant
<b>Scheme Advisory Board Requirements</b>		
K1	Fully completed	Fully compliant
K2	Fully completed	Fully compliant
K3	Fully completed	Fully compliant
K4	Fully completed	Fully compliant
K5	Fully completed	Partially compliant
K6	Fully completed	Fully compliant
K7	Fully completed	Partially compliant
K8	Fully completed	Fully compliant
K9	Fully completed	Partially compliant
K10	Fully completed	Fully compliant
K11	Fully completed	Fully compliant
K12	Fully completed	Partially compliant
K13	Fully completed	Fully compliant
K14	Fully completed	Partially compliant
K15	Fully completed	Fully compliant

## A - Reporting Duties

Note the requirements in this section are not included in the TPR Code but they are a fundamental to the relationship with TPR.

### Legal Requirements

All public service pension schemes have to be registered with TPR. In addition, all schemes must provide a regular scheme return to TPR, containing prescribed information. A return is required when the scheme receives a scheme return notice from the regulator. The scheme manager must also keep the regulator informed of any changes to registrable scheme details.

Note the requirements in this section are not included in the TPR Code but are a requirement for all schemes.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
A1	Is your scheme registered with the Pension Regulator?	New registration will only be required if a new LGPS is created that is deemed to be a separate scheme  Check annually to see if new registration is required	Annual (Jul)	31/07/2017	Fully completed	Fully compliant		
A2	Is the information held on the Pensions Regulator's website about the scheme up-to-date?	Update as employers join or leave the scheme and check annually for overall accuracy.	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Fully compliant	Last scheme return submitted to TPR (Aug 16)  TPR up-to-date with employer details & Pension Board member details (Jun 17)	

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
A3	Have you completed this latest Scheme Return in the required timescale?	TPR return to be submitted as and when needed	As and when received	31/07/2017	Fully completed	Fully compliant	Last scheme return submitted to TPR (Aug 16).  Update required in September 2017 - RC received notification from TPR	
A4	Have you responded to the latest TPR public service pension scheme survey /questionnaire?	Intention is to respond to any such survey that is received, including on a voluntary basis.	As and when received.	31/07/2017	Fully completed	Fully compliant	Last survey received and completed (November 2016)  (Summary of results can be found online: <a href="http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf">http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf</a> )	

## B - Knowledge and Understanding

### Legal Requirements

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

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

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.

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 board.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
B1	Are there policies and arrangements in place to support pension board members in acquiring and retaining knowledge and understanding?	Pension Fund Training Policy with appropriate objectives and measurements in place.	Annual (Jun)	30/06/2017	In progress	Fully compliant	Adopted by Pension Board at its first meeting in July 2015.  Training policy to be agreed at September 2017 PC meeting	Review Training Policy (during Jul / Aug 2017)
B2	Has a person been designated to take responsibility for ensuring the framework is developed and implemented?	In training policy. Responsibility delegated to the Group Director of Finance and Corporate Resources.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		
B3	Is the Fund providing assistance to pension board members to determine the degree of knowledge and understanding required?	Dedicated induction training will be provided based on CIPFA requirements and TPR Toolkit also incorporated – final details to be determined. Also all new members will be provided with key documents as per Training Policy  Ongoing PB members will be required to go to the training for Pension Committee in addition to carrying out additional ad - hoc training as other needs arise.  Annual self -assessment will be completed through the effectiveness survey.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Partially compliant	Pensions Board Meeting 16/07/15 - Board Members provided with key documents. Board Members have attended training sessions at Pensions Committee  After recent recruitment, the Board has 3 new members. An LGPS Fundamentals training session is currently being planned, with the self assessment review due to go out in late summer 2017.	Setup LGPS fundamentals training session  Self-assessment review for PB members to be issued in late summer 2017
B4	Are the roles and responsibilities of pension boards and members of pension board clearly set out in scheme documentation?	Including in the PB Terms of Reference.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		
B5	Are pension board members aware of their legal responsibility in terms of Knowledge and Understanding?	Articulated in Training Policy and part of Induction Training. All members to be provided with copy of Training Policy as part of induction pack and reminded of Policy on an annual basis.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant	3 new board members made aware when recruited [completed during application process]  1st meeting with all 3 new members on 20th March 2017 - Discussed legal responsibilities	Legal responsibilities to be reviewed annually
B6	Have all pension board members got access to copies of the scheme rules and relevant Fund documentation?	Will be part of induction training including welcome pack with key documents included. Ongoing training part of normal Committee business (which PB members be given access to).	Ongoing (annual check - Jun)	30/06/2017	In progress	Partially compliant	PB Members expected to attend training at PC and also to attend other relevant training when available  Documents sent to new Board members during March 2017 Board meeting	Check needed to ensure all members have received up-to-date relevant documentation
B7	Is there an up-to-date list of the Fund specific documents with which pension board members need to be conversant in?	Induction list in Training Policy	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
B8	Are all pension board members investing sufficient time in their learning and development?	Training plans are agreed each June as part of the PC business plan. Monitoring of attendance at training is undertaken in accordance with Training Policy and recorded annually in governance update in annual report and accounts.	Ongoing (annual check - Jun)	30/06/2017	In progress	Partially compliant	Pensions Board adopted the training policy  However, a model is being developed to capture individual training needs against CIPFA requirements/TPR toolkits and to monitor against those specific requirements.  Each June PC will highlight any individuals (PB, PC & officers) with outstanding requirements.	- Training to be set up for PC, PB and senior staff. This will be induction training for new members and refresher training for existing members.
B9	Does the Fund offer pre-appointment training for new pension board members or mentoring by existing members?	Induction process in Training Policy including providing all with copies of key documents.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Partially compliant	Fundamentals training session planned for new and existing Board and Committee members	- Training to be set up for PC, PB and senior staff. This will be induction training for new members and refresher training for existing members.
B10	Is there a process in place for regularly assessing the pension board members' level of knowledge and understanding is sufficient for their role, responsibilities and duties?	There is a Training Plan (annual) which is focussed at whole PC/PB level. Annual self-assessment already carried out for PC members and will be extended to PB going forward.	Ongoing (annual check - Jun)	30/06/2017	In progress	Partially compliant	Pensions Board appointed with a training plan. PC/PB will be required to undergo individual self assessment.  However, a model is being developed to capture individual training needs against CIPFA requirements/TPR toolkits and to monitor against those specific requirements, including providing individual certificates.  Each June PC will highlight any individuals with outstanding requirements (PC, PB and officers).  Annual effectiveness questionnaire is being expanded (in Jul/Aug 2017) to ask if any individuals have further training requirements.	- Self-assessment review for PB members to be issued in late summer 2017
B11	Are records of learning activities being maintained?	This is included in the annual report and accounts at whole PC/PB level.	Ongoing (annual check - Jun)	30/06/2017	In progress	Partially compliant	A model is being developed to capture this information at individual level (for at least last three years) and each individual will be provided with an annual certificate as well as it being reported to each June PC.	
B12	Have the pension board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?	It is the intention that all PB and PC members will carry this out. Initially it will be incorporated into training as part of meetings. Meeting 1 of the Pension Board will include the conflicts of interest and breach module questions.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Partially compliant	Pensions Board appointed and provided with information on TPR Toolkit. First Board meeting included breaches and conflict module. In addition they have all attended a training day as well as attending PC training sessions.	Need to follow up with new scheme members to ensure TPR Toolkit has been completed

## C - Conflicts of interest

### Legal Requirements

The Public Service Pensions Act 2013 sets out the legal requirements for scheme managers and pension boards for conflicts of interest.

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 interest.

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 above.

Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
C1	Does the Fund have a conflict of interest policy and procedure, which include identifying, monitoring and managing potential conflicts of interest?	Pension Fund Conflict Policy with appropriate objectives and measurements in place which includes procedures to identify, monitor and manage potential conflicts of interest.  Conflicts of interest register records conflicts of interest declared by PB & PC members	Annual (Jan)	30/06/2017	Fully completed	Fully compliant	Adopted by Pensions Board at first meeting	
C2	Do pension board members have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how to manage potential conflicts?	PC & PB members must complete a declaration which requires them to sign that they understand the requirements.  Declarations must be completed by all PB members and reaffirmed annually. In addition, opportunity for new declarations is provided at the start of each meeting.  Training on conflicts planned for first PB meeting and they will adopt the conflicts policy at first PB meeting	Annual (Sep)	30/06/2017	In progress	Fully compliant	All Pension Board members complete declarations on appointment. [Completed March 2017]  Existing PC members had all completed annual declarations.  Declaration forms had been sent out to new PC members [Feb 2017 - Awaiting returns]	New declaration form are due to be sent out to all members
C3	Have all Pension Board members provided appropriate information for the Administering Authority to determine whether a conflict exists (on appointment and from time to time)?	Policy requires each PC & PB member to complete a declaration on appointment and annually.  The Head of PF Investments will ensure that all are received and collated within six weeks of the first meeting.  The register is reviewed annual to ensure conflicts are being registered at the earliest opportunity.	Annual (Sep)	30/06/2017	In progress	Fully compliant	All Pensions Board complete declarations on appointment. [Completed March 2017]  Declaration forms have been sent out to new PC members [Feb 2017 - Awaiting returns]	Review conflict of interest register (in Aug/Sep 17)
C4	Does the appointment process for pension board members require disclosure of interests and responsibilities which could become conflicts of interest?	The Policy and procedures and the declarations require PB members to highlight potential, as well as actual, conflicts.  The procedure requires declaration at interview, annually and at each meeting (if not already declared).  The Head of PF Investments has responsibility for ensuring the procedure is followed.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Both actual and potential conflicts of interest have been highlighted by members of the Pensions Board	
C5	Is the conflicts policy regularly reviewed?	Every three years or earlier if considered appropriate	Triennially	31/03/2015	Fully completed	Fully compliant	Next review of Conflicts Policy due March 2018	



No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
C6	Does the Fund have a conflicts register and it is circulated for ongoing review and published?	There is a register of interests which is updated on an ongoing basis based on information in individual declarations and provided to the Chair prior to each meeting.  The information is incorporated in annual report and accounts and available on request.  All declarations made at meetings will be recorded in the minutes which are public.  Refer to policy – regularly reviewed (annual basis etc).	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Register of interests now available following establishment of Pensions Board. Published annually in accounts but consider inclusion on website.	Review conflict of interest register (during Aug/Sep 17)
C7	Is appropriate information included in the register?	Register of interests updated on an ongoing basis but this will be reviewed annually to ensure it is being used correctly.  Register includes all this information and is included as an appendix to the Conflicts policy.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant		
C8	Is there a standing item on the agenda for declaring conflicts of interest?	Part of standard PC meeting agenda and intention to be part of PB meeting agenda too.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Declarations are part of standard agenda for PB	
C9	Do those involved know how to report a conflict of interest?	Members trained on appointment and provided with copy of Conflicts Policy annually. Also Policy referred to at start of each meeting	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Pension Board provided with background on Conflicts Policy and referred to in meetings	
C10	Is the number of employer and member representatives on the board in line with legal requirements?	Outlined in the terms of reference.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Fully compliant	New members recruited	
C11	Is the board made up of the appropriate mix of representatives in order to minimise potential conflicts?	To be completed as part of appointment process and then reviewed annually to ensure this continues.  Appointment Process completed including appointments panel interview to assess capacity of individuals to fulfil role as Pension Board Member.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Fully compliant	Pension Board members were required to submit statement outlining skills appropriate to their role on the Board.  Interviews were conducted to select most suitable Board Members	

## D - Publishing information about schemes

### Legal Requirements

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-date.

