

Agenda for a meeting of the West Yorkshire Pension Fund Pension Board to be held on Wednesday, 19 April 2017 at 10.00 am in Aldermanbury House, Godwin Street, Bradford BD1 2ST

Members of the Committee

| Employer Representatives | Member Representatives |
|--|------------------------|
| Councillor M Slater (Chair) – Bradford | Mr G Nesbitt – GMB |
| Councillor G Hyde – Leeds | Mr M Binks – Unison |
| Councillor M Isherwood – Wakefield | Mr C Sykes – Unison |
| Mr J Morrison - Employer | Mr M Morris - Unite |

Notes:

- This agenda can be made available in Braille, large print or tape format on request by contacting the Agenda contact shown below.
- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.
- If any further information is required about any item on this agenda, please contact the officer named at the foot of that agenda item.

From:

Parveen Akhtar
 City Solicitor
 Agenda Contact: Jane Lythgow
 Phone: 01274 432270
 E-Mail: jane.lythgow@bradford.gov.uk

To:



A. PROCEDURAL ITEMS

1. DISCLOSURES OF INTEREST

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

Notes:

- (1) *Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*
- (2) *Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.*
- (3) *Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.*
- (4) *Officers must disclose interests in accordance with Council Standing Order 44.*

2. MINUTES

Recommended –

That the minutes of the meeting held on 8 October 2015 and 9 November 2016 be signed as a correct record (previously circulated).

(Jane Lythgow – 01274 432270)



3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item. Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Jane Lythgow - 01274 432270)

B. BUSINESS ITEMS

4. REVIEW OF PENSION BOARD POLICIES

1 - 38

Under the Public Service Pensions Act 2013 and the guidance that followed the Pension Board is required to produce and maintain a number of key policy documents. These policy documents are brought to the Board every two years and the last review of these policies was in September 2015. The report of the Director, West Yorkshire Pension Fund (Document “J”) presents the latest version of these policies for them to be formally endorsed by the Board.

Recommended –

That the policies contained in Appendices A, B, C and D to Document “J” be agreed and that the report be noted.

(Rodney Barton – 01274 432317)

5. WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP MINUTES 26 JANUARY 2017

39 - 50

The report of the Director, West Yorkshire Pension Fund, (**Document “K”**) reminds Members that the role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions



Regulator; and any other such matters as the LGPS regulations may specify.

The Minutes of meeting of WYPF Joint Advisory Group are submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Recommended –

That the minutes of the meeting of the West Yorkshire Pension Fund Joint Advisory Group meeting held on 26 January 2017 be reviewed.

(Rodney Barton – 01274 432317)

6. PENSIONS REGULATOR'S CODE OF PRACTICE AND REGISTER OF BREACHES OF THE LAW 51 - 136

The Director, West Yorkshire Pension Fund, will present **Document “L”** which reports that In accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes come under the remit of the Pensions Regulator.

The Pension Regulator issued Code of Practice No. 14 – Governance and administration of public service pension schemes in April 2015. An initial review of WYPF compliance with the Pensions Regulator code of practice was undertaken by the Funds actuary, Aon Hewitt, in 2016.

One of the requirements of the Pension Regulator is that each pension fund should have a Breaches Procedure. In accordance with WYPF's Breaches Procedure a Register of Breaches in maintained.

Recommended –

- 1. That the summary of results of WYPF compliance against the Pensions Regulator's Code of Practice, contained in Document “L” be noted.**
- 2. That all entries and actions taken as shown on the Register of Breaches contained in Document “L” be noted.**

(Caroline Blackburn – 01274 434523)

7. ACTUARIAL VALUATION 2016 137 - 142

The report of the Director, West Yorkshire Pension Fund, (**Document “M”**) advises Members that the triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) had been prepared based on the situation at 31 March 2016, and had determined the level of employers' contributions for the period 1 April 2017 to 31 March 2020.

The results of the valuation were that WYPF is 94% funded, compared to the situation at 31 March 2013 when it was 96% funded.

As a result each of the five District Councils will see an increase in the total of



their primary and secondary (deficit) contributions of less than 2% (based on the theoretical contributions 17/18).

Recommended –

That the report be noted.

(Caroline Blackburn – 01274 2317)

8. UPDATE ON THE GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION EXERCISE 143 - 144

The report of the Director, West Yorkshire Pension Fund, (**Document “N”**) advises Members that the Guaranteed Minimum Pension (GMP) Reconciliation Exercise, is to wind up the contracted out element link between the LGPS (Local Government Pension Scheme) and the SERP’s (State Earnings Related Pension Scheme) which affected members with service between 6 April 1978 and 5 April 1997.

The reconciliation process is designed to allocate all GMP liabilities to the correct Fund before the deadline in 2018, after which, the relevant Fund that holds the record will be liable for pension inflation increases.

The amount of the GMP will contribute towards the calculation of the members’ benefits in the New State Pension system and this began on 6 April 2016.

Recommended –

That the update in Document “N” be noted and the potential additional workloads anticipated from this exercise be acknowledged.

(Grace Kitchen – 01274 434266)

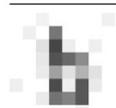
9. WEST YORKSHIRE PENSION FUND FIVE YEAR INTERNAL AUDIT PLAN 2017/2012/22 145 - 150

The report of the Director, West Yorkshire Pension Fund (WYPF) (**Document “O”**) presents the WYPF five year internal audit plan 2017/18 to 2021/22. The internal audit plan is updated annually, using a five year planning horizon. Regular meetings are held with CBMDC Internal Audit Team to plan every year. Officers also meet before each audit to review audit scope, business and operational risks, post audit we meet to agree internal audit recommendations, and provide updates on implementation of recommendations.

Recommended –

That the five year internal audit plan be noted by the Local Pension Board.

(Ola Ajala - 01274 434534)



10. TRAINING, CONFERENCES AND SEMINARS

151 -
154

The Director, West Yorkshire Pension Fund, will present a report (**Document “P”**) which informs Members that their training to understand their responsibilities and the issues they are dealing with is a very high priority. Details of training courses, conferences and seminars listed may assist Board Members.

Recommended –

That consideration be given to attendance to the training events contained in Document “P”.

(Caroline Blackburn – 01274 434523)

11. EXCLUSION OF THE PUBLIC

Members are asked to consider if the item relating to the West Yorkshire Pension Fund Investment Advisory Panel should be considered in the absence of the public and, if so, to approve the following recommendation:

Recommended –

That the public be excluded from the meeting during the consideration of the item relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meetings held on 3 November 2016 and 26 January 2017 because information would be disclosed which is considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It is considered that, in all the circumstances, the public interest in maintaining this exemption outweighs the public interest in disclosing this information as it is in the overriding interest of proper administration that Members are made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.

12. MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 3 NOVEMBER 2016 AND 26 JANUARY 2017

The report of the Director, West Yorkshire Pension Fund, (**Not for Publication Document “Q”**) reminds Members that the role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation



to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

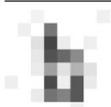
The Minutes of meeting of WYPF Investment Advisory Panel are submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Recommended –

Members are requested to review the Not for Publication minutes appended to NFP Document “Q”.

(Rodney Barton – 01274 432317)

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER



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Report of the Director, West Yorkshire Pension Fund, to the meeting of Pension Board to be held on 19 April 2017.

J

Subject:

Review of Pension Board Policies

Summary statement:

Under the Public Service Pensions Act 2013 and the guidance that followed the Pension Board is required to produce and maintain a number of key policy documents. These policy documents are brought to the Board every two years and the last review of these policies was in September 2015. This report presents the latest version of these policies for them to be formally endorsed by the Board.

Recommendations

The Board note this report and agree the policies.

Rodney Barton
Director

Portfolio:

Phone: (01274) 432317

E-mail: Rodney.barton@bradford.gov.uk

Overview & Scrutiny Area:



1 Background

1.1 Three of the 4 documents are unchanged. The Knowledge and Understanding Framework has been updated to clarify elements of the Pensions Regulators toolkit that Pension Board members are required to undertake and to also make specific reference to the CIPFA Knowledge and Skills Framework.

2. Recommendations

2.1 The Board note this report and agree the policies.

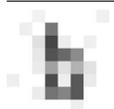
3. Appendix

Appendix A – Terms of Reference

Appendix B – Conflicts of Interest policy

Appendix C – Reporting Breaches procedure

Appendix D – Knowledge and Understanding Framework



Pension Board of City of Bradford Metropolitan District Council for West Yorkshire Pension Fund

Terms of Reference

1. Introduction

- 1.1 City of Bradford Metropolitan District Council (the Council), as Scheme Manager, as defined under section 4 of the Public Service Pensions Act 2013, has delegated legal and strategic responsibility for West Yorkshire Pension Fund (WYPF) to the Governance and Audit Committee. The Council has established two bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the WYPF Investment Advisory Panel and the WYPF Joint Advisory Group.
- 1.2 In accordance with section 5 of the Public Service Pensions Act 2013 (the Act) and under 106 of the Local Government Pension Scheme Regulations 2013 (as amended) (the Regulations), the Council is required to establish a Pension Board. The Pension Board is separate from the WYPF Investment Advisory Panel and the WYPF Joint Advisory Group.
- 1.3 This document sets out the terms of reference for WYPF Pension Board.

2. Objectives

- 2.1 The role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS including:
 - 2.1.1 securing compliance with the Local Government Pension Scheme regulations and any other legislation relating to the governance and administration of the LGPS;
 - 2.1.2 securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - 2.1.3 any other such matters as the LGPS regulations may specify.

3. Establishment

The Board is established on 1 April 2015 subsequent to approval by the Governance and Audit Committee on 20 March 2015.

4. Membership and Appointment for Pension Board members

- 4.1 Membership of the Pension Board shall be eight (8) in number. The Pension Board will consist of an equal numbers of member and employer representatives.
- 4.2 Pension Board representatives must not participate in or act as members of the Joint Advisory Group or Investment Advisory Panel.

5. Employer representatives

- 5.1 Employers who participate in the Fund will nominate four (4) representatives to sit on the Pension Board as Employer Representatives from the following sources:
- 5.3.1 Three (3) representatives will be from West Yorkshire councils, one (1) of these three (3) will be appointed in accordance with 7.1 below.
- 5.3.2 One (1) representative will be from the other employing bodies. This representative shall be selected by City of Bradford MDC following a process where all employers will be asked to submit their interest in undertaking this role.

6. Member representatives

- 6.1 Member representatives shall either be scheme members or have capacity to represent scheme members of WYPF
- 6.2 Relevant Trade Unions, who have agreed to represent all categories of the membership, will nominate four (4) representatives to sit on the Pension Board as member representatives.

7. The Chair

- 7.1 The Council as Scheme Manager will appoint one Councillor from the City of Bradford Metropolitan District Council, independent of Joint Advisory Group, Investment Advisory Panel or Governance and Audit Committee, to sit as the Chair on the Pension Board
- 7.2 The Chair of the Board shall:
- 7.2.1 ensure that the Board delivers its purpose as set out in these Terms of Reference;

7.2.2 ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered; and

7.2.3 seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

8. Attendance at meetings

8.1 Each Pension Board member should endeavour to attend all Pension Board meetings during the year. In the event of consistent non-attendance by any Pension Board member then the tenure of the membership should be reviewed at the next Pension Board meeting.

9. Term of Office/Appointment

9.1 Subject to paragraph 5.2, Pension Board representatives will normally serve for a period of four (4) years and may be reappointed to serve further terms so long as they remain relevant members (pursuant to paragraph 4 above).

9.2 Upon initial establishment of the Board in 2015 50% of members (comprising of two (2) member representatives and two (2) employer representatives) shall be appointed for a term of only two years in order to establish appointment on a rolling basis.

9.3 Employer bodies and organisations retain the right to withdraw representatives and identify replacements on occasion.

9.4 Pension Board members may be reappointed without limitation on terms subject to the Pension Board being satisfied as to the transparency and proper application of the appointment process in use.

10. Termination

10.1 Other than by ceasing to be eligible a Pension Board member may normally only be removed from office during a term of appointment by the agreement of the Board.

10.2 Board membership may be terminated prior to the end of the term of office due to:

10.2.1 A member representative no longer being a representative of the body on which their appointment relied

- 10.2.2 An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
- 10.2.3 A board member no longer being able to demonstrate their capacity to attend and prepare for meetings or participate in required training.
- 10.2.4 The representative being withdrawn by the nominating body and a replacement identified.
- 10.2.5 A board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
- 10.2.6 A Board member who is an elected member becomes a member of Joint Advisory Group and Investment Advisory Panel.
- 10.2.7 A Board member who is an officer of City of Bradford MDC becomes responsible for the discharge of any function of the Administering Authority under the LGPS regulations.

11. Number of Meetings

- 11.1 The Pension Board will normally meet twice a year. The Chair may call meetings more frequently if deemed necessary or if requested on matters considered urgent.
- 11.2 In exceptional circumstances, meetings can be conducted via communications between members of the Board including telephone conferencing and emails.

12. Creation of Working Groups/Sub Boards

The Pension Board may establish sub-committees and working groups as and when required. The Pension Board will be responsible for developing and agreeing the terms of reference and membership of any sub-committees. The Pension Board will also be responsible for outlining the purpose of any working group, its membership and detailing when and how that working group should report back.

13. Code of Conduct and Conflicts of Interest policy

- 13.1 The principles included in the Council's Code of Conduct for Members applies to all member of the Pension Board. The Code of Conduct is set out in Part 4 of the Council's Constitution:

http://www.bradford.gov.uk/bmdc/government_politics_and_public_administration/about_bradford_council/council_constitution

- 13.2 No person may be appointed to the Pension Board that has a significant conflict of interest. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the

Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme for which the board is established.

13.3 All voting members of the Pensions Board must complete a Declaration of Acceptance of Office Form, and Disclosure of Financial and other interest form.

13.4 At each meeting any interests which may lead to conflicts in specific agenda items must be declared.

14. Voting Rights

14.1 All representatives on the Pension Board have equal voting rights. Decisions made by the Pensions Board shall be on a majority basis. In the event of there not being a majority the Chair shall have the casting vote.

15. Other Attendees

15.1 The Pensions Board will extend an invitation to attend to other members of staff and advisers as it may from time to time consider appropriate.