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 responsibility

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
D1	Does the Administering Authority publish information about the pension board?	See - <a href="http://hackney.xpmemberservices.com/Scheme/Pensions-Board.aspx">http://hackney.xpmemberservices.com/Scheme/Pensions-Board.aspx</a>	Ongoing (annual check - Jan)	30/06/2017	In progress	Partially compliant	Details requested from new Board members for publication on website	Contact details of the PB members to be published
D2	Does the Administering Authority publish other useful related information about the pension board?	See - <a href="http://hackney.xpmemberservices.com/Scheme/Pensions-Board.aspx">http://hackney.xpmemberservices.com/Scheme/Pensions-Board.aspx</a>  Already has appointment process, terms of reference and roles and responsibilities.	Ongoing (annual check - Jan)	30/06/2017	In progress	Partially compliant	Details requested from new Board members for publication on website	Contact details of the PB members to be published
D3	Is all the information about the Pension Board kept up-to-date?	Information regularly checked.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Review of info available currently underway	
D4	Does the Administering Authority public information about pension board business?	All pension board meetings are public meetings and information will be contained on the Hackney Council website.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Pension Board Agenda and papers are published on Council website	

## E - Managing risk and internal controls

### Legal Requirements

The scheme manager must establish and operate internal controls which adequately ensure the scheme is administered and managed in accordance with the scheme rules and the requirements of the law.

Internal controls are defined in the legislation as:

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

The legal requirements apply equally where a scheme outsources services connected with the running of the scheme.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
E1	Is there an agreed process for identifying and recording scheme risks?	A risk management policy is in place that outlines the procedure for identifying, managing and recording risk. It covers all the key areas identified by the TPR Code.	Annual (Jun)	30/06/2017	Fully completed	Fully compliant	Risk management policy agreed at June 2015 PC; policy is updated every 3 years (next due June 2018)	Review Risk Management Policy in Jun 2018
E2	Does the Fund have an adequate process to evaluate risks and establish internal controls?	The risk management process includes how risks are to be evaluated and internal controls established. It makes use of a RAG status based on impact and likelihood and the associated control is then shown as part of the risk register. The risk management policy also lists the key internal controls.	Annual (Jun)	30/06/2017	Fully completed	Fully compliant		
E3	Does the Administering Authority have a risk register to record all risks identified and action taken?	Risk register is in place which includes all internal controls and action taken.  Risk Register last reviewed at Pensions Committee meeting in January 2017.	Annually (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		
E4	Does the Administering Authority review the effectiveness of the risk management and internal control systems of the Fund?	Our risk management and internal controls are continually reviewed for effectiveness as part of a number of processes including: - The ongoing updating of the risk register which includes the control of those risks - Issues identified through regular monitoring reports such as performance monitoring for PC, IDRPs updates, monthly reports from Equiniti and breaches notifications. - The triennial (at least) review of the risk management policy which includes a list of the key controls - Regular internal and external audit reports. - Annual internal control reports from Equiniti, custodian and fund managers. - Annual update of TPR Code compliance checklist. - Periodic ad-hoc reviews (e.g. LGPS2014 audit).	Annually (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
E5	Does the Administering Authority regularly review the risk register?	<p>Risk management is ongoing and therefore the register can be updated as a result of risk identification through a number of means including:</p> <ul style="list-style-type: none"> <li>- annual review at pensions committee</li> <li>- performance measurement against agreed objectives</li> <li>- monitoring against the Fund's business plan</li> <li>- findings of internal and external audit and other adviser reports</li> <li>- feedback from the local Pension Board, employers and other stakeholders</li> <li>- informal meetings of senior officers or other staff involved in the management of the Fund</li> <li>- liaison with other organisations, regional and national associations, professional groups, etc.</li> </ul> <p>Risk Register last reviewed at Pensions Committee meeting in January 2016</p>	Annually (annual check - Jun)	30/06/2017	Fully completed	Fully compliant	Reviewed at Jan 2017 PC, next review Jan 2018	
E6	Is there a standing item on the Pension Board agenda to review scheme risks?	It is a standing item on the Pensions Committee each January and, as a matter of course, is then shared with the Pension Board.	Annually (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Risk register discussed January 17 PC / March 17 PB	
E7	Does the Administering Authority have adequate systems, arrangements and procedures (internal controls) in place for the administration and management of the Fund and are they documented ?	It is considered that there are adequate internal controls in place. These are articulated in the risk register and many of the key ones outlined in the appendix to the Risk Management Policy.	Annually (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		
E8	Do these procedures apply equally to outsourced services, are internal controls reflected in contracts with third party providers and is there adequate reporting in relation to those controls?	<p>The key outsourced services for this purpose are Equiniti (third party administration), HSBC (custodian) and Fund managers.</p> <p>These providers are required to provide annual internal control reports and a control sheet is used to ensure they are received and reviewed.</p>	Annually (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		

## F - Maintaining accurate member data

### Legal Requirements

Scheme managers must keep records of information relating to:

- member information
- transactions, and
- pension board meetings and decisions.

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

The Data Protection Act 1998 and the data protection principles set out additional requirements for using, holding and handling personal information. Other requirements are set out in the:

- Pensions Act 1995 and 2004
- Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010
- Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715)
- Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997 (SR 1997 No 94)
- Registered Pension Schemes (Provision of Information) Regulations 2006 (SI 2006/567)

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
F1	Do member records record the information required as defined in the Record Keeping Regulations and is it accurate?	<p>Scheme member records are maintained by Equiniti our third party administrators. Therefore much of the information here and in later questions relates to the records they hold on Hackney's behalf. However, as the scheme manager, Hackney is required to be satisfied the regulations are being adhered to.</p> <p>Checks were carried out in relation to each of the requirements in the Record Keeping Regulations and all were considered compliant except for in relation to clause 4(3) which relates to information for members who pay AVCs. This is held and maintained by Prudential with an annual update provided to Hackney Council/Equiniti. Hackney are currently investigating gaining access to view these AVC records.</p> <p>Data accuracy and completeness reports are also received via the triennial valuation, which cover some of these elements. In the autumn of 2015, Aon Hewitt carried out a audit of employer provided data. It highlighted a number of issues with the quality of data being provided by employers.</p> <p>Going forward Equiniti will providing an annual statement confirming they are adhering to this requirement on the accuracy and completeness of the data.</p>	<p>Annually (Jul/Aug)</p> <p>Part of actuarial valuation (triennial)</p>	31/07/2017	Fully completed	Partially compliant	<p>Equiniti were unable to provide complete and accurate annual benefit statements for all scheme members in 2015-2016 because they had not received year-end files from the scheme's largest employer (Hackney Council). For the 2016-17 benefit statements Equiniti are relying on the monthly data submissions in order to run Hackney Council &amp; HLT ABSs as a year end file could not be provided.</p> <p>The Triennial valuation 2016-17 is complete</p> <p>Access to AVC information has been partially gained as the Pru now provides monthly listings of new AVC contracts and any amendments to existing contracts.</p>	<p>Ongoing data improvement work in relation to quality of employer data. A formal data improvement plan is being put into place between the Administering Authority and Equiniti</p> <p>Hackney Council are implementing a new payroll system with a monthly interface which should improve the quality of the data being sent to Equiniti. Ongoing work with the Pru is continuing to secure full access to view all AVCs records and accurately reflect this on members records</p>

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
F2	Does the Fund have the appropriate processes in place so employers can provide timely and accurate information?	The Fund's Pension Administration Strategy includes a list of all employer responsibilities and duties including timescales. Employer performance is measured against the PAS with appropriate action taken to ensure compliance.	PAS reviewed each January for PC in March	31/07/2017	Fully completed	Fully compliant		
F3	Does the Fund keep records of and reconcile transactions as required by the Record Keeping Regulations?	All info on scheme records and also on the client cash manager (Lloyds pension fund bank account with Equiniti) that then flows across to the Hackney PF account and all feeds into annual report and accounts. This includes all write offs. There are also some spreadsheets that are used for further checks (e.g. transfers in, overpayments).  There is reconciliation between actual and expected costs with a quarterly update against budget in PC papers.	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
F4	Are records kept of pension board meetings as required by the Record Keeping Regulations?	Full minutes are maintained and published on the Hackney Council website. Annual check to ensure this continues to be the case.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Fully compliant		
F5	Are records kept of decisions made by the pension board, outside of meetings as required by the Record Keeping Regulations?	We do not expect there to be decisions outside of the PB. The secretary (R Cowburn) will monitor the situation.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Fully compliant		

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
F6	Are records retained for as long as they are needed?	Hackney consider it necessary to retain records for long as is possible due to the number of enquiries from employees relating to periods many decades ago. Accordingly personal records are maintained in addition to other data such as contribution lists, spreadsheets of old cases and pensions increases reports.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Fully compliant	Fully compliant as appropriate systems are in place.  Discussions are in progress about the retention of data as the Council transitions payroll system	
F7	Does the Administering Authority have policies and processes to monitor data on an ongoing basis?	There are a number of separate processes in place to monitor data on an ongoing basis (generally carried out by Equiniti) including: - Monthly HK221 spreadsheets to check against changes received from employers - Year-end annual returns provide a further opportunity to highlight any data discrepancies - All data entry is checked for input accuracy - Various tolerance checks such as changes in pay - Processes if pensioner payslips are returned (including suspension of pension on second return), using only BACs payments for pensioners and life certificate exercises (overseas and over a certain age annually and then all cases every 2 or 3 years) and national fraud initiative every 2 years. - Triennial valuation highlights data issues. Process exists for warning and charging levies to employers if incomplete monthly data is provided or if provided late - Checks on 'common' data (ad-hoc)	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Fully compliant	Monthly HK221 & Year end data checks along with the Triennial valuation makes us compliant. In addition to this, Equiniti have confirmed that the common data report has been run for 2017 and the analysis is being worked on to provide Hackney with a written report.	Equiniti will provide LBH with a written report on the common data analysis in due course



No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
F8	Does the Administering Authority carry out a data review at least annually?	Annual year end reconciliations as described above plus for annual report and accounts, pensions increases and benefit statements.  Equiniti carry out a common data and intend to commence a conditional data review.	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Fully compliant	A conditional data report has been run for 2017 and the analysis is being worked on to provide Hackney with a written report.	Equiniti will provide LBH with a written report on the conditional data analysis in due course
F9	Is a data improvement plan in place which is being monitored with a defined end date?	Monthly meeting held between Equiniti and Hackney where some elements of improvement are discussed and actions/timescales agreed. However, a clear statement of all improvement areas with a plan is not currently in place. Employers are charged an administration fee where they fail to meet standards.	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Partially compliant		Formal Data improvement plan is in the process of being developed and template will be presented to committee at September meeting ready for Equiniti implementation.
F10	Are processes and policies in place to reconcile scheme data with employer data?	Monthly and year end spreadsheets assist with reconciling data.	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Fully compliant		

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
F11	Do the Administering Authority's member data processes meet the requirements of the Data Protection Act 1998 and the data protection principles?	<p>Ensure all those involved with data understand the DPA:</p> <ul style="list-style-type: none"> <li>- Equiniti get annual training</li> <li>- Hackney staff periodic training but some staff have not received yet received training</li> <li>- DPA officer at both Equiniti and Hackney</li> <li>- Council data protection policy in place and guidance on intranet</li> </ul> <p>Evidence of processes includes:</p> <ul style="list-style-type: none"> <li>- Share file is used for data transfer with all employers, Equiniti and Hackney</li> <li>- Focalpoint used for data transfer with actuary</li> <li>- Actuary – use focalpoint.</li> <li>- Otherwise any sensitive e-mails are generally encrypted unless scheme member insists otherwise.</li> </ul>	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Partially compliant	New GDPR (Data Protection Reform) will have direct effect in May 2018 despite Brexit. LGPS Funds need to demonstrate in a meaningful way that both the overall governance structure for data protection compliance and the individual policies and procedures relating to data processing are compliant.	DPA training to be arranged for all Hackney pension team staff members, including ensuring all understand the process if a breach occurs.