16. Secretariat Services to the Board

16.1 Pension Board meetings will be administered by City of Bradford MDC Committee secretariat in accordance with the rules and procedures of City of Bradford MDC "Constitution of the Council and Executive Arrangements". All reasonable costs will be met by the Fund.

17. Agenda

17.1 Prior to each meeting the Director of West Yorkshire Pension Fund will arrange to supply all members of the Board with an agenda and relevant information. The agenda and any relevant documents will be issued at least five working days in advance of the meeting, except in exceptional circumstances with the agreement of the Chair.

18. Quorum

18.1 The quorum of the Pension Board shall be three. (Chair plus one employer representative and one member representative).

19. Publication

19.1 In accordance with the Act the Council shall publish information about the Board to include:

19.1.1 The names of Board members and their contact details

19.1.2 The representation of employers and member on the Board

19.1.3 The role of the Board

19.1.4 These Terms of Reference

20. Allowances/Expenses

No member or representative of the Pension Board shall be remunerated for undertaking this role. However, expenses incurred in attending meetings of the Board and attending training events, shall be reimbursed to all members and the cost will be met by the Fund.

21. Knowledge and Understanding and Capacity of Representative Members

21.1 Every individual who is a member of the Pension Board must be conversant with:

21.1.1 the rules of the LGPS, in other words the Regulations and other regulations governing the LGPS (such as the Transitional Regulations and the Investment Regulations); and

21.1.2 the requirements of the Pensions Regulator; and

21.1.3 any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund, and have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed.

21.2 A Knowledge and Understanding Policy and Framework will be maintained by WYPF.

21.3 Pension Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Knowledge and Understanding Policy and Framework.

21.4 Employer and member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meeting and participate in training as required.

22. Accountability

- 22.1 The Board should in the first instance report its requests, recommendations or concerns to the committee. In support of this any member of the Board may attend a Committee meeting as an observer.
- 22.2 The Board should report any concerns over a decision made by the Committee subject to the agreement of at least 50% of voting Board members provided that all voting members are present. If all voting members are not present then the agreement should be of all voting members who are present, where the meeting remains quorate.
- 22.3 On receipt of a report the Committee shall within a reasonable period, consider and respond to the Board.
- 22.4 Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.
- 22.5 Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.
- 22.6 The appropriate internal route for escalation is to the Administering Authority Monitoring Officer.

23. Budget

The Pension Board is to be provided with adequate resources to fulfil its role. The Council will allocate an annual budget to cover the expenses of the board.

24. Core Functions:

- 24.1 The first core function of the Board is to assist the Council in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.
- 24.2 The second core function of the Board is to assist the Council to ensure the effective and efficient governance and administration of the Scheme.

- 24.3 In support of its core functions the Board may make a request for information to the Committee with regard to any aspect of the Council's function. Any such request should be reasonably complied with in both scope and timing.
- 24.4 In support of its core functions the Board may make recommendations to the Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

25. Data Protection

- 25.1 The Pensions Board is considered a committee of and part of the Council's legal entity. The Council is and remains the data controller responsible for DPA compliance, including for processing carried out by the Pension Board, where processing is carried out as a data controller, or where personal data use by the Pension Board is not carried out for and on behalf of any other separate legal entity.
- 25.2 The Pension Board will therefore adhere to the data protection policies of the Council.

26. Review of Terms of Reference

- 26.1 These Terms of reference shall be reviewed on each material change to those parts of the Regulations covering local pension boards and at least every two (2) years.
- 26.2 These terms of reference were adopted on:

20th March 2015 - On behalf of the Council (Governance and Audit Committee)

.....
On behalf of the Board

West Yorkshire Pension Fund

Conflicts of Interest Policy

1. Introduction

- 1.1 Conflicts of interest have always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an Elected Member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. In addition, they may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.
- 1.2 It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.
- 1.3 This is the Conflicts of Interest Policy of the West Yorkshire Pension Fund (WYPF), which is managed by City of Bradford MDC (CBMDC). The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the WYPF whether directly or in an advisory capacity.
- 1.4 This Conflicts of Interest Policy is established to guide Joint Advisory Group, Investment Advisory Panel, Pension Board members, officers and advisers. Along with other constitutional documents, including the various Codes of Conduct, it aims to ensure that they do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

2. Aims and Objectives

- 2.1 In relation to the governance of the Fund, the Administering Authority's objectives are to ensure that:
 - all staff and Joint Advisory Group, Investment Advisory Panel and Pension Board 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 open in all its dealings and readily provides information to interested parties
 - all relevant legislation is understood and complied with
 - the Fund is at the forefront of best practice for LGPS funds
 - all Conflicts of Interest are managed appropriately

The identification and management of potential and actual conflicts of interest is therefore integral to the Administering Authority achieving its governance objectives.

3. Application of this policy

- 3.1 This Conflicts of Interest Policy applies to all Joint Advisory Group, Investment Advisory Panel and Pension Board member, including scheme member and employer representatives, whether voting members or not. It applies to all members of WYPF Management Team.
- 3.2 This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.
- 3.3 Director - WYPF will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as appropriate.
- 3.4 This Policy also applies to all advisers and suppliers to the Fund, whether advising the Joint Advisory Group, Investment Advisory Panel, Pension Board or Fund officers, in relation to their role in advising or supplying the Fund.
- 3.5 In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and AVC providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.
- 3.6 In accepting any role covered by this Policy, those individuals agree that they must:
- acknowledge any potential conflict of interest they may have;
 - be open with the Administering Authority on any conflicts of interest they may have;
 - adopt practical solutions to managing those conflicts; and
 - plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this policy provide a framework for each individual to meet these requirements.

4. Legislative and related context

- 4.1 There are a number of requirements relating to the management of potential or actual conflicts of interest for those involved in LGPS funds which are included in legislation or guidance. These are summarised in Appendix 1.

5. Other administering Authority Requirements

- 5.1 Individuals to whom this policy applies may also be required to adhere to other requirements in relation to conflicts of interest. This includes:
- Joint Advisory Group, Investment Advisory Panel and Pension Board members who are required to adhere to the CBMDC Members' Code of Conduct
 - employees who are required to adhere to the CBMDC Employees' Code of Conduct
 - advisers who are expected to have their own policies or protocols.

Further information is provided in Appendix 2.

6. What is a Conflict or potential Conflict and how will it be managed?

- 6.1 The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by CBMDC, and
- at the same time, has:
 - a separate personal interest (financial or otherwise) or
 - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

Some examples of potential conflicts are included in Appendix 3.

- 6.2 CBMDC encourages a culture of openness and transparency and encourages individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.
- 6.3 CBMDC will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on Pension Fund operations and good governance were an actual conflict of interest to materialise.

Ways in which conflicts of interest may be managed include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue
- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen)

Provided that the Administering Authority (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, CBMDC shall endeavour to avoid the need for an individual to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from their role.

7. Responsibility

- 7.1 The Administering Authority for the WYPF Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Director - WYPF is the designated individual for ensuring the procedure outlined below is adhered to.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties.

8. Operational procedures

8.1 Declaration at Appointment

- 8.1.1 On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest form. The information contained in this declaration will be collated into the Pension Fund's Register of Conflicts of Interest.

8.2 Declaration at Meetings

- 8.2.1 At the commencement of any Joint Advisory Group, Investment Advisory Panel, Pension Board or other formal meeting where pension fund matters are to be discussed, the Chair will ask all those present who are covered by this Policy to declare any new potential conflicts.

- 8.2.2 These will be recorded in the Fund's Register of Conflicts of Interest. In addition, the latest version of the register will be made available by the Director - WYPF to the Chair of every meeting prior to that meeting.

- 8.2.3 Any individual who considers that they or another individual has a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chair and the Director - WYPF prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chair, in consultation with the Director - WYPF, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.

- 8.2.4 If such a conflict is identified outside of a meeting the notification must be made to the Director – WYPF and where it relates to the business of any meeting, also to the Chair of that meeting. The Director - WYPF, in consultation with the Chair where relevant, will consider any necessary action to manage the potential or actual conflict.

- 8.2.5 Where information relating to any potential or actual conflict has been provided, the Director - WYPF may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on how to address any identified conflicts.

- 8.2.6 Any such potential or actual conflicts of interest and the action taken must be recorded in the Fund's Register of Conflicts of Interest.

8.3 Annual Declaration

8.3.1 Every 12 months all individuals will complete a new Declaration of Interest confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration.

8.4 Conduct at Meetings

8.4.1 There may be circumstances when a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak from an employer's or member's viewpoint must state this clearly, e.g. at a Pension Board or Joint Advisory Group or Investment advisory Panel meeting, and that this will be recorded in the minutes.

9. Operational procedures for advisers

9.1 Although this policy applies to all of the key advisers, the operational procedures outlined in 8.1 and 8.3 above relating to completing declarations do not apply to advisers. Instead all advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated
- adhere to the principles of this Policy
- provide, on request, information to Director - WYPF as to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to CBMDC as Administering Authority
- notify the Director – WYPF immediately should a potential or actual conflict of interest arise.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of Conflicts of Interest.

10. Monitoring and reporting

10.1 The Fund's Register of Conflicts of Interest may be viewed by any interested party by appointment during normal business hours. In addition information relating to conflicts of interest will be published in the Fund's Annual Report and Accounts.

10.2 In order to identify whether the objectives of this Policy are being met the administering authority will review the Register of Conflicts of Interest on an annual basis and consider whether there has been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

11. Key Risks

11.1 The key risks to the delivery of this Policy are outlined below all of which could result in an actual conflict of interest arising and not being properly managed. The Director -

WYPF will monitor these and other key risks and consider how to respond to them, taking advice from the City Solicitor where required.

The key risks are:

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- Insufficient training or failure to communicate the requirements of this Policy
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising or failure of that individual to carry out the operational aspects in accordance with this Policy
- Failure by a chair to take appropriate action when a conflict is highlighted at a meeting.

12. Costs

- 12.1 All costs related to the operation and implementation of this Policy will be met directly by WYPF. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

Appendix 1

Legislation, Regulation and Guidance on Conflicts of Interest

The requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance.

The Public Service Pensions Act 2013

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a local pension board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires local pension board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”

Further, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issue.

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each administering authority to satisfy itself that local pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and local pension boards. At the point of writing this Policy, the shadow LGPS national scheme advisory board has issued guidance relating to the creation of local pension boards including a section on conflicts of interest. It is expected that this guidance will be adopted by the scheme advisory board when it is established and possibly also by the Secretary of State. This Conflicts of Interest Policy has been developed having regard to that guidance. The guidance can be viewed at: www.lgpsboard.org/index.php/about-the-board/board-guidance

The Pensions Act 2004

The Public Service Pensions Act 2013 added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.

Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code. The code can be viewed at www.thepensionsregulator.gov.uk/guidance/guidance-conflicts-of-interest.aspx

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Pension Board members are not being adhered to.

The Localism Act 2011

Chapter 7 of this Act requires councillors to comply with the code of conduct of their local authority and that code of conduct must be consistent with the Seven Principles of Public Life (set out below). In addition the Act requires that the code of conduct must include provisions requiring the disclosure and registration of pecuniary interests and interests other than pecuniary interests.

The Seven Principles of Public Life

Otherwise known as the 'Nolan Principles', the seven principles of public life apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally, and all staff in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services

The principles also apply to all those in other sectors that deliver public services.

Many of the principles are integral to the successful implementation of this Policy. The principles are as follows:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership.

Advisers' Professional Standards

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Information about these requirements can be viewed at: www.actuaries.org.uk/regulation/pages/conflicts_of_interest

Any Protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

Appendix 2

Other Administering Authority Requirements

In addition to the requirements of this Policy, Joint Advisory Group, Investment Advisory Panel and Pension Board members and co-opted members (including non-voting co-opted members) are required to adhere to the CBMDC Members' Code of Conduct or the CBMDC Code of Conduct for Employees.

Pension Board Members

In addition to the requirements of this Policy, Pension Board members are required to adhere to the Terms of Reference of the Pension Board.

Employees

In addition to the requirements of this Policy, officers of CBMDC are required to adhere to the CBMDC Code of Conduct for Employees.

Advisers

The Administering Authority appoints its own advisers. There may be circumstances where these advisers are asked to give advice to CBMDC or other scheme employers, or even to scheme members or member representatives such as the Trades Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is involved in a transaction involving the WYPF and on which advice is required. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so.

Where the Pension Board decides to appoint an adviser, this can be the same person, or organisation as is appointed to advise the Investment advisory Panel or joint advisory Group or Fund officers as long as there is no conflict of interest between the two roles.

The key advisers are all expected to have their own policies or protocols on how conflicts of interest will be managed in their relationships with their clients, and these must be shared with the Fund.

Appendix 3

Examples of potential Conflicts of Interest

- a) An elected member on the Joint Advisory Group or Investment Advisory Panel is asked to provide views on a funding strategy which could result in an increase in the employer contributions required from the employer he or she represents.
- b) A member of the Joint Advisory Group or Investment Advisory Panel is on the board of a Fund Manager that is being considered for appointment.
- c) An officer of the Fund or member of the Joint Advisory Group or Investment Advisory Panel accepts a dinner invitation from a service provider who has submitted a bid as part of a tender process.
- d) An employer representative on the Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Pension Board is reviewing the standards of service provided by that company.
- e) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- f) An officer of the Fund is asked to provide guidance to the Pension Board on the background to an item considered at the Joint Advisory Group or Investment Advisory Panel. This could be a potential conflict as the officer could consciously or sub-consciously avoid providing full details, resulting in the Board not having full information and not being able to provide a complete view on the appropriateness or otherwise of that item.
- g) An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only acts in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the pension board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members.
- h) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, providing assistance with monitoring the covenant of employers.
- k) An employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Joint Advisory Group, Investment Advisory Panel or Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Joint Advisory Group, Investment Advisory Panel or Pension Board.

West Yorkshire Pension Fund

Reporting Breaches Procedure

1. Introduction

- 1.1 This document sets out the procedures to be followed by certain persons involved with the West Yorkshire Pension Fund (WYPF), the Local Government Pension Scheme managed and administered by City of Bradford MDC, in relation to reporting breaches of the law to the Pensions Regulator.
- 1.2 Breaches can occur in relation to a wide variety of tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.
- 1.3 This procedure applies, in the main, to:
 - all members of the Joint Advisory Group, Investment Advisory Panel and Pension Board;
 - all officers involved in the management of the Pension Fund;
 - any professional advisers including auditors, actuaries, legal advisers and fund managers; and
 - officers of employers participating in the West Yorkshire Pension Fund who are responsible for pension matters.

2. Requirements

- 2.1 This section clarifies the full extent of the legal requirements and to whom they apply.

2.2 Pensions Act 2004

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme, to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:

- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- (b) the failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

2.3 The Pension Regulator's Code of Practice

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice including in the following areas:

- implementing adequate procedures.
- judging whether a breach must be reported.
- submitting a report to The Pensions Regulator.
- whistleblowing protection and confidentiality.

3 Reporting Breaches Procedure

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the West Yorkshire Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

3.1 Clarification of the law

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:
www.legislation.gov.uk/ukpga/2004/35/contents
- Employment Rights Act 1996:
www.legislation.gov.uk/ukpga/1996/18/contents
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):
www.legislation.gov.uk/uksi/2013/2734/contents/made
- Public Service Pension Schemes Act 2013:
www.legislation.gov.uk/ukpga/2013/25/contents

- Local Government Pension Scheme Regulations (various):
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
- The Pensions Regulator's Code of Practice:
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-publicservice-pension-schemes.aspx>
In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Director – WYPF provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

3.2 Clarification when a breach is suspected

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, it will usually be appropriate to check with the Director - WYPF, a member of the Joint Advisory Group, Investment Advisory Panel or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

3.3 Determining whether the breach is likely to be of material significance

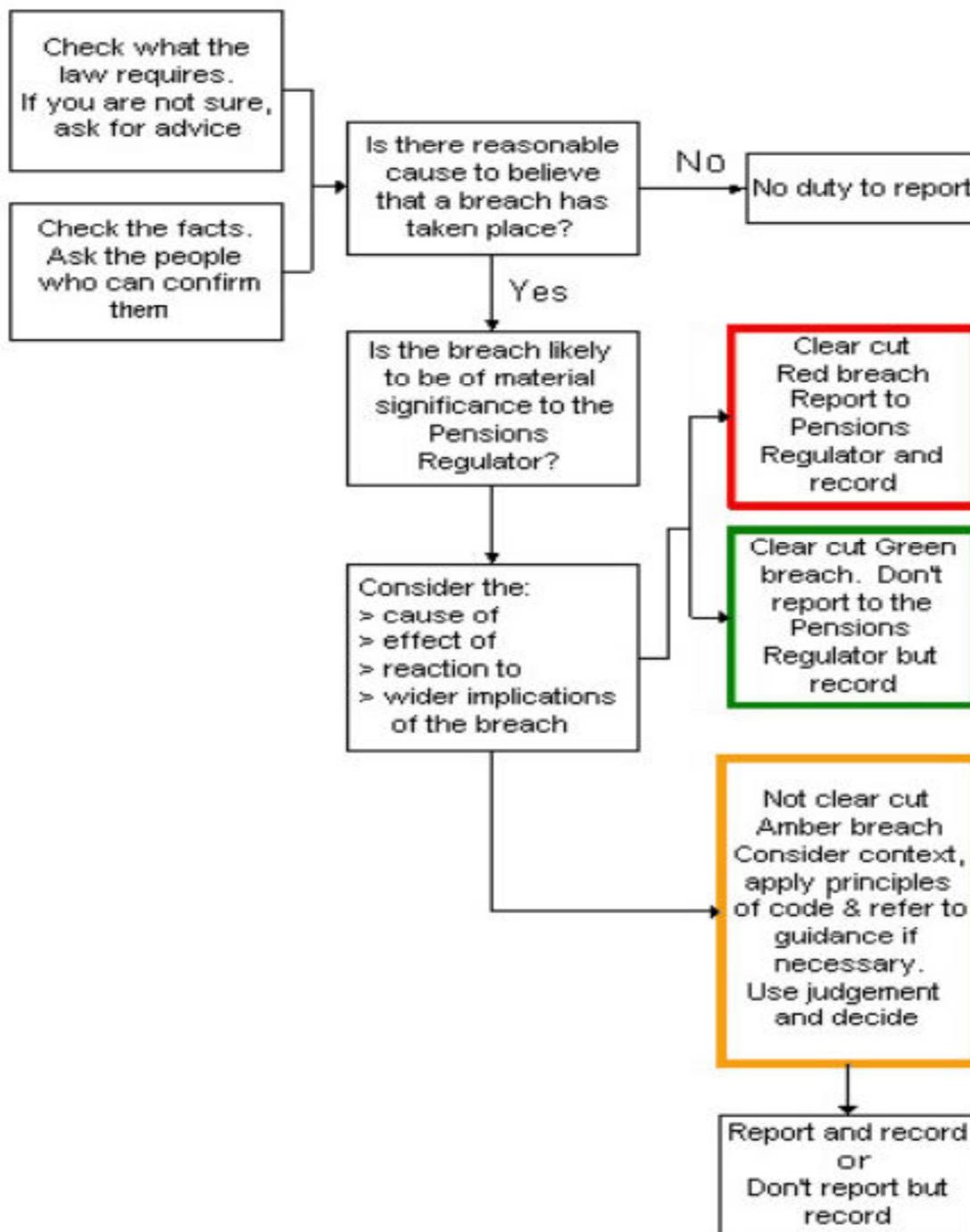
To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

Further details on the above four considerations are provided in Appendix A to this procedure. Individuals should use the traffic light framework described in Appendix B to help assess the material significance of each breach and to formally support and document their decision.

- 3.4 A decision tree is provided below to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.

Decision-tree: deciding whether to report



3.5 Referral to a level of seniority for a decision to be made on whether to report

Director – WYPF is designated to ensure this procedure is appropriately followed. The Director is considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate. If breaches relate to late or incorrect payment of contributions or pension benefits, the matter should be highlighted to the Director – WYPF at the earliest opportunity to ensure the matter is resolved as a matter of urgency. Individuals must bear in mind, however, that the involvement of the Director - WYPF is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The matter should not be referred to any officer if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

3.6 Dealing with complex cases

The Director - WYPF may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LG Group - <http://www.lgpsregs.org/>). If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Board, Joint Advisory Group, Investment Advisory Panel or Management meeting.

3.7. Timescales for reporting

The Pensions Act and Pension Regulators Code require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report, nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on “reasonable cause to believe” and on “material significance” should be consistent with the speed implied by ‘as soon as reasonably practicable’. In particular, the time taken should reflect the seriousness of the suspected breach.

3.8 Early identification of very serious breaches

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

3.9 Recording all breaches even if they are not reported

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). WYPF will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Director – WYPF. Records of unreported breaches should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be included in the next Joint Advisory Group meeting, and this will also be shared with the Pension Board.

3.10 Reporting a breach

Reports must be submitted in writing via The Pensions Regulator's online system at www.tpr.gov.uk/exchange, or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (West Yorkshire Pension Fund);
- description of breach(es);
- any relevant dates;
- name, position and contact details;
- role in connection to the scheme; and
- employer name or name of scheme manager (the latter is City of Bradford MDC).

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator;
- scheme address (provided at the end of this procedures document);
- scheme manager contact details (provided at the end of this procedures document);
- pension scheme registry number; and
- whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

3.11 Confidentiality

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

3.12 Reporting to Joint Advisory Group and Pension Board

A report will be presented to the Joint Advisory Group and Pension Board setting out:

- all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- in relation to each breach, details of what action was taken and the result of any action (where not confidential);
- any future actions for the prevention of the breach in question being repeated; and
- highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). An example of the information to be included in the quarterly reports is provided in Appendix C to this procedure.

3.13 Review

This Reporting Breaches Procedure was originally developed in June 2015. It will be kept under review and updated as considered appropriate. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Appendix A

1. Determining whether a breach is likely to be of material significance

1.1 To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

2. The cause of the breach

2.1 Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- acting, or failing to act, in deliberate contravention of the law;
- dishonesty;
- incomplete or inaccurate advice;
- poor administration, i.e. failure to implement adequate administration procedures;
- poor governance; or
- slow or inappropriate decision-making practices.

2.2 When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant.

3. The effect of the breach

3.1 Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Joint Advisory Group, Investment Advisory panel or Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.

- Conflicts of interest of Joint Advisory Group, Investment Advisory panel or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time.
- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

4. The reaction to the breach

4.1 A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

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

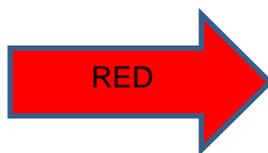
5. The wider implications of the breach

5.1 Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

Appendix B

Traffic light framework for deciding whether or not to report

It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance.

These must be reported to The Pensions Regulator.

Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.



Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However the breach was caused by a system error which may have wider implications for other public service schemes using the same system.



Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance. These should be recorded but do not need to be reported.

Example: A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this is framework is provided by The Pensions Regulator at the following link:

[http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)

West Yorkshire Pension Fund - Pension Board

Knowledge and Understanding Framework

1. Legislative Requirements

1.1 In accordance with the Pensions Act 2004, every individual who is a member of a Pension Board must be conversant with:

- the rules of the Local Government Pension Scheme (LGPS) , in other words the Regulations and other regulations governing the LGPS (including the Transitional Regulations, earlier regulations and the Investment Regulations); and
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund,

1.2 Board Members should also have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed.

1.3 Board Members' legal responsibilities begin from the day they take up their role and therefore should immediately start to familiarise themselves with the documents as referred to in Appendix A and the law relating to pensions.

1.4 Board Members must ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.

1.5 Board Members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members should maintain a written record of relevant training and development.

1.6 The Scheme Manager is required to maintain and develop the framework.

2. Degree of Knowledge and Understanding

- 2.1 Being conversant with the rules of the LGPS and any document recording policy about the administration of the Fund means having a working knowledge so they can be used effectively when carrying out their role of assisting the Administering Authority.
- 2.2 Board Members should understand the rules and documents in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply. Details of West Yorkshire Pension Fund's (WYPF) policies etc. can be found at Appendix A
- 2.3 The rules of the LPGS include the LGPS Regulations, Investment Regulations, Transitional Regulations (including and earlier Regulations as defined in the Transitional regulations) to the extent they remain applicable and any statutory guidance referred to in the regulations.
- 2.4 To ensure knowledge and understanding of the Pension Board is maintained, initially, 50% of the Board will be appointed on a 2 year basis. Any member replaced before the expiry of their normal term will serve for the remainder of that term only, when they will be eligible to serve for further full terms in accordance with the Terms of Reference.

3. Induction Training

- 3.1 As part of the induction training Board Members are required to undertake the Pensions Regulator's online trustees toolkit training which will help pension Board members to meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.
- 3.2 The toolkit includes nine Essential Learning for Trustee compulsory modules and seven Public sector Toolkit compulsory learning modules that must be completed successfully.
- 3.3 The nine Essential learning for trustee compulsory modules test Pension Board members knowledge in the following areas:
 - Introducing pension schemes
 - The trustee's role
 - Running a scheme
 - An introduction to investment
 - How a defined benefit scheme works
 - Funding your defined benefit scheme

- Defined benefit recovery plans. Contributions and funding principles
- Investment in a defined benefit scheme

3.4 The seven Public sector Toolkit compulsory modules test Pension Board member knowledge in the following key areas:

- Conflicts of Interest
- Managing Risk and internal controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing information to members and others
- Resolving internal disputes
- Reporting breaches of the law

The Pensions Regulators website can be found at:

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

A document which will help identify training needs and to record and reflect on the training once completed can be found at:

www.thepensionsregulator.gov.uk/docs/PS-assessing-your-learning_needs.doc.

4. Continuing training and development

4.1 Board Members are expected to attend regular training events.

4.2 In addition to the Pensions Regulator's Toolkit, Pension Board members will be invited to undertake training and development as detailed in the CIPFA Knowledge and Skills Framework.

4.3 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 provided by officers and/or external advisers
- External training events
- Circulation of reading material
- Attendance at seminars and conferences offered by industry bodies
- Links to on-line training

5. CIPFA Knowledge and Skills Framework

- 5.1 In an attempt to determine the right skill set involved in decision making CIPFA has developed a technical knowledge and skills framework
- 5.2 In total there are six areas of knowledge and skills identified as the core technical requirements for those working in public sector pensions These are:
- Pensions legislative and governance context
 - Pensions accounting and auditing standards
 - Financial services procurement and relationship management
 - Investment performance and risk management
 - Financial markets and products knowledge
 - Actuarial methods, standards and practices.
- 5.3 Training Needs Analysis can be used to help assist Board members and the scheme managers to identify areas of the CIPFA Knowledge and understanding framework where training is required.

Appendix A

Policies which are documented and which you must have a working knowledge are:

| | Where they can be found |
|---|---|
| Member and Employer information | |
| Member booklets, announcements and other key member and employer communications, which describe the Fund's policies and procedure, including AVC guides). | www.wypf.org.uk |
| Relevant policies | |
| Conflicts of Interest Policy | http://www.wypf.org.uk/Member/PensionBoard/WYPF/PensionBoard_WYPF_Index.aspx |
| Internal Dispute Resolution Procedure | www.wypf.org.uk/Member/Publications/Booklets |
| Reporting of Breaches Procedure | http://www.wypf.org.uk/Member/PensionBoard/WYPF/PensionBoard_WYPF_Index.aspx |
| WYPF Policy Statements | |
| Investment Strategy Statement | www.wypf.org.uk/Member/Publications/policyStatements |
| Funding Strategy Statement | |
| Pensions Administration Strategy | |
| Communication Policy | |
| Governance Compliance Statement | |
| WYPF Discretionary Policy Statement | To be supplied upon request |
| Others | |
| Actuarial Valuation report and Rates and Adjustment Certificate | www.wypf.org.uk/Member/publications/Valuation |
| WYPF Risk Register | To be supplied upon request |
| Annual Report and Accounts | www.wypf.org.uk/Member/Publications/ReportAndAccounts |
| Investment Management and activity | www.wypf.org.uk/Member/Investments |

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Report of the Director, West Yorkshire Pension Fund, to the meeting of Pension Board to be held on 19 April 2017.

K

Subject:

Minutes of West Yorkshire Pension Fund (WYPF) Joint Advisory Group held on 26 January 2017.