## G - Maintaining contributions

### Legal requirements

Contributions must be paid as detailed below, and where not done, they should be reported to TPR in circumstances where the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to TPR in the exercise of any of its functions. Reporting must be carried out as detailed below.

Contribution Type	Contributions must be paid	When a failure should be reported
Employer	On or before the due date as defined by the scheme regulations	To The Regulator: As soon as reasonably practicable
Employee	Paid within the prescribed period (19 <sup>th</sup> day of the month, or 22 <sup>nd</sup> day if paid electronically) or earlier date if required by the scheme regulations	Regulator: Within a reasonable period – 10 working days

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
G1	Does the Fund have procedures and processes in place to identify payment failures?	<p>There is a master spreadsheet where all contributions received are entered and monitored by Equiniti.</p> <p>All payments are made by electronic transfer to reduce risk of payment failure.</p> <p>Hackney Council and Equiniti hold monthly meetings to determine how to deal with any issues arising.</p>	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant	There has been an improvement in monitoring contributions by sample testing the data in supporting documents.	Further communication with employers to submit supporting documents in specified format.
G2	Do those processes and procedures include a contributions monitoring record to determine whether contributions are paid on time and in full?	<p>The spreadsheet highlights where a payment is not received by 19th each month. It also highlights if contributions could be incorrect by comparing salary vs contribution rate to give employee and employer rates. The HK221 detailed information (per employee) is used to cross check the amounts that are coming through correctly to the gross totals.</p> <p>Interest is automatically charged for late contributions in accordance with LGPS regulations and discretionary policy. Details of the charges applied and the interest are provided in the administration strategy.</p>	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant	There is a robust monitoring process in place and the capability to receive interest on late contributions in the PAS. The PAS could be more strictly enforced	New charges within the PAS to be enforced on employers submitting poor data or late payments
G3	Do those processes and procedures include monitoring payments against the contributions monitoring record on an ongoing basis?	<p>The process includes reconciliation with the payment received and shown in the financial system.</p> <p>No process is currently in place in relation to reconciling AVC payments with contributions record.</p>	Ongoing (annual check - Jun)	10/07/2017	Fully completed	Partially compliant	Since the last review a process has now been put in place to monitor contributions for new and ongoing contracts. This is only marked as partially compliant as not all employers are party to this reconciliation and some employees with ongoing contracts who have not changed contribution amounts have not been picked up as part of this process.	Process that has been put in place will try to be expanded to take into account employers other than just Hackney Council. Ongoing contribution reconciliations needs to be explored so that each members contributions are rec'd each month. Prudential's processes need to be explored as LBH are not 100% confidence all notifications are coming through.
G4	Are these procedures regularly reviewed to ensure they are effective?	<p>Payments are generally always on time.</p> <p>Monthly meeting between Equiniti and Hackney consider any late cases.</p> <p>Within Equiniti, the finance team meet every Monday to discuss what is expected, what is coming up, timetables, including highlighting any late payments and escalating to service review meetings.</p>	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
G5	Do the Administering Authority's processes include managing overdue contributions in line with TPR's suggested approach?	For main scheme contributions, monitoring spreadsheet maintained by Equiniti and separately by Hackney Council. Identification and escalation process, however, needs to be formalised.  Prudential automatically notify the scheme manager if any AVC payments are received late from employers (very few – only 4 or 5 in last 10 years).	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		
G6	Does the Fund maintain a record of any investigations and communications with employers?	Information is collated in individual records relating to each employer. A summary of late payments is included in annual report and accounts (although employers are not specifically named). Information is also available on the historic monitoring spreadsheets. Equiniti system Compendia stores email and letter communications with employers	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Fully compliant		
G7	Do employers provide sufficient information to monitor contributions and is this in accordance with the LGPS regulations?	There is monitoring of the format that employers provide information and this is being checked against the PAS.  Training is provided to employers but where information is not of sufficient quality employers may be charged or extreme cases reported to the pensions regulator	Ongoing (annual check - Jun)	30/06/2017	Fully completed	Employers - Partially compliant	During 2016/17 there were ongoing issues with employers not providing sufficient information with HK221 spreadsheets. This is all captured on the Equiniti spreadsheet including what action has been taken and whether escalated to the Council.  Year-end returns have been received from the majority of employers to verify the information, and queries responded to, to enable reconciliation of member contributions with service.	Ongoing work with employers to ensure data is received in accordance with requirements.
G8	Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period?	Existing spreadsheets in place identify late payments, the PAS sets out processes in regards to late payments and the use of reporting breaches is available if required to report to the regulator.	Annual check - (Jul)	31/07/2017	Fully completed	Fully compliant		
G9	If the administration of contributions outsourced to a service provider, is there a process in place to obtain regular information on the payment of contributions to the scheme?	Yes, for main scheme (administered by Equiniti), spreadsheet maintained and shared monthly with Hackney Council and discussed as part of monthly service review meeting. Contribution monitoring is a requirement of service provision by Equiniti.  In relation to AVCs (administered by Prudential), all late payments are notified directly to Hackney Council.	Ongoing (annual check - Jul)	31/07/2017	Fully completed	Fully compliant		

## H - Providing information to members and others

### Legal requirements

The law requires schemes to disclose information about benefits and scheme administration to scheme members and others. This includes requirements relating to benefit statements and certain other information which must be provided under the requirements of the 2013 Act, HM Treasury directions 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.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
H1	Has an annual benefit statement been provided to all active members within the required timescales?	Sent annually. 4,008 (out of 7,286) statements as at 31st March 2016 were issued by end of August 2016. The remaining statements were issued by end of October 2016.  2017 statements are currently being run	Annual (Sep)	31/07/2017	In progress	Employers - Non-compliant	Delay in issuing 2016 statements was due to Hackney Council payroll information not being accurate. Breach reported (Sep 16) to the Pensions Regulator  Update 31/08/2017 - Deferred statements sent on time. 4341 active member statements sent 04/09/2017, with a further 783 sent w/c 02/10/17. Remaining approx. 2400 under review, with intention to send by 31/12/2017. Breach reported to TPR along with compliance plan.	- Ongoing work with Hackney Council to improve data. This will be facilitated by the new payroll interface.  - Monitor issue of remaining 2400 active statements.
H2	Do these meet the legal requirements in relation to format?	A compliance review spreadsheet has been set up to monitor all areas under the legislation, which is being reviewed against the new ABS template	Annual (Jan)	31/07/2017	Fully completed	Partially compliant	The standard statements have been improved for 2017 but there are still a few areas that are not fully compliant	Further work to be carried out on template for statements ready for 2018

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
H3	Has a benefit statement been provided to all active, deferred and pension credit members who have requested one within the required timescales?	Benefit statements are issued automatically to all active and deferred members annually, which is more proactive than this provision (which just relates to issuing them on request). Active statements issued by October 2016. Deferred statements issued August 2016. For 2017 statements are currently being run with target date of 31 August  Pension credit statements issued within 10 working days. It is monitored that they meet the 10 working day deadline on Equiniti workflow system Pulse.	Annual (Sep)	31/07/2017	Fully completed	Fully compliant	Around 473 deferred not issued as no last known address.  In 2016/17 there were 0 requests for PC benefit statements.	Tracing exercise was carried out to help reduce the number of unknown addresses (originally 1,600 unknown addresses have now been reduced to 473 with ongoing investigation).
H4	Does this meet the legal requirements in relation to format?	The information in the standard active and deferred statements does not fully comply with the disclosure requirements for information to be provided on request. However, it is possible information provided on individual requests is more compliant but this needs further investigated.	Ongoing (annual check - Sep)	31/07/2017	Fully completed	Partially compliant		Further investigation and discussion required to decide whether to change format of statements to adhere to Disclosure Requirements or just to apply those requirements for individual requests.
H5	Has an annual benefit statement been provided to all members with AVCs within the required timescales?	The Prudential send annual AVC statements to all AVC members by post	Annual (Sep)	31/07/2017	Fully completed	Fully compliant	2015-16 statements sent 26/05/16 2016-17 statements sent 31/05/17	
H6	Do these meet the legal requirements in relation to format?	Statement provided by Prudential checked against requirements and all appropriate information is included.	Annual (Jun)	31/07/2017	Fully completed	Fully compliant		
H7	Is basic scheme information provided to all new and prospective members within the required timescales?	New starter information is issued by Equiniti. This is done by issuing a notification of joining with a nomination form, transfer form and a link to the LGPS website. Equiniti aim to provide this information within 10 working days of being notified of joiners by employers (which is the official SLA as part of their contract). However, because the SLA relates to when notified, it does not necessarily mean the legal timescale has been met which is within 2 months of joining the scheme.  Equiniti often identify cases from contribution spreadsheets and auto-enrolment reports to chase outstanding information from employers with a review to improving this process. Equiniti will also send out the new starter information to members once picked up from the contribution spreadsheets even if they have not yet received a starter form from the employer. From October 2016 the LBH pension team use a monitoring spreadsheet to track all new starters to ensure that the starter forms are going across within the set timescales and that Equiniti have actioned new starter information.	Ongoing (annual check - Jun)	14/07/2017	Fully completed	Employers - Fully compliant		There is ongoing work to improve transfer of information from employers to Equiniti, including developing interfaces and charging administration cost for late notifications.
H8	Does this meet the legal requirements in relation to format?	A check against the requirements has been carried out. In the main the new joiner information is compliant but some areas are excluded or not as explicit as they might be, for example, in relation to the lack of charges for scheme members, what happens when a member leaves and the fact the scheme is registered by HMRC.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Partially compliant		The joiner information is to be reviewed as part of the quality compliance review which is due to take place under the new administration contract. New members also need to be guided to the LBH Pension website once the improvements have been made to ensure all information is up to date and compliant.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
H9	Is all other information provided in accordance with the legal timescales?	Equiniti are asked to provide an annual statement confirming that they have met these requirements in relation to the main scheme for the previous financial year.  Prudential (the AVC provider) are asked to provide an annual statement confirming they have met the requirements in relation to lifestyling.  All standard communications to members from Hackney Council and Equiniti provide the postal contact details and the pensions@hackney.gov.uk email address.	Ongoing (annual check - Sep)	31/07/2017	Fully completed	Fully compliant	Equiniti have confirmed that Compendia automatically highlights the disclosure dates/requirements. The monthly Equiniti reports now have a statement saying they have not breached disclosure requirements, or if they have what.  The Pru have confirmed that these requirements have been met for 2016-17 and that they inform members on an annual basis whether they are in the growth or accumulation phase of lifestyle via their annual benefit statement	Although compliant the disclosure reporting on the monthly report could be improved and this will be looked at.
H10	Is all other information provided in the format and methods required by law?	Equiniti are asked to provide an annual statement confirming that they have met these requirements for the main scheme in relation to the previous financial year.  Prudential (the AVC provider) are asked to provide an annual statement confirming they have met the requirements in relation to lifestyling.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Fully compliant	Equiniti have confirmed that Compendia automatically highlights the disclosure dates/requirements. The monthly Equiniti report now has a statement saying they have not breached disclosure requirements, or if they have what.  The Pru have confirmed that the requirements are met and that they inform members but inclusion on their website, enclosing an AVC leaflet with the main scheme ABSs for 2016-17.	Although compliant the disclosure reporting on the monthly report could be improved and this will be looked at.
H11	Where any information is only provided electronically (i.e. instead of any hard copy) does it comply with the legal requirements?	Everything is hard copy (including info leaflets such as Freedom changes) except the basic scheme information which must be provided for new starters. In these circumstances a hard copy statutory notice is provided directing them to the information on the website.	Ongoing (annual check - Sep)	31/07/2017	Fully completed	Partially compliant	The new starter notification contains an out of date website address and therefore this has been marked at this review as partially compliant. Also the funds website is currently being updated to verify that all information is current and compliant.	The new starter notice needs to be changed so that an up to date website address is given. The website is being updated to ensure fully up to date
H12	Does the Administering Authority aim to design and deliver communications in a way that ensures scheme members are able to engage with their pension provision?	Objectives are included in the Communications Strategy that focus on these requirements.  Currently only feedback is in relation to a survey from induction presentations. Results for 2016-17 Induction sessions covered 417 New Employees and found that 98% found the presentation informative & engaging and that 94% now have a better understanding of being in the scheme.	Ongoing (annual check - Sep)	31/07/2017	Fully completed	Fully compliant		Equiniti are planning further surveys with scheme members to gather wider feedback as part of their engagement strategy.
H13	Does the Administering Authority use a tracing service?	Pensioners – if a pensioner becomes untraceable, Equiniti use the DWP tracing service.  Deferred and frozen refunds – tracing service used in summer 2016. Originally 1,600 unknown addresses have now been reduced to 473.	Annual (Sep)	31/07/2017	Fully completed	Fully compliant		Tracing exercises will be carried out on a periodic basis