Summary statement:

The role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

The Minutes of meeting of WYPF Joint Advisory Group are submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Recommendations

It is recommended that the Board review the minutes of the meeting of the 26 January 2017.

Appendix

Appendix A – Minutes of West Yorkshire Pension Fund (WYPF) Joint Advisory Group held on 26 January 2017.

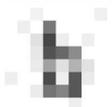
Rodney Barton
Director

Portfolio:

Phone: (01274) 432317
E-mail: Rodney.barton@bradford.gov.uk

Overview & Scrutiny Area:





Minutes of a meeting of the WYPF Joint Advisory Group held on Thursday, 26 January 2017 at Aldermanbury House, Godwin Street, Bradford BD1 2ST

Commenced
1300
Concluded 1420

Present –

| | |
|--|--|
| <p><u>Bradford Members</u> Councillors: Miller Thornton Lal</p> | <p><u>Calderdale Members</u> Councillors: Lynn Metcalf</p> |
| <p><u>Kirklees Members</u> Councillors: Richards</p> | <p><u>Leeds Members</u> Councillors: Davey Dawson Harrand</p> |
| <p><u>Wakefield Members</u> Councillors: Jones Speight</p> | <p><u>Trades Union Members</u> Mr Greenwood (UNISON) Mr Chard (GMB)</p> |
| <p><u>Scheme Members</u> Mr Sutcliffe Ms W Robinson</p> | |

Apologies: Liz Bailey, Councillor S Baines, Councillor F Fadia, Councillor E Firth and Councillor R Forster

Councillor Thornton in the Chair

19. DISCLOSURES OF INTEREST

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: *City Solicitor*



20. MINUTES

Resolved –

That the minutes of the meeting held on 28 July 2016 be signed as a correct record.

21. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

22. REVISED ESTIMATES 2016/17 AND ORIGINAL ESTIMATES 2017/18

The Director, West Yorkshire Pension Fund, provided a report (**Document “N”**) which presented the revised estimates 2016/17 and original estimates 2017/18.

The report included a summary of combined Pensions Administration and Investment Management budgets, showing variances against the original estimates for 2016/17 and 2017/18 variances against the revised estimates for 2016/17.

It was noted that WYPF was significantly cheaper than other funds. Members questioned why the budget estimate for the full staffing structure remained when there were less than that number presently employed. It was explained that the budget had been retained to enable the fund to react to the need for additional specialist staff which may be required for investment pooling and to provide the capacity for future shared services. Assurances were provided that staffing proposals would be scrutinised to ensure the filling of posts was justified.

The report revealed that the Civic contract was to be extended in 2017; the new contract would be more expensive and negotiations were ongoing. It was queried if the new contract would be significantly more expensive and if a tender process had been applied. In response it was explained that negotiations were ongoing when the report was written and were being undertaken to ensure value for money was received. A move had previously been made, via a tender process, to Civica from a previous supplier and large savings had been made. The system was flexible and the support was good. It was felt that if the contract went to tender the price would be much higher. Some market testing would, however, be carried out to confirm if that was the right course of action.

Resolved –

That the revised budget estimate for 2016/17 of £9.01m and original estimate for 2017/18 of £10.19m be approved.

ACTION: Director, West Yorkshire Pension Fund



23. 2016 ACTUARIAL VALUATION

The report of the Director, West Yorkshire Pension Fund, (**Document “O”**) informed Members that the triennial actuarial valuation of the West Yorkshire Pension Fund was being prepared based on the situation at 31 March 2016 and would determine the level of employers’ contributions for the period 1 April 2017 to 31 March 2020.

The report indicated that WYPF was likely to be 94% funded compared to the situation at 31 March 2013 when it was 96% funded. As a result each of the five District Councils would see an increase in the total of their primary and secondary (deficit) contributions of less than 2% based on the theoretical contributions (2017/18)

A Member acknowledged that three years ago assumptions would have been amended to prevent increases to employers contributions. New government regulations had reduced the funds control. He explained that, as a result of those regulations, increased contributions were inevitable.

Assumptions used in calculating contributions reported in Appendix A to Document “O” were questioned and it was suggested that 3.25% seemed a high rate for general pay increases. In response it was explained that the assumptions were made for a 20 year period. It was known that a period of correction followed a lower pay phase. It was felt that 1.25% above the inflation rate was conservative and would have a very small impact.

Document “O” revealed a number of significant events including the result of the Referendum on the UK’s membership of the EU on 23 June and the US presidential election on 8 November 2016. In part due to the depreciation in the value of sterling the returns achieved on the Fund since the valuation had been very strong; the Administering Authority had asked the Fund Actuary to take that into account when setting the contributions for 2017/18. A view that the impact of those factors would be temporary was raised and it was explained that there was the ability to amend in the next year. All financial directors were aware of the requirement to rebalance the expected return should the fund be devalued.

Resolved –

(1) That the report be noted.

(2) That, subject to consultation with all stakeholders, the draft Funding Strategy Statement, contained in Document “O” be approved.

ACTION: Director, West Yorkshire Pension Fund

24. INVESTMENT REFORM CRITERIA AND GUIDANCE - INVESTMENT POOLING

The Director, West Yorkshire Pension Fund, presented a report (**Document “P”**) which advised Members of progress on the Government’s work



with Local Government Pension Schemes (LGPS) administering authorities to ensure that they pool investments to reduce costs significantly while maintaining overall investment performance.

The report revealed that representatives of the Pool had met with the Minister on 19 December. The Minister had welcomed the commitment to investment in infrastructure and the intention for the GLIL joint venture to become regulated to allow other pools to join in. (GLIL is a £1.3billion infrastructure joint venture between Northern Pool participants and one other partner. There was limited questioning on other aspects of the presentation. A formal response had been received in January 17 and was tabled for information.

Resolved –

That the continued development of pooling arrangements, subject to the Governments response, be noted.

ACTION: Director, West Yorkshire Pension Fund

25. DEVELOPMENTS WITHIN THE WEST YORKSHIRE PENSION FUND

The Director, West Yorkshire Pension Fund, presented a report (**Document “Q”**) which set out developments within the Fund in the last year covering changes in employers, membership, Performance and Benchmarking, Employer and Customer Service Surveys, Internal Dispute Resolution Procedure Cases and External Business.

A Member commented that some information had been replicated in different tables in two tables within the report. In response it was explained that there had been some formatting issues when the report had been produced. It was also explained that work was being undertaken on KPIs as it was acknowledged that an 85% target was not appropriate for all work types. Some work streams would require a higher priority and the KPIs would be amended to reflect priority,

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

26. PENSIONS REGULATOR'S CODE OF PRACTICE AND REGISTER OF BREACHES OF THE LAW

The report of the Director, West Yorkshire Pension Fund, (**Document “R”**) informed Members that in accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes came under the remit of the Pensions Regulator.

Appended to the report was a copy of the Pensions Regulator Code of Practice 14; the Pensions Regulator Code of Practice and WYPF compliance 2017 and



the Register of Breaches 2016. Members were asked to note the WYPF's response to the Pension Regulator's requirements

Document "R" was presented in two sections and explained that from April 2015 all Public Service Pension Schemes came under the remit of the Pensions Regulator. Compliance with the Pension Regulators Code of Practice was discussed.

The second element of the report was concerned with the Breaches Register which the Fund was required to have in place. Appended C to Document "R" contained the register of breaches in 2016/17 and identified that there were only two breaches:-

- Employers must pay by 19th the contributions deducted from Members. Procedures were in place to assist employers including the setting up of Standing Orders to ensure contributions were paid at the appropriate time.
- A 100% target was set for the production of Annual Benefit Statements. Members were advised that this would always be impossible to achieve as, inevitably, there would be contact detail changes of which the Fund were not informed. It was explained that efforts towards that target continued and, as of the meeting date, a 99.1% target had been achieved.

In response to discussions about payments of Member contributions by employers concern was expressed that changes to education funding allowing trusts to sub contract services could exacerbate that issue.

In response it was explained that staff were aware and all contributions were paid before the next due date. The issue was targeted on two levels. Employers must produce payroll records and this was acted upon immediately. If they failed to supply payment after two 'strikes' they were charged regulatory interest and performance fee. Employers were also advised that they would be reported to the Pensions Regulator.

The charge incurred from late payment was questioned and Members were advised that this was the Bank of England base rate plus 1%. An administration charge was also applied for any additional work required by the WYPF. The implementation of charges had resulted in a significant improvement. It was agreed to provide Members with additional information about the regulatory interest and the performance fees charged.

A suggestion was made that bench marks against other authorities be published, however, it was reported that each Pension Authority had different payroll methods and comparisons would be difficult.

There had been a previous discussion about uploading the Risk Register to the WYPF website and it had been agreed not to 'name and shame' employers. Members were assured that the Risk Register would be discussed at each meeting.



A Member suggested that small companies operating in other authorities could benefit from intelligence sharing in the future. It was confirmed that WYPF did share intelligence as part of a group which met four times per year with other Metropolitan Authorities.

Resolved –

(1) That the summary of results of WYPF compliance against the Pensions Regulators Code of Practice be noted.

(2) That all entries and actions contained in the Breaches Register be noted.

ACTION: Director, West Yorkshire Pension Fund

27. SHARED SERVICE PARTNERSHIP WITH LINCOLNSHIRE PENSION FUND

West Yorkshire Pension Fund's (WYPF) shared service partnership to provide a pensions administration service for Lincolnshire Pension Fund (LPF) commenced from 1 April 2015.

The report of the Director, West Yorkshire Pension Fund, (**Document "S"**) provided an update on the partnership to date.

An administration update explained that Lincolnshire Pension Fund had been brought into line with service standards. Statistics revealing the performance against key areas of work for the period April 2016 to December 2016 were included in the report.

The response to Life Certificates and Death Grant Nominations were reported together with the savings received following the implementation of the National Fraud Initiative. Membership numbers were provided and revealed an increase of 700; the cost per member had reduced and complimentary feedback had been received from members and employers. Nominations received in the LCG Investment Awards; the Pensions Age Awards and the National Framework for Third Party Administration were also reported.

It was explained that the Death Grant Nomination exercise had been rolled out to pensioner members and to date 40% had been returned.

Resolved -

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund



28. PENSIONS ADMINISTRATION STRATEGY AND COMMUNICATIONS POLICY 2017/18

The report of the Director, West Yorkshire Pension Fund, (**Document “T”**) advised Members that, as part of the Local Government Pension Scheme (LGPS) Regulations 2013, West Yorkshire Pension Fund (WYPF) prepared a written statement of the authority’s policies in relation to such matters as it considered appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

The Pensions Administration Strategy and Communications Policy was produced last year and approved by the WYPF Joint Advisory Group (JAG). The strategy would be brought before WYPF JAG each year to review and approve, particularly if there were any new regulations and revisions to working practices.

It was confirmed that there were no changes to the Pensions Administration Strategy. The Communications Policy had been updated to reflect activities planned for 2017-18 which included implementation of member self service for which a pilot had already commenced.

Resolved -

That the Pension Administration Strategy and the Communications Policy 2017/18, contained in Document “T”, be approved.

ACTION: Director, West Yorkshire Pension Fund

29. EXTERNAL BUSINESS - PENSIONS ADMINISTRATION FOR THE FIREFIGHTERS PENSION SCHEMES

Members were aware that West Yorkshire Pension Fund (WYPF) provided a shared service partnership to provide a pensions administration service for seven Fire Authorities.

The report of the Director, West Yorkshire Pension Fund, (**Document “U”**) provided an update on the business to date. The report provided information on performance against key areas of work for the period 1 April 2016 to 31 December 2016 and membership numbers. It was explained that this was a complex area to administer but WYPF had an experienced fire authority team and it was hoped that the shared partnership would increase from the current seven fire authorities.

Document “U” revealed that all the Fire Authorities had moved to a shared service arrangement which meant that the cost of administration was shared equally between the WYPF and each Fire Authority and they all paid the same amount of a cost per member basis. The annual income generated from the partnership was reported as £171, 901.



In response to questions it was confirmed that the Ambulance Service was included in the National Health Service Pension scheme.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

30. CIPFA BENCHMARKING REPORTS

West Yorkshire Pension Fund had taken part in the CIPFA Benchmarking Club for Pensions Administration. The report of the Director, West Yorkshire Pension Fund, (Document “V”) provided information about the costs of the Fund’s pensions administration service and compared those costs with other LGPS funds who were part of the CIPFA Benchmarking Club.

Document “V” reported that 38 LGPS funds had reported their administration costs, membership details, workload and staff movements to CIPFA who analysed and reported on the data in comparative tables and graphs. The benchmarking related to the membership administration function of the Fund and did not cover investments. Officers from the Fund also met with representatives from the other metropolitan funds to exchange information, share best practice and develop next year’s survey.

The summary results detailed in Appendix 1 to Document “V” compared WYPF with all members of the benchmarking club. The Fund had the fifth lowest annual cost per member. Appendix 2 compared WYPF to other large funds. The Fund had the third lowest annual cost per member amongst larger funds (over 100,000 members).

Key points of interest in the report included comparisons with costs per member; staff per member; IT; payroll; communications; sickness; staff turnover and experience and historical performance.

It was questioned if sickness absence statistics considered the ratio of staff per member and suggested that such statistics could demotivate staff and place them under greater strain. In response it was acknowledged that the pensions industry was an environment where performance was measured. Assurances were provided that staff were fully appraised to ensure they were able to carry out their roles and their good performance was acknowledged. Efforts were made to ensure that although the work was stressful the work place was pleasant and a fun place to be. The sickness figures compared had been distorted due to some long term absence issues.

During discussions about electronic communication a Member asked that the fact that not all Members would have email be considered.



Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

31. TRAINING, CONFERENCES AND SEMINARS

Members were aware that the training of Joint Advisory Group Members to understand their responsibilities and the issues they would be dealing with was a very high priority.

The Director, West Yorkshire Pension Fund submitted a report (**Document “W”**) providing details of training courses, conferences and seminars which may assist Members. Full details of each event were available at the meeting.

Members gave consideration to attending the training courses, conferences and seminars set out in Document “W”.

No resolution was passed on this item.

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the WYPF Joint Advisory Group.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER



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Report of the Director, West Yorkshire Pension Fund, to the meeting of Pension Board to be held on 19 April 2017.

Subject: Pensions Regulator's Code of Practice and Register of Breaches of the Law

Summary statement:

In accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes come under the remit of the Pensions Regulator.

The Pension Regulator issued Code of Practice No. 14 – Governance and administration of public service pension schemes in April 2015. An initial review of WYPF compliance with the Pensions Regulator code of practice was undertaken by the Funds actuary, Aon Hewitt, in 2016.

One of the requirements of the Pension Regulator is that each pension fund should have a Breaches Procedure. In accordance with WYPF's Breaches Procedure a Register of Breaches in maintained.

Recommendations

The summary of results of WYPF compliance against the Pensions Regulators code of practice is noted.

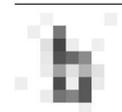
All entries and actions taken as shown on the Register of Breaches are noted.

Rodney Barton
Director

Portfolio:
Leader of Council & Strategic Regeneration

Report Contact: Caroline Blackburn
Phone: (01274) 434523
E-mail: caroline.blackburn@wypf.gov.uk

Overview & Scrutiny Area: N/A



1. **Background**

- 1.1 From 1 April 2015, all public sector pension schemes are regulated by The Pensions Regulator (TPR). To understand the Regulators requirements TPR produced a Code of Practice no.14 published in January 2015. A copy of TPR code no practice no 14 can be found at Appendix A. The code outlines how to approach the administration and governance of a public service scheme.
- 1.2 The code is structured as a reference for scheme managers and pension boards to use to inform their actions in four core areas of scheme governance and administration; governing our scheme, managing risk, administration and resolving issues.
- 1.3 Each core section includes particular guidance to help scheme managers and pension boards to discharge their legal duties. The regulator recognises that there may be alternative and justifiable actions or approaches that scheme managers may wish to adopt.

2. **WYPF compliance with the Pension Regulators code of practice.**

- 2.1 To assist identifying how WYPF measures against the Code of Practice Aon Hewitt undertook a review of WYPF practices and procedures during 2016 and produced a summary dashboard to indication compliance/non-compliance.
- 2.2 A number of areas were identified as requiring action and steps have been taken to implement changes in areas where WYPF were not fully complaint. An annual review of WYPF polices and procedure against the Pensions Regulator's requirement will be undertaken to ensure compliance.
- 2.3 A summary dashboard showing the results of the Jan 2017 review is shown at Appendix B.



3 Breaches Register

3.1 Section 70 of the Pensions Act 2004 (the Act) imposes a requirement to report a matter to the Pensions Regulator as soon as is reasonably practicable where that a person has reasonable cause to believe that:

- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- (b) the failure to comply is likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

3.2 This requirement applies to:

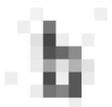
- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

3.3 The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

3 Reporting Breaches Procedure

3.1 A record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). WYPF maintains a record of all reported or unreported breaches.

3.2 The Register of Breaches (reported or otherwise) is provided to each Joint Advisory Group meeting, and this will also be shared with the Pension Board.



4 Breaches since April 2016

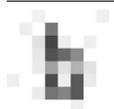
- 5.1 Appendix C is the Breaches Register since April 2016. The entries on the Register from April 2016 onwards relate to either:
- late payment of employer contributions which were due to be paid to WYPF by the 19th day of the following month.
 - Failure to issue 100% of annual benefit statements by 31 August 2016.

6 Recommendations

- It is recommended that the summary dashboard and action plan are noted
- It is recommended that the entries and actions taken are noted.

7 Appendices

- Appendix A - The Pensions Regulator Code of Practice No 14
- Appendix B - The Pensions Regulator Code of Practice and WYPF compliance 2017
- Appendix C - Register of Breaches 2016



Code of Practice No. 14

Governance and administration of public service pension schemes

Code of practice no. 14

Governance and administration of public service pension schemes

April 2015

The Pensions
Regulator

Code of practice no. 14

Governance and administration of public service pension schemes

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

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

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

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

12 January 2015

Code of practice no. 14

Governance and administration of public service pension schemes

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Introduction

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

Status of codes of practice

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

This code of practice

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

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

² Section 90A(1), *ibid.*

³ Section 90A(5), *ibid.*

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

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

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

At whom is this code directed?

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

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

7
Section 70, *ibid.*

8
Section 318, *ibid.*

9
Section 5 of the Public Service Pensions Act 2013.

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

Terms used in this code

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

10

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

11

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

12

Section 28 of the 2013 Act.

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

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

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

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

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

14
Section 2 and Schedule 2, *ibid.*

15
Section 4(3), *ibid.*

16
Section 3 and Schedule 3, *ibid.*

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

18
Section 4 and s30 of the 2013 Act.

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

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

How to use this code

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

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

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

Northern Ireland

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

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



Governing your scheme

33. This part of the code covers:
- knowledge and understanding required by pension board members
 - conflicts of interest and representation, and
 - publishing information about schemes.

Knowledge and understanding required by pension board members

Legal requirements

34. A member of the pension board of a public service pension scheme must be conversant with:
- the rules of the scheme²³, and
 - any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
35. A member of a pension board must have knowledge and understanding of:
- the law relating to pensions, and
 - any other matters which are prescribed in regulations.
36. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board²⁴.

Practical guidance

37. The legislative requirements about knowledge and understanding only apply to pension board members. However, scheme managers should take account of this guidance as it will support them in understanding the legal framework and enable them to help pension board members to meet their legal obligations.
38. Schemes²⁵ should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.
39. However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.

23

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

24

Section 248A of the Pensions Act 2004.

25

See paragraph 25 for the definition of 'schemes'.

Areas of knowledge and understanding required

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

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

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

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

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

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

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

Degree of knowledge and understanding required

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

31
Section 5(2) of the 2013
Act.

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

Acquiring, reviewing and updating knowledge and understanding

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

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

Demonstrating knowledge and understanding

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

Conflicts of interest and representation

Legal requirements

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

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

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

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

Practical guidance

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

34
Section 5(4)(b) of the
2013 Act.

35
Section 5(4)(c), *ibid.*

36
Section 7(4)(a), *ibid.*

37
Section 7(4)(b), *ibid.*

38
Section 5(2), *ibid.*

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

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

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

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

A three-stage approach to managing potential conflicts of interest

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

41
Section 5(2) of the 2013 Act.

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

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

Identifying potential conflicts

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

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

Monitoring potential conflicts

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

Managing potential conflicts

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

Examples of conflicts of interest

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

a. Investing to improve scheme administration versus saving money

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

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

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

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

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

d. Assisting the scheme manager versus furthering personal interests

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

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

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

Representation on pension boards

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

⁴⁴
Section 5(4)(c) of the
2013 Act.

Publishing information about schemes

Legal requirements

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

Practical guidance

Publication of pension board information

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

45
Section 6(1) of the 2013 Act.

46
Section 6(2), *ibid.*

47
Section 6(1), *ibid.*

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

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

Other legal requirements

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

49
Section 6(1) of the 2013
Act.

50
Section 15, *ibid.*

Managing risks

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

Internal controls

Legal requirements

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

102. For these purposes 'internal controls' means:

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

Practical guidance

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

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

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

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

52
Section 249B, *ibid*.

Identifying risks

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

Evaluating risks and establishing adequate internal controls

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

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

Managing risks by operating internal controls

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

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

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

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

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

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

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

d. The frequency and timeliness of a control process

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

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

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

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

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

Monitoring controls effectively

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

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

Outsourcing services

119. The legal requirements relating to internal controls apply equally where schemes outsource services connected with the running of the scheme. Providers should be required to demonstrate that they will have adequate internal controls in their tenders for delivering services. The requirements should be incorporated in the terms of engagement and contract between the scheme and service provider. Outsourced services may include, for example, the maintenance of records and data, calculation of benefits and investment management services. Where services are outsourced, scheme managers should be satisfied that internal controls associated with those services are adequate and effective.
120. An increasing number of service providers are obtaining independent assurance reports to help demonstrate their ability to deliver quality administration services. Schemes should ask their service providers to demonstrate that they have adequate internal controls relating to the services they provide. It is vital that schemes ensure they receive sufficient assurance from service providers. For example, the information from providers should be sufficiently detailed and comprehensive and the service level agreements should cover all services that are outsourced. Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards. This should help to ensure effective administration.

54
Section 249B of the
Pensions Act 2004.

Administration

121. This part of the code covers:

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

Scheme record-keeping

Legal requirements

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

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

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

Practical guidance

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

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

55
Regulation 4 of the Record Keeping Regulations.

56
Regulation 5, *ibid*.

57
Regulation 6, *ibid*.

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

59
Section 249B of the Pensions Act 2004.

Records of member information

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

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

⁶¹
Regulation 4 of the Record Keeping Regulations.

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

Records of transactions

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

Records of pension board meetings and decisions

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

Retention of scheme records

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

Ongoing monitoring of data

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

63
Regulation 5 of the
Record Keeping
Regulations.

64
Regulation 6, *ibid.*

65
Ibid.

Data review exercise

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

Data improvement plan

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

Reconciliation of member records

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

Data protection and internal controls

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

144. Schemes should understand:

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

Other legal requirements

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

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

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

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

Maintaining contributions

Legal requirements

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

67
Section 70A of the Pensions Act 2004.

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

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

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

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

Practical guidance

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

152. Adequate procedures and processes are likely to involve:

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

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

Developing a record for monitoring the payment of contributions

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

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

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

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

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

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

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

Monitoring the payment of contributions

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

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

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

Managing overdue contributions

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

74
Regulation 5 of the
Record Keeping
Regulations.

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

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

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

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

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

180. Examples of payment failures which are not likely to be of material significance to the regulator include:

- where a payment arrangement is being met by an employer for the recovery of outstanding contributions, or
- where there are infrequent one-off payment failures or administrative errors such as where employees leave or join the scheme and those occasional failures or errors have been corrected within 90 days of the due date.

181. Schemes should identify and report to the regulator, as appropriate, any payment failures that may not be of material significance taken individually, but which could indicate a systemic problem. For example, an employer consistently failing to pay contributions by the due date or within the prescribed period, but paying within 90 days, may be due to inefficient scheme systems and processes. Schemes may also need to report payment failures that occur repeatedly and are likely to be materially significant to the regulator, depending on the circumstances.

182. Reporting payment failures of employer contributions as soon as 'reasonably practicable' means within a reasonable period from the scheme manager having reasonable cause to believe that the payment failure is likely to be of material significance to the regulator. Schemes should also consider whether it may be appropriate to report a payment failure of employer contributions to scheme members.

183. A reasonable period for reporting would be within ten working days from having reasonable cause to believe that the payment failure is likely to be of material significance. This will depend upon the seriousness of the payment failure and impact on the scheme. A written report should be preceded by a telephone call, if appropriate.

184. In the case of an employer failing to pay employee contributions to the pension scheme, if the scheme manager has reasonable cause to believe that the payment failure is likely to be of material significance to the regulator, the failure must be reported to the regulator⁷⁶ and members within a reasonable period after the end of the prescribed period⁷⁷. A reasonable period for reporting to the regulator would be within ten working days and to members within 30 days of having reported to the regulator.

185. Reports relating to payment failures of employer contributions must be made in writing (preferably using our Exchange online service)⁷⁸. In exceptional circumstances the scheme manager could make a telephone report.

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

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

78
Section 70A of the Pensions Act 2004.

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

Providing information to members

Legal requirements

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

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

80
Section 14 of the 2013 Act.

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

Benefit statements

For active members of DB schemes under the 2013 Act

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

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

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

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

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

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

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

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

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

86
Regulation 16 of the Disclosure Regulations 2013.

192. These benefit statements must include information about the amount of benefits by reference to a particular date and how they are calculated⁸⁷. The full details depend on the type of member making the request.

193. The information must be given as soon as practicable but no more than two months after the date the request is made⁸⁸.

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

194. Managers of a scheme must provide a benefit statement to a member of a DC public service pension scheme, who is not an 'excluded person', within 12 months of the end of the scheme year⁸⁹. An 'excluded person' is a member or beneficiary whose present postal address and email address is not known to the scheme because the correspondence has been returned (in the case of postal correspondence) or has not been delivered (in the case of electronic correspondence)⁹⁰.

195. The information which must be provided includes the amount of contributions (before any deductions are made) credited to the member during the immediately preceding scheme year⁹¹, the value of the member's accrued rights under the scheme at a date specified by the managers of the scheme⁹² and a statutory money purchase illustration⁹³. The full detail of the information that must be provided is set out in the Disclosure Regulations 2013.

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

Other information about scheme administration

196. Under the Disclosure Regulations 2013, managers of a scheme must provide other information to members and others in certain circumstances (for example, on request). The Regulations set out the information which must be given, the timescales for providing such information and the methods that may be used. Not all information must be provided in respect of all public service pension schemes (there are some exemptions for specified public service schemes or according to the type of benefit offered), but information which scheme managers may need to provide includes:

88
Regulation 16(3), *ibid.*

89
Regulation 17, *ibid.*

90
Regulation 2, *ibid.*

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

92
Regulation 17 and
Schedule 6, *ibid.*

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

- basic scheme information
- information about the scheme that has materially altered
- information about the constitution of the scheme
- annual report (this requirement will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers⁹⁴)

94
Regulation 4, *ibid.*

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

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

Who is entitled to information

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

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

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

95
Regulation 4 of the
Disclosure Regulations
2013.

96
Regulation 18(1), *ibid.*

97
Regulation 4(7), *ibid.*

When basic scheme information must be provided

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

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

What information must be disclosed on request

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

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

How benefit statements and other information must be provided

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

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

98
Regulation 6 of the Disclosure Regulations 2013.

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

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

101
Regulation 6(6), *ibid.*

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

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

104
Regulation 26, *ibid.*

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

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

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

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

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

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

106
Regulation 27(2), *ibid.*

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

108
Regulation 28, *ibid.*

206. In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods¹⁰⁹:
- available to view free of charge, at a place that is reasonable having regard to the request
 - published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details)
 - given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or
 - publicly available elsewhere.

Practical guidance

207. Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.
208. Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.
209. Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.
210. To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.