## I - Internal Dispute Resolution

### Legal requirements

The Pensions Act 1995 requires scheme managers to set up and implement an Internal Dispute Resolution Procedure (IDRP) to help resolve disputes between the scheme manager and people with an interest in the scheme.

The act states that a person has an interest in the scheme if they:

- are a member or beneficiary
- are a prospective member
- have ceased to be a member, beneficiary or prospective member
- claim to be any of the above and the dispute relates to this claim.

The Act also states that the procedure must include:

- how an application is to be made
- what must be included in an application
- how decisions are to be reached and notified
- a specified period (which is reasonable) within which applications must be made.

The procedure 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. This decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters. However, legislation provides flexibility for scheme managers to decide the details of these.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
I1	Has the Administering Authority put in place an internal dispute resolution procedure?	An IDRP procedure is in place with leaflets available setting out the process	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Fully compliant	Leaflets are available on the website which set out the procedure	
I2	Does the Administering Authority's process highlight or consider whether a dispute is exempt?	An IDRP procedure is in place with leaflets available setting out the process, but does not currently include this information	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Non-compliant	The procedure is currently non compliant as it does not highlight or consider whether a dispute is exempt under section 50	IDRP guides will be updated to include this information.
I3	Does the information made available to applicants about the procedure clearly state the procedure and process to apply for a dispute to be resolved including: - who it applies to - who the specified person (stage 1) is - the timescales for making applications - who to contact with a dispute - the information that an applicant must include - the process by which decisions are reached?	Member leaflet outlining IDRP procedure includes some of this information.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Partially compliant	More detailed information is needed setting out: Who can apply (215) The name & job title of stage 1 specified person/who to contact (237)	IDRP member guide will be updated to include the missing information
I4	Has the Administering Authority ensured that employers who make first stage decisions also have IDRP in place?	Where the employer has not responded with their own stage 1 person, the Council's stage 1 person is undertaking the role. This is communicated regularly including: - mentioned at employer forum in February 2017. - PAS sent to employers in April 2017 which sets out need for stage 1 person to be included in their discretions policy.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Fully compliant	We have not been notified that any employers carry out their own process. Accordingly Equiniti act as stage 1 by default.	Once new Employer IDRP guide has been finalised this will be sent to Employers again
I5	Are the timescales in the procedure adhered to including sending an acknowledgment on receipt of an application?	Acknowledgements issued within 2 days and responses are sent within 2 month deadline (albeit usually within 6 weeks due to SLA). This will be checked annually for both stages 1 and 2.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Fully compliant	EQ have confirmed that timescales are still adhered too	



No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
16	Does the Administering Authority notify and advertise the procedure appropriately?	Leaflet included on the website (which is where joining information also is).  Not all notification of benefit letters currently includes this (e.g. missing from refund and death benefits) but all other benefit notification include it.  The administration strategy, updated in 2017, includes IDR information.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Partially compliant	Admin Strategy was updated in April 2017 and includes IDR information (PAS). This is still not contained in the Communications strategy, but can be included in the 2018 review.	Communications strategy will be updated in 2018. IDR information to be added to refund and death notification letters.
17	Are the notification requirements in relation to TPAS and the Pensions Ombudsman being adhered to?	Guide enclosed when acknowledging receipt of an IDR.  Notifications always include information about TPAS/PO in the decision letter.	Ongoing (annual check - Jan)	31/07/2017	Fully completed	Fully compliant		
18	Does the Administering Authority regularly assess the effectiveness of its arrangements?	Information included in Pension Committee quarterly reporting. More formal review of the arrangements on an annual basis as part of the annual administration report	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Fully compliant		
19	Does the Administering Authority regularly assess the effectiveness where employers carry out a stage one process?	We have not been notified that any employers carry out their own process. Accordingly Equiniti act as stage 1 by default.	Ongoing (annual check - Jun)	31/07/2017	Fully completed	Fully compliant		

## J - Reporting breaches of the law

### Legal Requirements

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

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

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

- scheme managers
- members of pension boards
- any person who is otherwise involved in the administration of a public service pension scheme
- employers: 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 advisers 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 scheme.

The report must be made in writing as soon as reasonably practicable.

No.	TPR Requirement	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
J1	Is the Administering Authority satisfied that those responsible for reporting reaches under the legal requirements and TPR guidance understand the requirements?	Training at PC in June 2015 and at July PB. Procedure will be shared with all PB, PC and key officers & put on website.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Fully compliant	Due a review in Training plan for PB but procedure in place and periodically reviewed	
J2	Does the Administering Authority have appropriate procedures in place to meet their legal obligations for identifying and assessing breaches?	Breaches procedure is in place (developed May 2015).	Annual (Sep)	30/06/2017	Fully completed	Fully compliant		
J3	Are breaches being recorded in accordance with the agreed procedures?	Procedure launched May/June 2015 so no historical recording. The Head of Pension Fund Investment and Actuarial Services will maintain a record of breaches and this is included in the quarterly PC governance update report including a comment on whether any breaches are systemic and action taken. Some details may need to be withheld for confidentiality reasons. Some concerns at the moment in relation to insufficient monitoring and recording of breaches at Equiniti.	Ongoing (annual check - Sep)	30/06/2017	Fully completed	Partially compliant	Both reported and unreported breaches are included within the Quarterly Report to Pensions Committee and provided to the PB.	- Ongoing work with Equiniti to ensure all breaches are identified, notified and recorded.

## K - Scheme Advisory Board - Guidance on the creation and operation of Local Pension Boards in England and Wales

### Legal Requirements

Clause 7 of the Public Service Pensions Act provides that the national Scheme Advisory Board (SAB) may provide advice to scheme managers or pension boards in relation to the effective and efficient administration and management of the scheme.

It also provides that a person to whom advice is given by virtue of subsection (1) or (2) must have regard to the advice.

The Scheme Advisory Board has published guidance on the creation and operation of Local Pension Boards in England and Wales which incorporates a number of action point check lists at the end of some of the sections. The following are the items in those checklists.

No.	SAB Requirement	SAB Section	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
K1	Administering Authority to have approved the establishment (including Terms of Reference) of the Local Pension Board by 1 April 2015.	5	Hackney Council approved 27/2/15.	Ongoing (annual check - Feb)	30/06/2017	Fully completed	Fully compliant		
K2	The Local Pension Board must be operational (i.e. had its first meeting no later than 4 months after the 1 April 2015).	5	First meeting planned for 16/7/15.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	First meeting of PB 16/07/15 Last meeting of PB 20/03/17	
K3	Once established a Local Pension Board should adopt a knowledge and understanding policy and framework (possibly in conjunction with the Pensions Committee if appropriate).	6	Training Policy approved by PC 14/1/15. Will be part of agenda of first meeting on 16/7/15 and it is then reviewed annually.	Annual (Jan)	30/06/2017	Fully completed	Fully compliant		
K4	A Local Pension Board should designate a person to take responsibility for ensuring that the knowledge and understanding policy and framework is developed and implemented.	6	Designated to Corporate Director of Finance & Resources as part of Training Policy which will be adopted by the Board.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant		
K5	The Administering Authority should offer access to high quality induction training and provide relevant ongoing training to the appointed members of the Local Pension Board.	6	Training plan being developed including induction training for all board members.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Partially compliant	Training plan in place - training to be provided to Pension Board members at PC meetings and separate PB training	PB members to attend fundamentals training course
K6	A Local Pension Board should prepare (and keep updated) a list of the core documents recording policy about the administration of the Fund and make the list and documents (as well as the rules of the LGPS) accessible to its members.	6	Part of Training Policy. Documents part of induction pack and on website.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant		
K7	Members of a Local Pension Board should undertake a personal training needs analysis and put in place a personalised training plan.	6	There is a Training Plan (annual) but it is focussed at whole PC/P B level.  Annual self -assessment will be completed through effectiveness survey.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Partially compliant	Self-assesment completed in summer 2016  Next self assessment due summer 2017	A model is being developed to capture individual training needs against CIPFA requirements/TPR toolkits and to monitor against those specific requirements.  Each June PC/Summer PB will highlight any individuals with outstanding requirements.

No.	SAB Requirement	SAB Section	London Borough of Hackney Approach / Evidence	Frequency of Review	Last Review Date	Review Completed	Compliant	Notes	Action
K8	An Administering Authority should prepare a code of conduct and a conflicts policy for its Local Pension Board for approval in accordance with the Administering Authority's constitution and at the first meeting of the Local Pension Board. The Local Pension Board should keep these under regular review.	7	Code of conduct is part of PB Terms of Reference. Conflicts of Interest Policy approved by PC on 31/3/15 is going to first meeting for adoption.	Annual (Mar)	30/06/2017	Fully completed	Fully compliant	Adopted by Pension Board at its first meeting	
K9	Training should be arranged for officers and members of a Local Pension Board on conduct and conflicts.	7	Planned for first PB meeting	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Partially compliant	Training plan in place - training to be provided to Pension Board members at PC meetings and separate PB training	PB members to attend fundamentals training course
K10	A Local Pension Board should establish and maintain a register of interests for its members.	7	Included as part of Policy requirements.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant		
K11	An Administering Authority should agree the ongoing reporting arrangements between the Local Pension Board and the Administering Authority.	8	Outlined in PB Terms of Reference	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant		
K12	A Local Pension Board should understand the Administering Authority's requirements, controls and policies for FOIA compliance so that the Local Pension Board is aware of them and can comply with them.	8	Copy of Council's FOI policy will be provided to all PB members as part of induction pack.	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Partially compliant		Council's FOI policy to be provided to new PB members
K13	A Local Pension Board should put in place arrangements to meet the duty of its members to report breaches of law.	8	Planned for first PB meeting	Ongoing (annual check - Jan)	30/06/2017	Fully completed	Fully compliant	Breaches policy agreed by PB and breaches included in quarterly reporting	
K14	A Local Pension Board should consider (with its Administering Authority) the need to publish an annual report of its activities.	8	A requirement outlined in PB Terms of Reference	Annual (Summer)	30/06/2017	Fully completed	Partially compliant	First PB Annual Report published in 2015/16 Annual Report & Accounts Next PB Annual Report to be published in 2016/17 Annual Report & Accounts	PB Annual Report to be published in 2016/17 Annual Report & Accounts
K15	An Administering Authority should consult on, revise and publish its governance compliance statement to include details of the terms, structure and operational procedures relating to its Local Pension Board.	8	Completed and updated at March 2015 PC.	Annual (Mar)	30/06/2017	Fully completed	Fully compliant	Statement carried forward to 2016/17 Annual Report	

<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>Training Policy</b>  <b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  One
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>

## 1. INTRODUCTION

- 1.1 In January 2015, Members of the Pensions Committee approved the Fund's first formal training policy, following the introduction of expanded knowledge and skills requirements for LGPS Pensions Committee Members, Pension Board members and officers. New guidance from Chartered Institute of Public Finance and Accountancy (CIPFA), new legislation and the Pension Regulator's (tPR) role in overseeing the administration and governance of the scheme all increased the requirements around knowledge and skills in the LGPS and the introduction of a formal training policy helped to ensure that the Fund was meeting these requirements.
  
- 1.2 This report provides the Pension Board with an update on the Training Policy, introducing a version updated to reflect guidance for administering authorities on governance principles for investment pooling, issued by Aon Hewitt on behalf of the CIPFA Pensions Panel. This version was approved by the Committee on 11<sup>th</sup> September 2017. The policy applies to Pensions Committee members, Pension Board members and senior officers responsible for managing the Fund.

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to:
  - Note the report
  - Ensure adherence to the Training Policy and maintenance of the required level of knowledge and skills

## 3. RELATED DECISIONS

- Pensions Committee (11<sup>th</sup> September 2017) – Updated Training Policy
- Pensions Committee (27<sup>th</sup> June 2017) – Updated Governance Policy and Compliance Statement
- Pensions Committee (14<sup>th</sup> January 2015) – Approval of Training Policy

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

- 4.1 The responsibilities for the Pension Fund are complex and varied covering the whole spectrum of investments, administration and financial management. Training across all aspects of the Pension Fund and understanding the factors that impact it help

those charged with governance to make effective decisions, including having an understanding of the financial impact of such decisions.

- 4.2 Having a formally approved and transparent training policy in place is good practice and helps ensure those persons charged with governance and management of the Pension Fund understand what is expected of them. The costs associated with delivering this Policy are immaterial compared with the potential costs of failing to ensure that the Fund is properly managed. Additionally, many of the training sessions are provided free of charge or at minimal cost.

## **5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL**

- 5.1 The Council has established a Pension Board in accordance with Regulations 106 – 109 of the Local Government Pensions Scheme Regulations (“LGPS Regulations 2013”). The Pension Board’s role is to assist the Council as the administering authority in:
- Securing compliance with the LGPS Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
  - Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
  - ensuring the effective and efficient governance and administration of the Scheme and any connected scheme
- 5.2 The functions of the Pension Board are contained within part 3 of the Councils’ Constitution. Ensuring that legal requirements concerning the knowledge and understanding of Pension Board members are met is part of the Board’s role.
- 5.3 All other legal implications have been incorporated within the body of this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

### *National Requirements*

- 6.1 In recent years CIPFA has placed much greater focus on the requirement for appropriate knowledge and skills in the management of LGPS Funds and has issued a range of guidance on the subject. The Pensions Committee has been a keen supporter of ensuring that training forms part of the Committee’s role and receives a training session at each Committee meeting in advance of the main business meeting.
- 6.2 The Public Service Pensions Act 2013 (PSPA) required each administering authority in the LGPS to introduce a Pension Board by 1 April 2015. All Board members are legally required to have knowledge and understanding of pension scheme matters at a level that will allow them to properly exercise the functions of their role.
- 6.3 Both the Pensions Committee and the Pensions Board have reviewed and approved the Code of Compliance from the Pensions Regulator, which carries a specific section on the Knowledge and Understanding, and it is worth including as a reminder the requirements set out there:
1. Are there policies and arrangements in place to support Pension Board members in acquiring and retaining knowledge and understanding?

2. Has a person been designated to take responsibility for ensuring the framework is developed and implemented?
3. Is the Fund providing assistance to pension board members to determine the degree of knowledge and understanding required?
4. Are the roles and responsibilities of Pension Boards and members of Pension Board clearly set out in scheme documentation?
5. Are Pension Board members aware of their legal responsibility in terms of knowledge and understanding?
6. Have all Pension Board members got access to copies of the scheme rules and relevant Fund documentation?
7. Is there an up-to-date list of the Fund specific documents with which Pension Board members need to be conversant in?
8. Are all Pension Board members investing sufficient time in their learning and development?
9. Does the Fund offer pre-appointment training for new Pension Board members or mentoring by existing members?
10. Is there a process in place for regularly assessing the Pension Board members' level of knowledge and understanding is sufficient for their role, responsibilities and duties?
11. Are records of learning activities being maintained?
12. Have the Pension Board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?

6.4 A large proportion of the requirements are covered by the updated Training Policy attached as an appendix to this report. Evidence of training is included within the Pension Fund Report and Accounts for both Pensions Committee and Pensions Board, in training records maintained by the Financial Services section and in the annual self-assessment questionnaire which Pensions Committee and Pensions Board members are asked to complete annually.

6.5 In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the knowledge and skills frameworks already in place. The updated Framework details the knowledge and skills required by Pension Board members to enable them to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

6.6 The Framework covers eight areas of knowledge and skills identified as the core requirements (which includes all those covered in the existing Committee and officers frameworks):

- Pensions legislation
- Public sector pensions governance
- Pension accounting and auditing standards
- Pensions administration
- Financial services procurement and relationship management

- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practice

6.7 CIPFA guidance released in October 2016 updates these principles for a pooled investment environment, providing guidance for administering authorities on the governance arrangements and the knowledge and skills required in relation to the operation of the new asset pools and funds' relationships with them. The Fund's training policy has been updated in line with this guidance, alongside planned updates to the Terms of Reference for the Committee to ensure that the Fund's relationship with the London CIV, its chosen asset pool, is formalised within the Council's constitution.

*London Borough of Hackney Pension Fund Training Policy*

6.8 The Training Policy details the proposed training strategy for members of the Pensions Committee, the Pensions Board and senior officers responsible for the management of the Fund. The Training Policy has been created and subsequently updated to provide a formal framework and greater transparency on the training regime in accordance with the national requirements. It will aid existing and future Pensions Committee Members, Pension Board members and senior officers in their personal development and performance in their individual roles, providing a structure which will ensure that the Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

6.9 Pensions Committee members, Pension Board members and senior officers will continue to be provided with ongoing opportunities to attend training events to assist them to adhere to the policy.

Ian Williams

**Group Director, Finance & Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett ☎020-8356 3332

Legal comments: Stephen Rix ☎020-8356 6122



# London Borough of Hackney

## Pension Fund

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Training Policy



# TRAINING POLICY

## Introduction

This is the Training Policy of the London Borough of Hackney Pension Fund in relation to the Local Government Pension Scheme (LGPS), which is managed and administered by Hackney Council. The Policy details the training strategy for members of the Pensions Committee and Pension Board, and senior officers responsible for the management of the Fund.

The Training Policy is established to aid Pensions Committee and Pension Board members and senior officers in performing and developing personally in their individual roles, with the ultimate aim of ensuring that the London Borough of Hackney Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

Hackney Council has delegated responsibility for the implementation of this Training Policy to the Group Director, Finance and Corporate Resources.

## Aims and Objectives

Hackney Council recognises the significance of its role as Administering Authority to the London Borough of Hackney Pension Fund on behalf of its stakeholders which include:

- around 23,000 current and former members of the Fund, and their dependants
- over 30 employers within the Hackney Council area or with close links to Hackney Council
- the local taxpayers within the London Borough of Hackney.

In relation to the governance of the Fund, our objectives are to ensure that:

- all staff and Pensions Committee members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties
- all relevant legislation is understood and complied with
- the Fund aims to be at the forefront of best practice for LGPS funds
- the Fund manages Conflicts of Interest appropriately
- the Fund's relationship with its chosen asset pool, the London CIV, is well understood, with clearly defined roles and responsibilities for both the Fund and the pool.

This Policy has been put in place to assist the Fund in achieving these objectives and all Pensions Committee members, Pension Board members and senior officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To assist in achieving these objectives, the London Borough of Hackney Pension Fund will aim to comply with:

- the CIPFA Knowledge and Skills Frameworks and
- the knowledge and skills elements of the Public Service Pensions Act 2013 and
- The Pensions Regulator's (TPR) Code of Practice for Public Service Schemes

as well as any other LGPS specific guidance relating to the knowledge and skills of Pensions Committee members, Pension Board members or pension fund officers which may be issued from time to time.

### **To whom this Policy Applies**

This Training Policy applies to all members of the Pensions Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all managers in the Hackney Council Pension Fund Management Team and the Chief Finance Officer (Section 151 Officer) (from here on in collectively referred to as the senior officers of the Fund).

Less senior officers involved in the daily management of the Pension Fund will also be required to have appropriate knowledge and skills relating to their roles, which will be determined and managed by the Pension Fund Manager and his/her team.

Personnel of the third party administrator that provides the day to day administration of the London Borough of Hackney Pension Fund are also expected to be able to meet the objectives of this Policy, as are all other advisers to the Fund.

Officers of employers participating in the London Borough of Hackney Pension Fund who are responsible for pension matters are also encouraged to maintain a high level of knowledge and understanding in relation to LGPS matters, and Hackney Council will provide appropriate training for them. This is considered separately in the London Borough of Hackney Pension Fund Administration Strategy.

### **CIPFA and TPR Knowledge and Skills Requirements**

#### *CIPFA Knowledge and Skills Framework and Code of Practice*

In January 2010 CIPFA launched technical guidance for Representatives on Pensions Committees and non-executives in the public sector within a knowledge and skills framework. The Framework details the knowledge and skills required by those responsible for pension scheme financial management and decision making.

In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the existing knowledge and skills frameworks in place. This Framework details the knowledge and skills required by Pension Board members to enable them to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

The Framework covers eight areas of knowledge and skills identified as the core requirements (which includes all those covered in the existing Committee and non-executive's framework):

- Pensions legislation
- Public sector pensions governance
- Pension accounting and auditing standards
- Pensions administration
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practice

In October 2016, Aon Hewitt published its 'Investment Pooling Governance Principles' guidance on behalf of the CIPFA Pensions Panel. This guidance updates the previous Knowledge and Skills framework to include additional competencies relating to asset pooling, ensuring that each area within the core requirements includes a section considering the structure and governance of the asset pools and their relationship to their constituent funds.

CIPFA's Code of Practice recommends (amongst other things) that Local Government Pension Scheme administering authorities -

- formally adopt the CIPFA Knowledge and Skills Frameworks (or an alternative training programme)
- ensure that the appropriate policies and procedures are put in place to meet the requirements of the Frameworks (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

### *The Pensions Act 2004, and The Pension Regulator's Code of Practice*

Section 248a of the Pensions Act 2004, as amended by The Public Service Pensions Act 2013 (PSPA13) requires Pension Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

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 Board.

These requirements are incorporated and expanded on within the TPR Code of Practice which came into force on 1 April 2015.