Other legal requirements

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

109
Regulation 29 of the
Disclosure Regulations
2013.

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

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

110

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

Resolving issues

212. This part covers:

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

Internal dispute resolution

Legal requirements

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

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

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

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

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

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

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

113
Section 50(9), *ibid.*

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

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

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

Practical guidance

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

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

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

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

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

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

When applications should be submitted

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

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

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

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

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

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

When decisions should be taken

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

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

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

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

When applicants should be informed of a decision

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

Implementing the procedure and processes

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

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

236. Scheme managers must provide the following information about the procedure and processes the scheme has in place for the internal resolution of disputes to certain people in certain circumstances¹²⁴:
- prospective members, if it is practicable to do so
 - any scheme members who have not already been given the information
 - certain relevant people who request the information and who have not been given that information in the previous 12 months, and
 - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment.
237. Scheme managers must also provide the postal or email address and job title of the person to contact in order to make use of the internal dispute arrangements.
238. In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages¹²⁵. Upon receiving an application for the resolution of a pension dispute, scheme managers (or the specified person) must make the applicant aware as soon as reasonably practicable that TPAS is available to assist members and beneficiaries of the scheme and provide contact details for TPAS. When notifying the applicant of the decision, scheme managers must also inform the applicant that the Pensions Ombudsman is available to investigate and determine complaints or disputes of fact or law relating to a public service pension scheme and provide the Pension Ombudsman's contact details.
239. Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants:
- the procedure and processes to apply for a dispute to be resolved
 - the information that an applicant must include
 - the process by which any decisions are reached, and
 - an acknowledgement once an application has been received.

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

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

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

Reporting breaches of the law

Legal requirements

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

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

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

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

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

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

126

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

127

Section 70(2) of the Pensions Act 2004.

128

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

129

As defined in s318 of the Pensions Act 2004.

130

As defined in s47 of the Pensions Act 1995.

131

Section 70(1) of the Pensions Act 2004.

132

Section 70(2), *ibid.*

Practical guidance

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

Implementing adequate procedures

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

246. Procedures should include the following features:

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

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

Judging whether a breach must be reported

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

Judging whether there is 'reasonable cause'

248. Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.
249. Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.
250. Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to check with the pension board or scheme manager or with others who are in a position to confirm what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the regulator without delay.
251. If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.
252. In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Judging what is of 'material significance' to the regulator

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

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

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

Cause of the breach

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

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

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

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

Effect of the breach

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

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

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

Reaction to the breach

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

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

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

Wider implications of the breach

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

Submitting a report to the regulator

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

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

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

265. Additional information that would help the regulator includes:

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

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

Whistleblowing protection and confidentiality

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

134
Section 311 of the
Pensions Act 2004.

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

Appendix

Corresponding Northern Ireland legislation

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

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

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

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The Pensions
Regulator

The Pension Regulators Code of Practice and WYPF Compliance

| Requirement | Completed | Compliant |
|--|-----------------|-----------------|
| Reporting Duties | | |
| Is your scheme registered with the Pension Regulator? | Fully completed | Fully compliant |
| Is the information held on the Pensions Regulator's website about the scheme up-to-date? | Fully completed | Fully compliant |
| Have you completed this latest Scheme Return in the required timescale? | Fully completed | Fully compliant |
| Have you responded to the latest TPR public service pension scheme survey /questionnaire? | Fully completed | Fully compliant |
| Knowledge and Understanding | | |
| Are there policies and arrangements in place to support pension board members in acquiring and retaining knowledge and understanding? | Fully completed | Fully compliant |
| Has a person been designated to take responsibility for ensuring the framework is developed and implemented? | Fully completed | Fully compliant |
| Is the Fund providing assistance to pension board members to determine the degree of knowledge and understanding required? | Fully completed | Fully compliant |
| Are the roles and responsibilities of pension boards and members of pension board clearly set out in scheme documentation? | Fully completed | Fully compliant |
| Are pension board members aware of their legal responsibility in terms of Knowledge and Understanding? | Fully completed | Fully compliant |
| Have all pension board members got access to copies of the scheme rules and relevant Fund documentation? | Fully completed | Fully compliant |
| Is there an up-to-date list of the Fund specific documents with which pension board members need to be conversant in? | Fully completed | Fully compliant |
| Are all pension board members investing sufficient time in their learning and development? | Fully completed | Fully compliant |
| Does the Fund offer pre-appointment training for new pension board members or mentoring by existing members? | Fully completed | Fully compliant |
| 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? | Fully completed | Fully compliant |
| Are records of learning activities being maintained? | Fully completed | Fully compliant |
| Have the pension board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14? | Fully completed | Fully compliant |
| Conflicts of Interest | | |
| Does the Fund have a conflict of interest policy and procedure, which include identifying, monitoring and managing potential conflicts of interest? | Fully completed | Fully compliant |
| 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? | Fully completed | Fully compliant |

The Pension Regulators Code of Practice and WYPF Compliance

| | | |
|--|-----------------|-----------------|
| 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)? | Fully completed | Fully compliant |
| Does the appointment process for pension board members require disclosure of interests and responsibilities which could become conflicts of interest? | Fully completed | Fully compliant |
| Is the conflicts policy regularly reviewed? | Fully completed | Fully compliant |
| Does the Fund have a conflicts register and is it circulated for ongoing review and published? | Fully completed | Fully compliant |
| Is appropriate information included in the register? | Fully completed | Fully compliant |
| Is there a standing item on the agenda for declaring conflicts of interest? | Fully completed | Fully compliant |
| Do those involved know how to report a conflict of interest? | Fully completed | Fully compliant |
| Is the number of employer and member representatives on the board in line with legal requirements? | Fully completed | Fully compliant |
| Is the board made up of the appropriate mix of representatives in order to minimise potential conflicts? | Fully completed | Fully compliant |
| Publishing Information | | |
| Does the Administering Authority publish information about the pension board? | Fully completed | Fully compliant |
| Does the Administering Authority publish other useful related information about the pension board? | Fully completed | Fully compliant |
| Is all the information about the Pension Board kept up-to-date? | Fully completed | Fully compliant |
| Does the Administering Authority public information about pension board business? | Fully completed | Fully compliant |
| Risk and Internal Controls | | |
| Is there an agreed process for identifying and recording scheme risks? | Fully completed | Fully compliant |
| Does the Fund have an adequate process to evaluate risks and establish internal controls? | Fully completed | Fully compliant |
| Does the Administering Authority have a risk register to record all risks identified and action taken? | Fully completed | Fully compliant |
| Does the Administering Authority review the effectiveness of the risk management and internal control systems of the Fund? | Fully completed | Fully compliant |
| Does the Administering Authority regularly review the risk register? | Fully completed | Fully compliant |
| Is there a standing item on the Pension Board agenda to review scheme risks? | Fully completed | Fully compliant |
| 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 ? | Fully completed | Fully compliant |
| 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? | Fully completed | Fully compliant |
| Maintaining Accurate Member Data | | |

The Pension Regulators Code of Practice and WYPF Compliance

| | | |
|---|-----------------|-----------------------------|
| Do member records record the information required as defined in the Record Keeping Regulations and is it accurate? | Fully completed | Fully compliant |
| Does the Fund have the appropriate processes in place so employers can provide timely and accurate information? | Fully completed | Fully compliant |
| Does the Fund keep records of and reconcile transactions as required by the Record Keeping Regulations? | Fully completed | Fully compliant |
| Are records kept of pension board meetings as required by the Record Keeping Regulations? | Fully completed | Fully compliant |
| Are records kept of decisions made by the pension board, outside of meetings as required by the Record Keeping Regulations? | Fully completed | Fully compliant |
| Are records retained for as long as they are needed? | Fully completed | Fully compliant |
| Does the Administering Authority have policies and processes to monitor data on an ongoing basis? | Fully completed | Fully compliant |
| Does the Administering Authority carry out a data review at least annually? | Fully completed | Fully compliant |
| Is a data improvement plan in place which is being monitored with a defined end date? | Fully completed | Fully compliant |
| Are processes and policies in place to reconcile scheme data with employer data? | Fully completed | Fully compliant |
| Do the Administering Authority's member data processes meet the requirements of the Data Protection Act 1998 and the data protection principles? | Fully completed | Fully compliant |
| Maintaining Contributions | | |
| Does the Fund have procedures and processes in place to identify payment failures? | Fully completed | Fully compliant |
| Do those processes and procedures include a contributions monitoring record to determine whether contributions are paid on time and in full? | Fully completed | Fully compliant |
| Do those processes and procedures include monitoring payments against the contributions monitoring record on an ongoing basis? | Fully completed | Fully compliant |
| Are these procedures regularly reviewed to ensure they are effective? | Fully completed | Fully compliant |
| Do the Administering Authority's processes include managing overdue contributions in line with TPR's suggested approach? | Fully completed | Fully compliant |
| Does the Fund maintain a record of any investigations and communications with employers? | Fully completed | Fully compliant |
| Do employers provide sufficient information to monitor contributions and is this in accordance with the LGPS regulations? | Fully completed | Employers - Fully compliant |
| 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? | Fully completed | Fully compliant |
| 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? | Fully completed | Fully compliant |

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| | Providing Information to Members and Others | |
|--|--|-----------------------------|
| Has an annual benefit statement been provided to all active members within the required timescales? | Fully completed | Employers - Fully compliant |
| Do these meet the legal requirements in relation to format? | Fully completed | Fully compliant |
| Has a benefit statement been provided to all active, deferred and pension credit members who have requested one within the required timescales? | Fully completed | Fully compliant |
| Does this meet the legal requirements in relation to format? | Fully completed | Fully compliant |
| Has an annual benefit statement been provided to all members with AVCs within the required timescales? | Fully completed | Fully compliant |
| Do these meet the legal requirements in relation to format? | Fully completed | Fully compliant |
| Is basic scheme information provided to all new and prospective members within the required timescales? | Fully completed | Fully compliant |
| Does this meet the legal requirements in relation to format? | Fully completed | Fully compliant |
| Is all other information provided in accordance with the legal timescales? | Fully completed | Fully compliant |
| Is all other information provided in the format and methods required by law? | Fully completed | Fully compliant |
| Where any information is only provided electronically (i.e. instead of any hard copy) does it comply with the legal requirements? | Fully completed | Fully compliant |
| 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? | Fully completed | Fully compliant |
| Does the Administering Authority use a tracing service? | Fully completed | Fully compliant |
| Internal Dispute Resolution | | |
| Has the Administering Authority put in place an internal dispute resolution procedure? | Fully completed | Fully compliant |
| Does the Administering Authority's process highlight or consider whether a dispute is exempt? | Fully completed | Fully compliant |
| 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? | Fully completed | Fully compliant |
| Has the Administering Authority ensured that employers who make first stage decisions also have IDR in place? | Fully completed | Fully compliant |
| Are the timescales in the procedure adhered to including sending an acknowledgment on receipt of an application? | Fully completed | Fully compliant |

The Pension Regulators Code of Practice and WYPF Compliance

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|--|-----------------|-----------------|
| Does the Administering Authority notify and advertise the procedure appropriately? | Fully completed | Fully compliant |
| Are the notification requirements in relation to TPAS and the Pensions Ombudsman being adhered to? | Fully completed | Fully compliant |
| Does the Administering Authority regularly assess the effectiveness of its arrangements? | Fully completed | Fully compliant |
| Does the Administering Authority regularly assess the effectiveness where employers carry out a stage one process? | Fully completed | Fully compliant |
| Reporting Breaches | | |
| Is the Administering Authority satisfied that those responsible for reporting breaches under the legal requirements and TPR guidance understand the requirements? | Fully completed | Fully compliant |
| Does the Administering Authority have appropriate procedures in place to meet their legal obligations for identifying and assessing breaches? | Fully completed | Fully compliant |
| Are breaches being recorded in accordance with the agreed procedures? | Fully completed | Fully compliant |
| Scheme Advisory Board Requirements | | |
| Administering Authority to have approved the establishment (including Terms of Reference) of the Local Pension Board by 1 April 2015. | Fully completed | Fully compliant |
| The Local Pension Board must be operational (i.e. had its first meeting no later than 4 months after the 1 April 2015). | Fully completed | Fully compliant |
| Once established a Local Pension Board should adopt a knowledge and understanding policy and framework (possibly in conjunction with the Pensions Committee if appropriate). | Fully completed | Fully compliant |
| 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. | Fully completed | Fully compliant |
| 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. | Fully completed | Fully compliant |
| 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. | Fully completed | Fully compliant |
| Members of a Local Pension Board should undertake a personal training needs analysis and put in place a personalised training plan. | Fully completed | Fully compliant |
| 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. | Fully completed | Fully compliant |

The Pension Regulators Code of Practice and WYPF Compliance

| | | |
|---|-----------------|-----------------|
| Training should be arranged for officers and members of a Local Pension Board on conduct and conflicts. | Fully completed | Fully compliant |
| A Local Pension Board should establish and maintain a register of interests for its members. | Fully completed | Fully compliant |
| An Administering Authority should agree the ongoing reporting arrangements between the Local Pension Board and the Administering Authority. | Fully completed | Fully compliant |
| 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. | Fully completed | Fully compliant |
| A Local Pension Board should put in place arrangements to meet the duty of its members to report breaches of law. | Fully completed | Fully compliant |
| A Local Pension Board should consider (with its Administering Authority) the need to publish an annual report of its activities. | Fully completed | Fully compliant |
| 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. | Fully completed | Fully compliant |

WYPF Breaches of the Law 2016

| Date | Category (eg administration, contributions, funding , investments) | Pensions Regulator code of practice | Description and cause of breach | Possible effect of breach and wider implications | Reaction of relevant parties to breach | Reported /Not reported | Outcome of report and or investigations | Outstanding Actions | Notes |
|--------|--|-------------------------------------|--|---|--|------------------------|---|---------------------|---|
| Dec 16 | Administration - Maintaining contributions | 147 | <p>Employee contributions deducted from a members pay must be paid to the manager of the scheme, at the latest by the 19th day of the month following deduction or by 22nd day if paid electronically.</p> <p>Please see below for details of employers who failed to pay by the 19th of each month.</p> | Contributions not received by the scheme within the prescribed timescales | <p>Immediate action: All employers have a designated business partner, business partners contact each employer to make them aware of the late payment. For subsequent late payments they are charged an admin fee and notified if there are any further late payments they may be reported to the Pensions Regulator.</p> <p>Ongoing Action: Employers are closely monitored. Records of each employer who fails to make payment each month are maintained along with details of the number of late payment occasions.</p> | Not reported | All outstanding payments are chased up and all payments received. | None | Process introduced to monitor any late payment of contributions by employers. |