### *Scheme Advisory Board Guidance*

Further guidance for Local Pension Boards was also issued by the Scheme Advisory Board (SAB) in February 2015, this sets out in more detail how the requirements of the regulations should be implemented by administering authorities. The Guidance specifies that boards should set out a policy and framework to address the knowledge and understanding requirements that apply to its members. It is permissible for this policy to cover both the Pensions Committee and Pension Board, as is the case here.

### *Application to the London Borough of Hackney Pension Fund*

Hackney Council recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills. Accordingly it fully supports the use of the CIPFA Knowledge and Skills Frameworks, and TPR's Code of Practice. Hackney Council adopts the principles contained in these publications in relation to the London Borough of Hackney Pension Fund and its relationship to the London Collective Investment Vehicle, and this Training Policy highlights how the Council will strive to achieve those principles through use of a rolling Training Plan together with regular monitoring and reporting.

### **The London Borough of Hackney Pension Fund Training Plan**

Hackney Council recognises that attaining, and then maintaining, relevant knowledge and skills is a continual process for Pensions Committee members, Pension Board members and senior officers, and that training is a key element of this process. Hackney Council will develop a rolling Training Plan based on the following key elements:

### Individual Training Needs

A training needs analysis will be developed for the main roles of Pensions Committee members, Pension Board members and senior officers customised appropriately to the key areas in which they should be proficient. Training will be required in relation to each of these areas as part of any induction and on an ongoing refresher basis.

### Hot Topic Training

The Training Plan will be developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or a specific area where decisions need to be made. This training may be targeted at specific roles.

### General Awareness

Pensions Committee members, Pension Board members and senior officers are expected to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters appropriate for their roles and which may not be specific to the London Borough of Hackney Pension Fund.

Each of these training requirements will be focussed on the role of the individual i.e. a Pensions Committee member, a Pension Board member or the specific role of the officer.

The Pensions Committee agrees a training plan on an annual basis at the first meeting of the Municipal Year. The training plan is developed taking into consideration the needs of the Committee, the Board and officers to both enhance existing knowledge and skills and to develop new areas of understanding. This ensures that training is accessible to all Committee and Board members and key officers involved in the management of the Pension Fund.

Training will be delivered through a variety of methods including:

- In-house training days provided by officers and/or external providers
- Training as part of meetings (e.g. Pensions Committee) provided by officers and/or external advisers
- External training events
- Circulation of reading material
- Attendance at seminars and conferences offered by industry-wide bodies

- Attendance at meetings and events with the London Borough of Hackney Pension Fund's investment managers and advisors
- Links to on-line training
- Access to the London Borough of Hackney Pension Fund website where useful London Borough of Hackney Pension Fund specific material is available

In addition London Borough of Hackney Pension Fund officers and advisers are available to answer any queries on an ongoing basis including providing access to materials from previous training events.

### **Initial Information and Induction Process**

On joining the Pensions Committee, the Pension Board or the London Borough of Hackney Pension Fund Management Team, a new member or officer will be provided with the following documentation to assist in providing them with a basic understanding of London Borough of Hackney Pension Fund:

- The members' guide to the Local Government Pension Scheme (LGPS)
- The latest Actuarial Valuation report
- The Annual Report and Accounts, which incorporate:
  - The Funding Strategy Statement
  - The Governance Policy and Compliance Statement
  - The Investment Strategy Statement
  - The Communications Policy
  - The Administration Strategy
- The administering authority's Discretionary Policies
- This Training Policy

In addition, an individual training plan will be developed to assist each Pensions Committee member, Pension Board member or officer to achieve, within six months, their identified individual training requirements.

### **Monitoring Knowledge and Skills**

In order to identify whether Pensions Committee members, Pension Board members and senior officers are meeting the objectives of this policy we will:

- 1) Compare and report on attendance at training based on the following:
  - Individual Training Needs – ensuring refresher training on the key elements takes place for each individual at least once every three years.
  - Hot Topic Training – attendance by at least 80% of the required Pensions Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focussed at a

- particular group of Pensions Committee members, Pension Board members or senior officers depending on the subject matter.
- General Awareness – each Pensions Committee member, Pension Board member or officer attending at least one day each year of general awareness training or events.
  - Induction training – ensuring areas of identified individual training are completed within six months.

2) Consider whether the objectives have been met as part of the annual self-assessment carried out each year which is completed by all Pensions Committee members, Pension Board members and senior officers.

## Key Risks

The key risks to the delivery of this Policy are outlined below:

- Changes in Pensions Committee and/or Pension Board membership and/or senior officers potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by Pensions Committee Members, Pension Board Members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being to an acceptable standard.

The Pensions Committee members, with the assistance of London Borough of Hackney senior officers and Pension Board members, will monitor these and other key risks and consider how to respond to them.

## Reporting

A report will be presented to the Pensions Committee on an annual basis setting out:

- The training provided / attended in the previous year at an individual level
- Attendance at Pensions Committee and Pension Board meetings
- The results of the measurements identified above.

This information will also be included in the London Borough of Hackney Pension Fund's Annual Report and Accounts.

At each Pensions Committee meeting, members will be provided with details of forthcoming seminars, conferences and other relevant training events as well as a summary of the events attended since the previous meeting.



## Costs

All training costs related to this Training Policy are met directly by the London Borough of Hackney Pension Fund.

## Approval, Review and Consultation

This Training Policy was originally approved at the London Borough of Hackney Pensions Committee meeting on 14 January 2015 and amendments to incorporate the requirements of the CIPFA Local Pension Boards Framework were approved on 23 March 2016. Further amendments to incorporate additional CIPFA guidance on investment pooling were approved on 11 September 2017. This Training Policy was also formally adopted by the London Borough of Hackney Pension Board at its first meeting, with updated policies approved where required. It is formally reviewed and updated at least every year or sooner if the training arrangements or other matters included within it merit reconsideration.

## Further Information

If you require further information about anything in or related to this Training Policy, please contact:

Rachel Cowburn  
Head of Pension Fund Investment  
London Borough of Hackney Pension Fund  
4<sup>th</sup> Floor, Hackney Service Centre  
1 Hillman Street  
London  
E8 1DY  
E-mail [rachel.cowburn@hackney.gov.uk](mailto:rachel.cowburn@hackney.gov.uk)  
Telephone 020 8356 2630

Further information on the London Borough of Hackney Pension Fund can be found as shown below:

Telephone: 020 8356 2745  
Email: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk) (Governance)  
[hackney.pensions@equiniti.com](mailto:hackney.pensions@equiniti.com) (Administration)  
Pension Fund Website: <http://hackney.xpmemberservices.com>  
Hackney Council Website: [www.hackney.gov.uk](http://www.hackney.gov.uk) (Minutes, Agendas, etc)

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<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>Pension Fund Administration Annual Report 2016/17</b>	<b>Classification</b> <b>Public</b>	<b>Enclosures:</b> None  <b>AGENDA ITEM NO.</b>
	<b>Ward(s) affected</b>  <b>ALL</b>	
<b>Pension Board 25<sup>th</sup> October 2017</b>		

## 1. INTRODUCTION

- 1.1 This report outlines the work undertaken by the London Borough of Hackney and the performance of the pension fund administrators, in regard to the administration of the LGPS Hackney Pension Scheme for the financial year 2016/17. The contract for pension administration, and pension payroll, is managed externally by the Fund's pension administrators, Equiniti Pensions Solutions, with the contract being overseen by the Financial Services Section based at London Borough of Hackney.
  
- 1.2 The contract with Equiniti commenced on 1 April 2009 for an initial period of 5 years, and approval was given on 1 April 2014 to extend for a further 3 years until 31 March 2017. A short term contract extension to 31 December 2017 was agreed with the Council's Legal department and Equiniti in order to allow sufficient time for an orderly transition to a new administrator if that had been necessary, and for the Council to complete the transition of the payroll contract to any new provider in July 2017 As agreed at the 25<sup>th</sup> April 2017 Committee, however, Equiniti have been re-appointed as the pension fund administrators.

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to note the report.

## 3. RELATED DECISIONS

- Pensions Committee (25<sup>th</sup> April 2017) - Procurement of Third Party Pension Administration Services - Update (Exempt)
- Pensions Committee (24 January 2017) - Procurement of Third Party Pension Administration Services - Update (Exempt)
- Pensions Committee (6 December 2016) - Procurement of Third Party Pension Administration Services (Exempt)

- Pensions Sub-Committee (17 January 2013) – Pensions Administration Contract, approval of 3 year extension
- Pensions Sub-Committee (9 December 2008) – Procurement of Pension Scheme Administrator and Pension Payroll Provider

#### **4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

- 4.1 The costs of administration as a whole for the Pension Fund are relatively small compared to the overall value for the Fund. The cost in 2016/17 was £539k, compared to £570k in 2015/16.
- 4.2 It is evident that having efficient administration is crucial to the effective management of the Pension Fund. The cost is made up of the cost of the third party administrators, including the administration of the pension payroll, and the internal costs of administering the Fund. This year the average cost of administering the Fund per member was £23.14, based on the current cost and membership at 31 March 2017, compared to £25.37 at 31 March 2016.
- 4.2 Good administration is key to ensuring that the Fund is able to meet its pension commitments in a timely manner and will avoid additional charges to the Fund from late payments and fines. The administration of the Pension Fund is closely monitored by officers of the Council to ensure efficient service delivery.

#### **5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL**

- 5.1 The Local Government Pension Scheme Regulations 2013 set out in detail the administration of the Pension Scheme and how the Scheme rules are to be applied. If these were to be applied incorrectly then this would pose a risk to the Pension Fund.
- 5.2 The Pension Board have a responsibility to assist the Council in ensuring that the Fund is managed in accordance with the regulations. Receiving regular updates on the performance of the administration function will assist the Board in meeting their legal obligations.
- 5.3 There are no immediate legal implications arising from this report.

#### **6. SUMMARY**

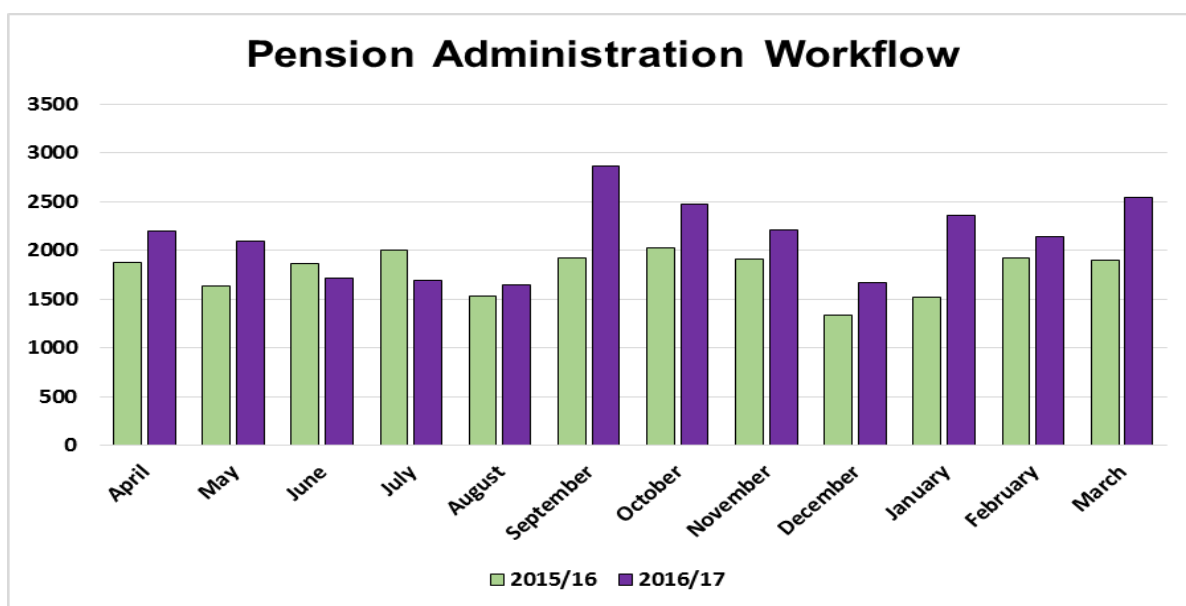
- 6.1 The pension administrators, Equiniti Pensions Solutions, have a dedicated team of qualified pension professionals who manage the day to day administration of the scheme on behalf of the London Borough of Hackney. The contract is monitored by the Financial Services Section of the London Borough of Hackney on a monthly basis and performance is measured against Service Level Agreements (SLA). Over the year the pension administrators handled 25,598 cases, an increase of 4,168 on the previous year of 21,430.
- 6.2 Overall performance against the SLA is slightly improved for 2016/17 at 97.1%, compared to 95.1% for 2015/16, which considering the increased workflow and the difficulties faced by the administrators, can be attributed to their hard work and dedication in ensuring that member records are up to date and correct. Equiniti have

also successfully issued 6,447 annual benefit statements to active members, and 7,398 benefit statements to deferred members, including Councillors.

## 7. ADMINISTRATION PERFORMANCE

7.1 The performance of the pension fund administrators, Equiniti, is monitored by the Financial Services Section at Hackney Council. Meetings are held monthly to discuss performance against service level agreements, workflows, data cleanse issues and planning of future work projects. Meetings also include discussion of specific administration cases and recommendations for enhancements to the service provision both to Hackney and to members of the scheme.

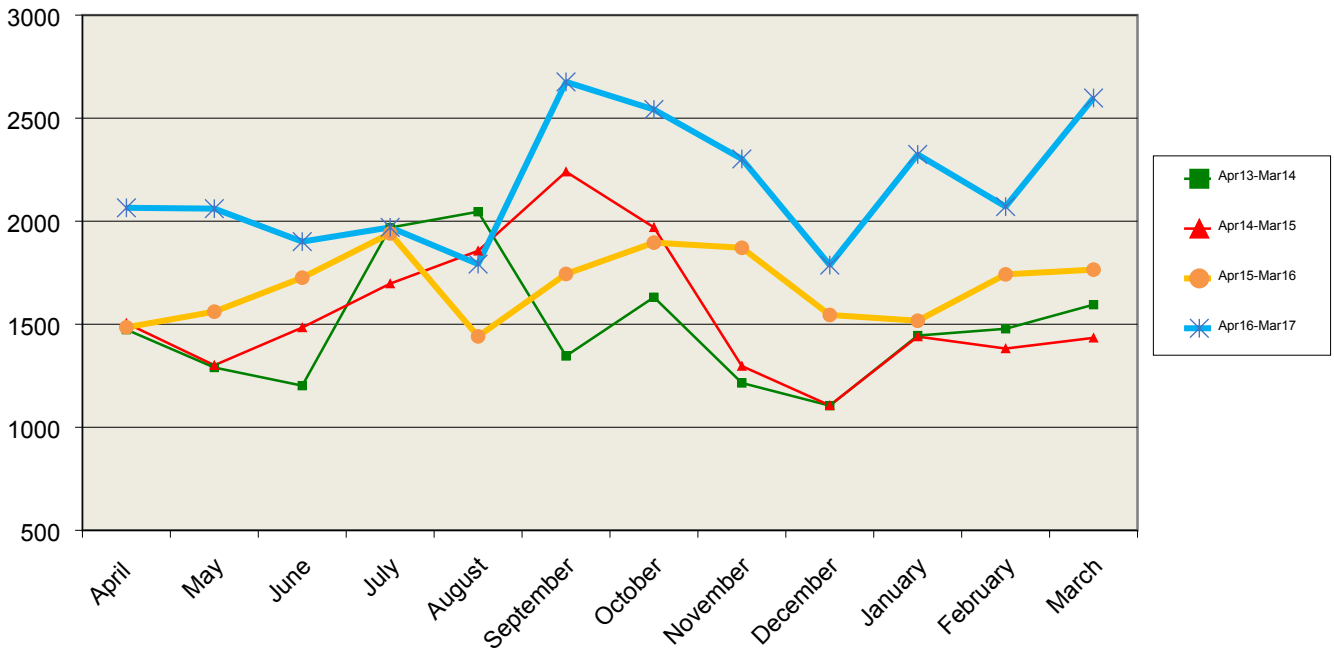
7.2 Over the last year the total cases received by the administrators has increased significantly from 21,430 cases in 2015/16 to 25,598 in 2016/17. The average number of cases received monthly has increased from 1,785 in the previous year, to 2,133 in 2016/17. The number of cases for 2016/17 in comparison to 2015/16 is shown in the chart below:-



7.3 The increase has been primarily due to the continued lack of a payroll monthly interface from the Council, the largest employer, which means all starters, leavers and change notifications having to be processed manually. The cases peaking in September 2016 was due to the extra data cleanse and verification needed to ensure member records were as accurate as possible before the remainder of the annual benefit statements were issued in December 2016.

7.4 The number of work items completed on a monthly basis averages 2,139 over the year and a comparison of completed items from 2013/14 (green line) to 2016/2017 (blue line) date is shown in the chart below:

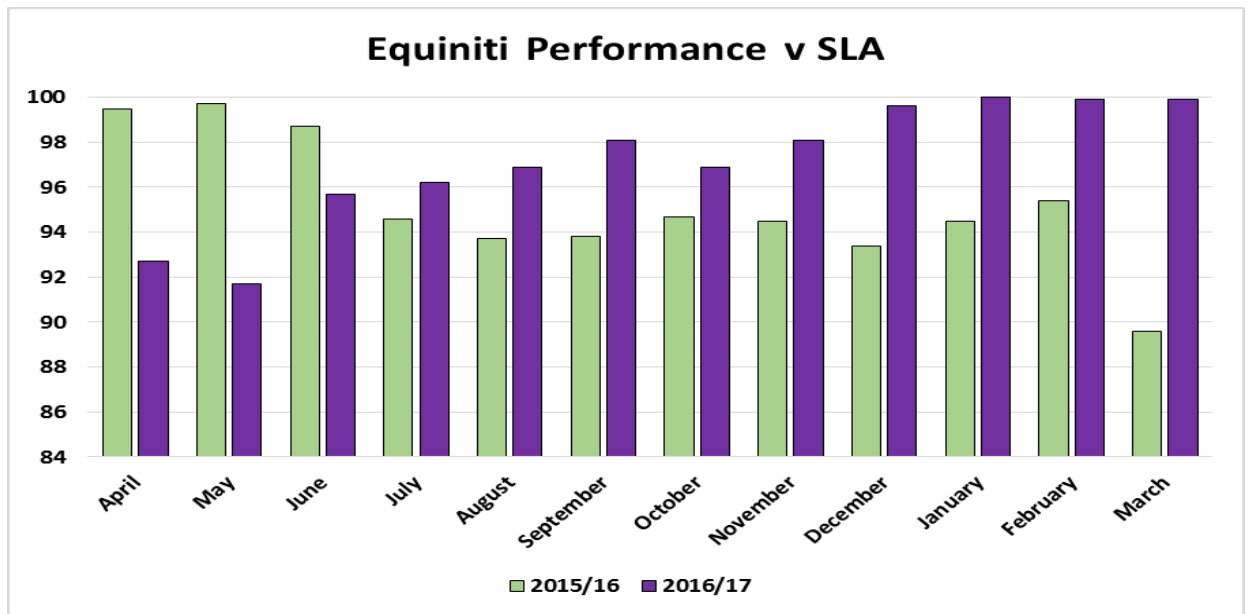
**Work Processed**



7.4 The lack in quality data received from employers, particularly the Council, and their payroll providers, continues to have a significant impact on workloads, with data cleansing and validation being a priority not only for the annual benefit statements but also the triennial valuation. Considerable problems still remain with the Council’s payroll system and as a year-end file was not provided, extrapolated data from monthly returns was used to update member records sufficiently to produce annual benefit statements.

7.5 As the year-end file was not provided, the Fund was not able to comply with its regulatory duty of providing annual benefit statements to all of its members by the end of August 2016. However, all deferred benefit statements were issued in time along with approx 4,000 active statements where data was accurate. Following further data cleansing, the remainder of the active statements, approx 3,200, were issued on 22 December 2016 with the addition of a ‘health warning’ requesting members check their statement for accuracy. The lack of year-end data from the Council, being the largest employer in the Fund, impacted on issuing the majority of the statements within the regulatory timescale and therefore the Fund breached the scheme regulations. In doing so, the Council was obliged to report itself to tPR, setting out what had happened and the steps it had taken to correct the issue. No further action was taken by tPR.

7.6 Performance under the pension administration contract when compared to the service level agreement (SLA), was 97.1% for 2016/17 as a whole, which is a slight increase on 95.1% in 2015/16. This in its self is an achievement considering the difficulties the administrators had to overcome again this year. The performance v SLA over 2016/17 in comparison to 2015/16 is shown in the chart below:-



7.7 In addition to dealing with the day to day administration cases, Equiniti have also undertaken a number of tasks on behalf of the Fund, some of which are listed below:

- The year end pension payroll process has been completed for both the monthly and annual payrolls including the application of the pension increase (PI), reconciliation of the payrolls, production of P60s and reporting to HMRC
- System year end update of pension increase; Lifetime Allowance and Annual Allowance earnings and contribution histories was completed
- Certificates of Continued Entitlement (life certificates) were issued to the total pensioner population of 6,309. This revealed 7 deaths that had not been previously notified to the administrators and 12 people who require power of attorney as they could no longer manage their own affairs.
- Data submissions:
  - FRS17 data submitted to the Actuary for 16 employers
  - Valuation extract submitted to the Actuary for the triennial valuation
  - Data submission for Club Vita longevity studies
  - 3 cessation valuation calculations for ceased employers
  - 5 bond and contribution valuations submitted to the Actuary
  - Monthly HEAT data capture report to the Actuary
- Overpayment of pensions - identified overpayments to a value of £28,876.05. These were as a result of late death notifications. To date £8,675.98 has been recovered.

7.8 Employers and schools administration performance has been monitored over the year, and assistance and additional training has been provided to help support them with administering the scheme to ensure more accurate data is provided to Equiniti. Additional administration charges have been issued to a number of employers where persistent failure to deliver accurate and timely information, despite support, has

arisen. In most instances there was a 1 or 2 day delay in getting the contribution payment or supporting data to Equiniti, and employers have been reminded of the regulatory requirements to ensure payments due to the Fund are made by the 19<sup>th</sup> of the month.

## 8. OTHER WORK UNDERTAKEN IN 2016/17

8.1 In 2013, the Council undertook its initial mandatory Auto Enrolment duties, a process that must be repeated every 3 years, meaning the Council's re-staging date was 1 July 2016. As part of the Re-Enrolment Communications Plan, a poster was designed and distributed across the Hackney campus and to all schools. Pension updates by the Group Director, Finance and Corporate Resources were also made available on the Council's intranet and the pension administrators' website.