WYPF Breaches of the Law 2016

Late Contributions April to December 2016

| Month | Employer | Date contributions due | Date Paid | Value of late contributions | No of times late in last 6 months | No of times late in last 12 months |
|-------|--|------------------------|------------|-----------------------------|-----------------------------------|------------------------------------|
| April | Groundwork Leeds | 19/05/2016 | 20/05/2016 | 1,433.00 | 5 | 8 |
| April | Catering Academy Ltd (BC) | 19/05/2016 | 23/05/2016 | 332.47 | 1 | 1 |
| April | Samuel Lister Academy | 19/05/2016 | 24/05/2016 | 16,224.25 | 0 | 0 |
| April | Southfield Grange Trust | 19/05/2016 | 24/05/2016 | 53,940.10 | 0 | 0 |
| April | Kirkburton Parish Council | 19/05/2016 | 25/05/2016 | 612.76 | 0 | 2 |
| April | University Academy Keighley | 19/05/2016 | 25/05/2016 | 15,964.82 | 0 | 0 |
| April | Aspens Services Ltd | 19/05/2016 | 25/05/2016 | 948.71 | 0 | 1 |
| April | Aspens Services Ltd (Leeds West Academy) | 19/05/2016 | 25/05/2016 | 1,029.02 | 0 | 2 |
| April | Aspens Services Ltd (Leeds East Academy) | 19/05/2016 | 25/05/2016 | 832.63 | 0 | 0 |
| April | Otley Town Council | 19/05/2016 | 03/06/2016 | 1,777.52 | 0 | 0 |
| April | North Halifax Grammar Academy | 19/05/2016 | 10/06/2016 | 14,901.36 | 0 | 0 |
| April | The Bishop Konstant Catholic Trust (English Martyrs) | 19/05/2016 | 13/06/2016 | 4,694.88 | 0 | 0 |
| April | John Smeaton Academy | 19/05/2016 | 13/06/2016 | 10,891.69 | 0 | 0 |

| | | | | | | |
|-----|---|------------|------------|-----------|---|---|
| May | Catholic Care | 17/06/2016 | 22/06/2016 | 316.34 | 0 | 1 |
| May | Huddersfield New College | 17/06/2016 | 20/06/2016 | 24,120.66 | 1 | 2 |
| May | Ackworth Parish Council | 17/06/2016 | 20/06/2016 | 1,285.54 | 2 | 2 |
| May | Leeds Housing Concern | 17/06/2016 | 20/06/2016 | 950.28 | 4 | 9 |
| May | Fleet Factors Ltd | 17/06/2016 | 20/06/2016 | 276.81 | 0 | 3 |
| May | Bullough Contract Services (Bingley Grammar School) | 17/06/2016 | 20/06/2016 | 245.66 | 0 | 1 |

WYPF Breaches of the Law 2016

| | | | | | | |
|-----|--|------------|------------|----------|---|---|
| May | Bullough Contract Services (Leeds City College) | 17/06/2016 | 20/06/2016 | 206.95 | 0 | 1 |
| May | Ridge Crest Cleaning (North) Ltd (Rawson Primary School) | 17/06/2016 | 20/06/2016 | 112.51 | 2 | 8 |
| May | Bulloughs Contract Services Ltd (Brighouse Academy) | 17/06/2016 | 20/06/2016 | 403.78 | 0 | 1 |
| May | Mellors Catering Services (Southfield Grange) | 17/06/2016 | 20/06/2016 | 1,444.97 | 1 | 4 |
| May | Sita UK Ltd | 17/06/2016 | 21/06/2016 | 4,710.66 | 0 | 0 |
| May | Rawdon Parish Council | 17/06/2016 | 24/06/2016 | 160.72 | 1 | 1 |
| May | Caroll Cleaning Company Ltd (Whetley) | 17/06/2016 | 07/07/2016 | 228.07 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Calderdale) | 17/06/2016 | 07/07/2016 | 57.26 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Wakefield) | 17/06/2016 | 07/07/2016 | 112.17 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Holy Trinity Primary) | 17/06/2016 | 07/07/2016 | 160.93 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (St Joseph's Bradford) | 17/06/2016 | 07/07/2016 | 80.77 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Lee Mount Primary School) | 17/06/2016 | 07/07/2016 | 67.36 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Bolton Brow Academy) | 17/06/2016 | 07/07/2016 | 131.91 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Thornbury) | 17/06/2016 | 07/07/2016 | 223.38 | 2 | 2 |
| May | Caroll Cleaning Company Ltd (Frizinghall) | 17/06/2016 | 07/07/2016 | 228.07 | 2 | 2 |
| May | South Elmsall Town Council | 17/06/2016 | 11/07/2016 | 961.54 | 3 | 4 |

| | | | | | | |
|------|-----------------------------|------------|------------|----------|---|---|
| June | SPIE Ltd | 19/07/2016 | 20/07/2016 | 2,126.06 | 1 | 2 |
| June | Holme Valley Parish Council | 19/07/2016 | 21/07/2016 | 518.29 | 0 | 1 |
| June | Kirkburton Parish Council | 19/07/2016 | 27/07/2016 | 618.81 | 1 | 2 |
| June | Horsforth Town Council | 19/07/2016 | 01/08/2016 | 675.16 | 1 | 1 |

WYPF Breaches of the Law 2016

| | | | | | | |
|------|--|------------|------------|-----------|---|---|
| July | Leeds C.A.B | 19/08/2016 | 22/08/2016 | 15,976.22 | 0 | 0 |
| July | School Lettings Solutions (Freeston Academy) | 19/08/2016 | 24/08/2016 | 92.77 | 0 | 0 |
| July | Rooks Nest Academy | 19/08/2016 | 26/08/2016 | 9,375.96 | 0 | 0 |
| July | TNS Catering (SPTA) | 19/08/2016 | 26/08/2016 | 2,272.27 | 0 | 0 |
| July | TNS Catering Man Ltd (St Botolphs) | 19/08/2016 | 26/08/2016 | 398.11 | 0 | 0 |

| | | | | | | |
|--------|--|------------|------------|-----------|---|---|
| August | Cakderdale & Kirklees Careers Ltd | 19/09/2016 | 20/09/2016 | 86,664.69 | 0 | 0 |
| August | Kirklees Active Leisure | 19/09/2016 | 20/09/2016 | 65105.71 | 0 | 0 |
| August | Fleet Factors Ltd | 19/09/2016 | 20/09/2016 | 276.81 | 1 | 2 |
| August | Dixons Academies Charitable Trust Ltd | 19/09/2016 | 20/09/2016 | 85,724.97 | 0 | 0 |
| August | Huddersfield New College | 19/09/2016 | 21/09/2016 | 22,835.08 | 1 | 3 |
| August | Leeds Housing Concern | 19/09/2016 | 21/09/2016 | 873.59 | 3 | 8 |
| August | Leeds Centre for Integrated Living | 19/09/2016 | 21/09/2016 | 7,767.30 | 0 | 0 |
| August | Outwood Grange Academy | 19/09/2016 | 23/09/2016 | 46,232.87 | 0 | 2 |
| August | Outwood Primary Academy Ledger Lane | 19/09/2016 | 23/09/2016 | 4,618.78 | 0 | 2 |
| August | Outwood Primary Academy Kirkhamgate | 19/09/2016 | 23/09/2016 | 3,850.62 | 0 | 2 |
| August | Outwood Primary Academy Lofthouse Gate | 19/09/2016 | 23/09/2016 | 5,793.54 | 0 | 2 |
| August | British Gas Social Housing Ltd | 19/09/2016 | 23/09/2016 | 518.38 | 0 | 0 |
| August | Leeds College of Music | 19/09/2016 | 27/09/2016 | 61,923.32 | 0 | 0 |
| August | Cofton Academy | 19/09/2016 | 30/09/2016 | 11,039.64 | 0 | 0 |
| August | Churchill Contract Services (Bradford College) | 19/09/2016 | 17/10/2016 | 2,988.83 | 0 | 0 |

| | | | | | | |
|------|--|------------|------------|-----------|---|---|
| Sept | Leeds C.A.B | 19/10/2016 | 20/10/2016 | 17,471.96 | 1 | 1 |
| Sept | Cater Link Ltd (Criggstone St James Primary Academy) | 19/10/2016 | 20/10/2016 | 495.98 | 0 | 0 |
| Sept | British Gas Social Housing Ltd | 19/10/2016 | 21/10/2016 | 710.62 | 1 | 1 |
| Sept | Alwoodley Parish Council | 19/10/2016 | 07/11/2016 | 143.66 | 0 | 0 |

WYPF Breaches of the Law 2016

| Month | Employer | Date contributions due | Date contributions paid | Value | No of times late in last 6 month | No of times late in last 12 months |
|---------|--|------------------------|-------------------------|----------|----------------------------------|------------------------------------|
| October | Fleet Factors Ltd | 18/11/2016 | 20/11/2015 | 276.81 | 2 | 2 |
| October | The Maltings Learning Trust | 18/11/2016 | 21/11/2016 | 958.09 | 0 | 0 |
| October | Aspens Services Ltd | 18/11/2016 | 21/11/2016 | 1,005.74 | 1 | 1 |
| October | Ridge Crest Cleaning (North) Ltd (Rawson Primary School) | 18/11/2016 | 21/11/2016 | 112.51 | 1 | 5 |
| October | Aspens Services Ltd (Leeds West Academy) | 18/11/2016 | 21/11/2016 | 1,045.68 | 1 | 1 |
| October | Mellors Catering Services (Southfield Grange) | 18/11/2016 | 21/11/2016 | 873.50 | 1 | 2 |
| October | Aspens Services Ltd (Leeds East Academy) | 18/11/2016 | 21/11/2016 | 854.69 | 1 | 4 |
| October | Carroll Cleaning Company Ltd (Whetley) | 18/11/2016 | 23/11/2016 | 220.70 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Calderdale) | 18/11/2016 | 23/11/2016 | 59.93 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Wakefield) | 18/11/2016 | 23/11/2016 | 106.26 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Holy Trinity Primary) | 18/11/2016 | 23/11/2016 | 153.62 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Birkenshaw Primary School) | 18/11/2016 | 23/11/2016 | 96.84 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (St Josephs Bradford) | 18/11/2016 | 23/11/2016 | 77.09 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Lee Mount Primary School) | 18/11/2016 | 23/11/2016 | 64.29 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Bolton Brow Academy) | 18/11/2016 | 23/11/2016 | 126.06 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Thornbury) | 18/11/2016 | 23/11/2016 | 172.62 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Frizinghall) | 18/11/2016 | 23/11/2016 | 235.9 | 1 | 2 |
| October | Carroll Cleaning Company Ltd (Lapage Primary School) | 18/11/2016 | 23/11/2016 | 317.18 | 1 | 2 |

Report of the Director, West Yorkshire Pension Fund, to the meeting of Pension Board to be held on 19 April 2017.

M

Subject: 2016 Actuarial Valuation

Summary statement:

The triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) has been prepared based on the situation at 31 March 2016, and has determined the level of employers' contributions for the period 1 April 2017 to 31 March 2020.

The results of the valuation are that WYPF is 94% funded, compared to the situation at 31 March 2013 when it was 96% funded.

As a result each of the five District Councils will see an increase in the total of their primary and secondary (deficit) contributions of less than 2% (based on the theoretical contributions 17/18).

Recommendations

- That this report be noted.
-

Rodney Barton
Director

Portfolio:

Report Contact: Caroline Blackburn
Director
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E-mail: Rodney.barton@bradford.gov.uk

Overview & Scrutiny Area:



1. Background

1.1 Employer contributions are determined in accordance with the Regulations which require that an actuarial valuation be completed every three years by the actuary, to include a rates and adjustments certificate. The primary rate of employer's contributions to the fund should be set so as to secure its solvency. The actuary must have regard to the desirability of maintain as nearly as constant a primary rate of employers contributions as possible in addition to the requirement to secure the solvency of the pension fund and the long term cost efficiency of the scheme, so far as relating to the pension fund. The actuary must also have regard to the Funding Strategy Statement.

2. Position at previous valuation (2013)

2.1 WYPF was 96% funded as at 31 March 2013, as determined by the consulting actuaries, Aon Hewitt, based on the assumptions agreed by the Fund.

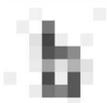
2.2 The common contribution rate at 31 March 2013 was set at 14.3% of payroll. This is the contribution rate required together with employee contributions, to cover the cost of service being accrued by active members. In addition to this amount some employers also have accrued a deficit. In order to recover the deficit an additional monetary amount has to be paid over a recovery period of up to 22 years.

2.3 The contribution rates set for the five District Councils at the last valuation were:-

| Council | 2014/15 | | 2015/16 | | 2016/17 | |
|------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | Contribution Rate | Deficit Payment | Contribution Rate | Deficit Payment | Contribution Rate | Deficit Payment |
| Bradford | 14.2% | Nil* | 14.2% | Nil* | 14.2% | Nil* |
| Leeds | 13.6% | 3,400,000 | 13.6% | 3,700,000 | 13.6% | 4,000,000 |
| Calderdale | 14.4% | 1,490,000* | 14.4% | 1,520,000* | 14.4% | 1,550,000* |
| Kirklees | 13.8% | Nil * | 13.8% | Nil * | 13.8% | Nil * |
| Wakefield | 14.0% | 4,500,000 | 14.0% | 4,500,000 | 14.0% | 4,500,000 |

*An amount was paid before 31 March 2014 to cover the deficit contributions for the following 3 years. Therefore the amount certified is shown above because the following payments were made:

- Bradford paid £6.6M at 31 March 14
- Calderdale paid £1.5M at 31 March 14 so deficit amounts for following three years were reduced
- Kirklees paid £5.8M at 31 March 14



2.4 The theoretical deficit payment for 2017/18 from 2013 valuation and as notified to the districts were:

| Council | Theoretical deficit payment 17/18 (from 2013 valuation) |
|------------|---|
| Bradford | £4.2M |
| Leeds | £4.3M |
| Calderdale | £1.8M |
| Kirklees | £0.9M |
| Wakefield | £5.0M |

3. 2016 Valuation

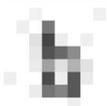
3.1 The results of the actuarial valuation as at 31 March 2016 show that the Fund is 94% funded, compared with 96% as at 31 March 2013.