Following an assessment of all employees at the re-staging date, 799 employees were eligible to be automatically re-enrolled into a relevant qualifying pension scheme and a further 900 employees, although not eligible for automatic re-enrolment, can elect to join a scheme if they wish. A breakdown of the category and type of employees assessed is provided below:

Category of Worker	Hackney (LGPS)	Schools Support Staff (LGPS)	Hackney Teachers (TPS)	Total
Eligible Jobholders (automatically enrolled)	360	281	158	<b>799</b>
Non-Eligible Jobholders or Entitled Workers (not auto enrolled but can elect to join)	441	442	17	<b>900</b>
<b>Total</b>	<b>801</b>	<b>723</b>	<b>175</b>	<b>1,699</b>

A total of 1,699 enrolment letters were sent to staff across the Council, support staff and teaching staff in community and voluntary aided schools, together with AE guides for LGPS and TPS pension schemes.

8.2 In anticipation of the annual benefit statements due to be issued in August 2016, Equiniti undertook a reconciliation exercise of member's records to ensure they have a complete postal address. Results of that exercise showed that 1,592 deferred members and 283 active members did not have addresses on record. The Hackney in-house pension team were able to interrogate the Council's payroll system to access up to date addresses for the 283 active members and the details were then passed to Equiniti to update the members' records.

For those 1,592 deferred members, further investigations resulted in 1,119 addresses being traced with the remainder 473 needing to be forensically traced, and work will commence on this in 2017/18.

8.3 In mid-December 2016, the in-house pension team launched their first quarterly Newsletter to employers (and schools) in the Fund. The newsletter covered the actuarial valuation, the proposed exit cap, details of up-coming poster campaigns, TUPE and relevant news updates on LGPS regulation changes. A further newsletter



was published in March 2017 with the next one due in June 2017. Feedback on the newsletter has been positive and it is well received.

- 8.4 As previously reported, the Chief Executive announced a Voluntary Redundancy (VR) Scheme that launched on 1 October 2015, and all staff (apart from essential services) were eligible to apply. After completing their statutory notice period the majority of employees who accepted the VR terms, left the organisation by 31 March 2016 and a further 77 left from April 2016 to the end of March 2017.
- 8.5 The annual Employer Forum was held on 22 February 2017, and was attended by 8 of the Fund employers. The Forums agenda was varied and covered subjects from an outlook on the economy; employer roles and responsibilities; the triannual valuation results and individual employer rates; pension 'hot topics'; London CIV; and a presentation from the Prudential on AVCs.
- 8.6 In January 2017 the Fund issued a tender for the procurement of a new third party administrator, via the National LGPS Framework. Closing date for bids was 10 March 2017, with moderation and site visits taking place during mid/late March. Pensions Committee met in April 2017 and agreed the officer recommendation to award the contract to Equiniti for a further 5 years with potential for 3 year extension beyond that.
- 8.7 At the end of Q3 2016/17, the Funds Benefits & Governance Consultants, AON Hewitt were again asked to carry out a review the quality of data being supplied to the Pension Fund from its employers. During Q4, Equiniti and officers at the Council have been co-operating fully with AON in regard to data gathering and providing relevant evidence for the report. The results of the report and the findings will be reported to Pensions Committee in June 2017.
- 8.8 In the last year, the in-house Pensions team based at the Council, have presented at weekly induction sessions for 417 new employees, ensuring they are provided with information on the benefits of the Pension Scheme. Feedback from these sessions continues to be extremely positive with 98% of attendees ranking them informative and engaging and 94% leave the sessions having a better understanding of the scheme and its benefits.

## **9. THE PENSIONS REGULATOR (tPR)**

- 9.1 Following the Pensions Regulator assuming responsibility for setting standards of governance and administration in public service pension schemes, a new Public Service Code of Practice was introduced to provide practical guidance and standards of conduct and practice, to help maintain and improve the governance and administration of pension schemes. The Code is directed at Scheme Managers (Funds) and the local Pension Boards. The role of each local Pension Board is to help ensure their scheme complies with governance and administration requirements as defined by the Code.
- 9.2 The Code requires Schemes to report breaches of the law to the Regulator where they have reasonable cause to believe that:
  - a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
  - the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions

9.3 Therefore as detailed in paragraph 7.5 of this report, the March 2016 annual benefit statements could not be issued to members within the regulatory timescales due to poor quality and the non-receipt of data from employers in the Fund. This resulted in the Council having to report itself to the tPR for non-compliance on 2 occasions:

- August 2016 - failing to issue all active and deferred benefit statements by 31 August. However, all statements for deferred members were issued by the deadline, along with approximately 4,000 statements for active members. The remaining 3,200 statements would be issued by 31 October.
  - tPR did not impose a fine providing statements issued by agreed extended deadline.
- October 2016 - failing to issue all active and deferred benefit statements by 31 October, after extended deadline had been agreed with the Regulator. Committed to issuing the outstanding statements by 31 December 2016.
  - tPR did not impose a fine providing statements issued by agreed deadline.

9.4 As reported, the remaining annual benefit statements for year end March 2016 were issued on 22 December 2016.

Ian Williams

**Group Director, Finance & Corporate Resources**

Report Originating Officers: Julie Stacey ☎020-8356 3565

Financial Considerations: Michael Honeysett ☎020-8356 3332

Legal Considerations: Stephen Rix ☎020-8356 6122

<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>Self-Assessment Questionnaire</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>		

## 1. INTRODUCTION

- 1.1 This report provides Board members with the background to an annual Self-Assessment Questionnaire.

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to:
- Note the report
  - Individually complete the self-assessment questionnaire

## 3. RELATED DECISIONS

- Pensions Committee (11th September 2017) – Updated Training Policy
- Pensions Committee (27th June 2017) – Updated Governance Policy and Compliance Statement
- Pensions Committee (14th January 2015) – Approval of Training Policy

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 There are no immediate financial consequences arising as a result of this report, however, the completion of the self-assessment questionnaire helps ensure that Board members understand their legal responsibilities in respect of the oversight of the Fund. By reviewing the outcome of the assessment, officers will be able to understand further training needs and areas for development.
- 4.2 Ensuring that Board members are well informed and understand their legal responsibilities helps ensure high standards of governance within the Fund, helping to protect the longer term financial interests of the both Fund and its employers.

## 5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL

- 5.1 The Council has established a Pension Board in accordance with Regulations 106 – 109 of the Local Government Pensions Scheme Regulations (“LGPS Regulations 2013”). The Pension Board’s role is to assist the Council as the administering authority in:
- Securing compliance with the LGPS Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme

- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
- ensuring the effective and efficient governance and administration of the Scheme and any connected scheme

5.2 The functions of the Pension Board are contained within part 3 of the Councils' Constitution. Ensuring that legal requirements concerning the knowledge and understanding of Pension Board members are met is part of the Board's role.

5.3 All other legal implications have been incorporated within the body of this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

6.1 The LGPS Regulations 2013 require that Board members have the capacity to attend the Board and necessary training sessions to develop the required knowledge and understanding of both relevant pensions legislation and the individual fund with which they are associated.

6.2 Board Members are therefore being asked to complete the self-assessment to identify any gaps in knowledge and areas in which further training is desired. The Board will be presented with the results of the self-assessment of both the Board itself and the Pensions Committee to better understand the depth of knowledge of those charged with governance of the Pension Fund and to provide additional assistance to the Administering Authority to ensure compliance with the regulations and associated guidance.

6.3 In addition, the Pensions Regulator's Code of Compliance 14 sets out the following with regards to the knowledge and understanding of Pension Board members:

- B5 – Are pension board members aware of their legal responsibility in terms of Knowledge and Understanding?
- B10 – Is there a process in place for regularly assessing the pension board members' level of knowledge and understanding is sufficient for their role, responsibilities and duties?

Completion of the self-assessment exercise therefore also helps to demonstrate compliance with TPR's Code of Compliance 14.

6.4 The assessment takes the form of an online survey, which will be sent to Board members via email following the meeting. The results will be distributed in advance of the next meeting of the Board, to permit discussion of training requirements at the meeting.

Ian Williams

**Group Director of Finance and Corporate Resources**

Report Originating Officers: Rachel Cowburn ☎020-8356 2630

Financial considerations: Michael Honeysett ☎020-8356 3332

Legal comments: Stephen Rix ☎020-8356 6122

<b>REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES</b>		
<b>PENSION BOARD WORK PLAN 2017-2018</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  One
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pension Board</b> <b>25<sup>th</sup> October 2017</b>		

## 1. INTRODUCTION

- 1.1 The purpose of this report is to provide an indicative work plan for the Pension Board meetings for 2017-18

## 2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to agree the indicative work plan for the Board for 2017-18

## 3. RELATED DECISIONS

- Pensions Committee (27<sup>th</sup> June 2017) – Pension Fund Business Plan 2017-2020

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 The Pension Board's role is to assist the Administering Authority in ensuring compliance with the regulations. The work plan as set out in the appendix to this report ensures that the Pension Board is able to cover key areas of work in line with the Regulatory requirements. There are no immediate financial implications attached to this report, although it is recognised that the Pension Board are able to ask for additional information or resourcing in order to help them to fulfil their role as the Pension Board

## **5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL**

- 5.1 The Pension Board has been established in accordance with the Public Service Pensions Act 2013 and in accordance with the Local Government Pensions Scheme (Amendment) (Governance) Regulations 2014. Consideration of a schedule of work for the Pension Board helps to demonstrate that the Board is meeting its Terms of Reference in assisting the Administering Authority to comply with regulations.
- 5.2 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

- 6.1 Under the regulations, responsibility for decision-making with regards to the management of the Fund remains with the Pensions Committee; the Pension Board is not a decision-making body. The Board does, however, have a broad remit to review the decision-making process of the Pensions Committee in matters of scheme administration and governance. As such, members of the Pension Board will be provided with the final reports, minutes and agendas relating to all Pensions Committees and may attend Committee meetings as observers.
- 6.2 The Pension Board is scheduled to meet a minimum of 2 times per municipal year with the scope for additional meetings as required. The meetings will be recorded and copies provided to the Pensions Committee
- 6.3 The Board may make reports or recommendations to Pensions Committee; these must be provided at least 15 days in advance of the next Committee meeting. Additionally, the Chair of the Pension Board will prepare an annual report, which will be distributed to Pensions Committee, the Cabinet Member for Finance, the Group Director, Finance and Corporate Resources, the Director, Financial Management and the Director, Legal. In the event that the Board considers that a matter brought to the attention of the relevant Directors and the Pensions Committee has not been acted upon within a reasonable period of time, it may also provide a report to Council.
- 6.4 An indicative work plan for the year 2017-18 has been drawn up, but is subject to amendment and will depend on a number of circumstances including the work undertaken by the Pensions Committee, any key changes to wider regulations or pension related issues and any further guidance or direction from the Pensions Regulator. The Pension Board may also consider that other issues may increase in importance and will require additional work or review, particularly after embarking on a training programme.

Ian Williams

**Group Director, Finance and Corporate Resources**

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APPENDIX



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## **Indicative Work Plan for Pensions Board 2017 -2018**

### **25<sup>th</sup> October 2017 – Agenda**

1. Apologies for Absence
2. Declarations of Interest
3. Consideration of minutes of previous meeting
4. Training – GDPR and Cyber Security
5. Review Work of Pensions Committee
6. Third Party Administration procurement update
7. Employer Data Audit
8. TPR Code of Practice Compliance
9. Administering Authority Training Policy
10. Annual Pensions Administration Report 2016-17
11. Pension Board Self Assessment Survey
12. Work Plan
13. Any Other Business

### **March 2018 – Agenda**

1. Apologies for Absence
2. Declarations of Interest
3. Consideration of the minutes of the previous meeting
4. Training - TBC
5. Self Assessment Survey Results
6. Data Quality Progress Update
7. TPR Code of Practice Compliance
8. Risk Register review
9. GDPR update
10. Any Other Business

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