3.2 The market value approach has been adopted, and the provisional figures provided by the consulting actuary, Aon Hewitt, are as follows:-

| | 2013 valuation £m | 2016 valuation £m |
|--------------------------------|----------------------|----------------------|
| Value of past service benefits | | |
| Active Members | 4,324.6 | 4,628.4 |
| Deferred Members | 1,432.6 | 1,801.5 |
| Pensioners | 4,653.9 | 5,524.9 |
| Value of Liabilities | 10,411.1 | 11,954.8 |
| Assets | 9,956.7 | 11,211.5 |
| Past Service Deficit | 454.4 | 743.3 |
| Funding Ratio | 96% | 94% |

4. Reasons for a change in the past service position

4.1 The valuation results using the 2016 basis show that the shortfall of £454.4M in the Fund at the previous valuation has become a deficit of £743.3M at this valuation.



4.2 The principal reasons for the change in the funding position are as follows:

- The change in the financial assumptions principally the fall in the discount rate relative to inflation (the discount rate is the expected future return on investments).
- Investment returns below the discount rate adopted at the 2013 valuation

These have been partially offset by the following main factors, which have improved the funding position:

- Lower than assumed pay and pensions increases
- Contributions paid by employers towards paying off deficit disclosed at the 2013 valuation
- A reduction in the real pay growth assumptions
- Changes to the demographic assumptions, in particular the short term longevity improvement assumptions

5. Primary contribution rate

5.1 The cost of future benefits has increased significantly (as a percentage of pensionable pay since the previous valuation). The main reasons for this are:

- The changes in the financial assumptions, principally the fall in the discount rate relative to inflation, and
- The material reduction in the assumed take-up of the 50/50 option in light of actual experience.

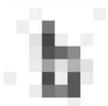
These have been partially offset by the changes in the demographic assumptions

5.2 The common contribution rate has been set at 16.2% of payroll.

6. Employer Deficit (Secondary) contributions

6.1 Additional employer contributions will be required to eliminate the deficit in the Fund at 31 March 2016.

6.2 At the 2013 valuation the Funds funding strategy was to broadly achieve a position of 100% funding over 22 years. (In practice the deficit recovery contributions were set based on each employer's or group of employers' underlying position using a recovery period appropriate to the employer).



6.3 As the assets and liabilities have increased over the period, the monetary amount of the deficit is larger than it was at the last valuation. The same recovery period has been adopted for this valuation (22 years) in effect extending the point at which full funding is being targeted.

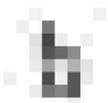
7. Employers' Contribution Rates

7.1 Since the valuation date there have been a number of significant events, including the result of the Referendum on the UK's membership of the EU on 23 June and the US presidential election on 8 November. In part due to depreciation in the value of sterling, the returns achieved on the Fund since the valuation have been very strong and the Administering Authority asked the Fund Actuary to take this into account when setting the contributions for 2017/18 for the large 5 Councils, and the Police and Fire authorities.

7.2 As there is now a lot less flexibility within the LGPS Regulations in relation to the setting of employer contributions, the Actuary advised that in order to demonstrate that the contributions have been set to ensure the solvency and long-term cost efficiency of the Fund allowance must also be made for the reduction in expected future returns that have accompanied rising asset values. The proposed contributions as set out below therefore allow for the estimated position as at 30 September 2016. These will be the contribution amounts certified for 2017/18. With economic conditions being so uncertain, we need to take care that we do not find the fund in a materially worse position at the 2019 valuation, which would cast doubt on our approach of allowing for the improvements in the funding position between 31 March and 30 September 2016. As a result, we have asked the Actuary to revisit the position as at 30 September 2017 and 30 September 2018 with a view to increasing contributions from 1 April 2018 and 1 April 2019 if necessary, should the Actuary identify a significant increase in the contribution requirements.

7.3 The employers' contributions for the five District Councils and Police and Fire 2017/18 are:-

| | Primary Contributions % | Employer (Secondary contributions) £ | Deficit |
|------------|--|--|----------------|
| Bradford | 17.5% | 145,000 | |
| Leeds | 15.6% (rising to 15.9% in 18/19 and 16.2 in 19/20) | Nil | |
| Calderdale | 17.5% | Nil | |
| Kirklees | 16.1% | Nil | |
| Wakefield | 17.4% | 952,000 | |
| WY Police* | 15.3% | Nil | |
| WY Fire | 17.2% | Nil | |



*WY Police Authority may elect to opt out from this arrangement.

8. Funding Strategy Statement

8.1 The Local Government Pension Scheme Regulations 2013 provide the statutory framework under which the Administering Authority is required to prepare a Funding Strategy Statement. The funding strategy statement was issued for consultation to all employers and members of Joint Advisory Group, Investment Advisory Panel and Pension Board members. No issues were raised during the consultation and the final version is now available on WYPF website.

9 Conclusion

9.1 At 94% funded, WYPF is in a sound financial position, and will be in a better funding position than most local authority pension funds at the 2016 valuation.

10. Actuarial Contract

10.1 The current Actuarial contract with Aon is due to end on the 30th June 2017. The process to retender the Actuarial contract using the National LGPS framework for Actuarial, Benefit and Governance Consultancy Service is currently underway.

11. Recommendations

- That this report be noted.



Report of the Director West Yorkshire Pension Fund to the meeting of Pension Board to be held on 19 April 2017.

N

Subject: Update on the Guaranteed Minimum Pension (GMP) Reconciliation Exercise

Summary statement:

This exercise is to wind up the contracted out element link between the LGPS (Local Government Pension Scheme) and the SERP's (State Earnings Related Pension Scheme) which affected members with service between 6 April 1978 and 5 April 1997.

The reconciliation process is designed to allocate all GMP liabilities to the correct Fund before the deadline in 2018, after which, the relevant Fund that holds the record will be liable for pension inflation increases.

The amount of the GMP will contribute towards the calculation of the members' benefits in the New State Pension system and this began on 6 April 2016.

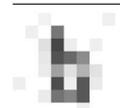
Recommendations:

That the update in this report is noted and the potential additional workloads anticipated from this exercise are acknowledged.

Rodney Barton
Director

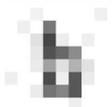
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1. Update

- 1.1 We are already registered with HMRC and have received the data from them which is being compared with our records. This includes data for Lincolnshire Pension Fund and the Fire and Rescue Authorities.
- 1.2 This work began in January 2017. The duration of the exercise will be determined by the number of records which require attention. The initial data match is due to be completed April / May 2017 when we will be able to determine the resources required to complete the GMP reconciliation.
- 1.3 Staff in the UPM team have begun the work to build up the match criteria against our records. They have done this using the recommended £2 plus and minus tolerance suggested by HMRC. The results from the current run are a positive match of 83.9% (121,607 members) against the WYPF membership.
- 1.4 Currently there are 23,343 cases which do not match, but there are still further matching criteria to build into the exercise. When the matches reach a higher proportion, we will test a £1 plus or minus tolerance against the results to establish how accurate our GMP data is on members' records.
- 1.5 Once all the match criteria are completed, the first cases we will work on will be the cases which don't match and for which we believe we have no liability.



Report of the Director, West Yorkshire Pension Fund, for Pension Board meeting to be held on 19 April 2017.

O

Subject: WYPF - five year internal audit plan 2017/18 to 2021/22

Summary statement:

This report presents our five year internal audit plan 2017/18 to 2021/22. The internal audit plan is updated annually, using a five year planning horizon. We meet regularly with CBMDC Internal Audit Team to plan every year. We also meet before each audit to review audit scope, business and operational risks, post audit we meet to agree internal audit recommendations, and provide updates on implementation of recommendations.

Recommendation:

The five year internal audit plan be noted by the Local Pension Board.

Rodney Barton
Director

Portfolio:

Overview & Scrutiny Area:

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Financial Controller WYPF
Phone: (01274) 434 534
E-mail: ola.ajala@bradford.gov.uk

The plan is the result of regular audit reviews and meetings during the year with the Internal Audit Manager, concluded at an annual planning meeting on 19 January 2017. The five year plan was reviewed by WYPF Senior Management Team on 7 February 2017. All internal audit reports are circulated to and reviewed by WYPF Senior Management, CBMDC Finance Director and Chief Executive Officer. A report is also provided to CBMDC Governance and Audit Committee on progress made by WYPF in implementing internal audit recommendations.

2. KEY PROPOSALS

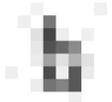
- 2.1 Key outcome of our review with internal audit is a refocusing of audit activities, that resulted in a plan to have a minimum of 4 audit reviews for each year for Pension Administration and 4 audit reviews of Investment operations, therefore a total of 8 audit reviews every year. The result of that work is a revamped five year internal audit plan.
- 2.2 Moving forward with the growth of WYPF Shared Service and investment pooling activities we have made a request to Bradford Council to increase our take up of internal audit activities. We are expecting a 50% increase in our use of Internal Audit resources, this will be developed in 2017/18, and impact and deployment will be reported in 2018.
- 2.3 Table 1 below lists service areas that will be reviewed by Bradford Internal Audit in 2017/18 and Table 2 is the full five years 2017/18 to 2021/22 plan.

Table 1: West Yorkshire Pension Fund 2017/18 internal Audit Plan

| Title | Job | Last Reviewed | Opinion | Days |
|--|-------|---------------|--------------|------------|
| Benefits | | | | |
| New Pensions and Lump Sums - Deferred Pensions | 80005 | 10/12/2012 | Satisfactory | 20 |
| Transfers Out | 80013 | 09/12/2012 | Good | 15 |
| Reimbursement of Agency Payments Incl. Lincolnshire | 80010 | 13/12/2015 | Satisfactory | 15 |
| AVC Arrangements | 80011 | 22/05/2015 | Excellent | 15 |
| Sub Total | | | | 65 |
| Investments | | | | |
| UK and Overseas Equities | 82012 | 30/11/2015 | Excellent | 15 |
| UK Fixed and Index Linked Public and Corporate Bonds | 82043 | 23/07/2010 | N/A | 15 |
| UK Unit Trusts (Property and Other) | 83037 | New | Excellent | 15 |
| Treasury Management | 82046 | 14/12/2015 | Excellent | 15 |
| Stock Lending | 82044 | 19/06/2014 | Excellent | 15 |
| Verification of Assets | 82014 | 05/02/2015 | Excellent | 15 |
| Sub Total | | | | 90 |
| Annual Accounts Verification | 82050 | Annual | N/A | 10 |
| Charge for Counter Fraud Work NFI | | Annual | N/A | 15 |
| Slippage from 17/18 | | | | 5 |
| Costs £62k, £5.2k per activity. Total | | | | 185 |

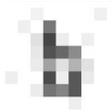
Table 2: West Yorkshire Pension Fund Five Years Internal Audit Plan 2017/18 – 2021/22

| Job No | Audit Title | % of Fund Portfolio | Expected Frequency | Last Audit Report | Audit Opinion | No. of Agreed Rcmndtns | Time Alctn | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | Total |
|-----------------|--|---------------------|--------------------|-------------------|---------------|------------------------|------------|----------|----------|----------|----------|----------|-----------|
| | | | | | | | | | | | | | |
| | Annual Accounts Verification | | Annual | 30/06/2016 | None | 1 | 10 | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Benefits | Local Government Scheme Contributions | | Every 2 Years | 25/08/2016 | Good | 2 | 20 | | ✓ | | | ✓ | |
| | New Pensions and Lump Sums - WYPF | | | | | | | | | | | | |
| | - Normal and Early Retirements | | 5 Yearly | 30/03/2015 | Excellent | 0 | 20 | | | ✓ | | | |
| | - Death in Service, Post Retirement Widow and Dependent Benefits | | 5 Yearly | 07/02/2012 | Excellent | 0 | 20 | | | | | ✓ | |
| | - Ill Health Pensions | | 5 Yearly | 15/10/2013 | Good | 2 | 20 | | ✓ | | | | |
| | - Flexible Retirements | | 5 Yearly | 01/04/2016 | Good | 1 | 20 | | | | ✓ | | |
| | - Deferred Pensions | | 5 Yearly | 10/12/2012 | Satisfactory | 4 | 20 | ✓ | | | | | |
| | Transfers Out | | 3 Yearly | 09/12/2014 | Good | 1 | 15 | ✓ | | | | | |
| | Transfers In | | 3 Yearly | 15/09/2016 | Good | 2 | 15 | | | ✓ | | ✓ | |
| | Reimbursement of Agency Payments | | 5 Yearly | 13/11/2015 | Satisfactory | 5 | 15 | ✓ | | | | | |
| | Life Certificates | | 5 Yearly | 07/10/2015 | Excellent | 0 | 15 | | | | ✓ | | |
| | AVC Arrangements | | 5 Yearly | 22/05/2015 | Excellent | 0 | 15 | ✓ | | | | | |
| | Admission of New Bodies | | 5 Yearly | 06/01/2015 | Excellent | 0 | 15 | | | ✓ | | | |
| | Pensioners Payroll | | Twice in 5 Years | 12/02/2014 | Good | 1 | 20 | | ✓ | | ✓ | | |
| | Purchase of Additional Pension | | 5 Yearly | 13/03/2012 | Good | 1 | 15 | | | | | ✓ | |
| | Annual Benefits Statements | | Twice in 5 Years | 12/10/2016 | Excellent | 0 | 15 | | | ✓ | | ✓ | |
| | New Pensions and Lump Sums - Fire Service | | 3 Yearly | 29/01/2016 | Good | 1 | 15 | | ✓ | | ✓ | | |
| | Audits Per Year | | | | | | | 4 | 4 | 4 | 4 | 5 | 21 |



| Job No | Audit Title | % of Fund Portfolio | Expected Frequency | Last Audit Report | Audit Opinion | No. of Agreed Rcmndtns | Time Alctn | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | | | |
|------------------------|---|---------------------|--------------------|-------------------|---------------------------------------|------------------------|-------------|--------------|------------|------------|------------|------------|--------------|-----------|--|
| | | | | | | | | | | | | | | | |
| Investments | | | | | | | | | | | | | | | |
| | UK and Overseas Equities | 69.10% | Annual | 30/11/2015 | Excellent | 0 | 15 | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| 82043 | UK Fixed and Index Linked Public and Corporate Bonds | 12.30% | 3 Yearly | 23/07/2010 | Excellent | 0 | 15 | ✓ | | ✓ | | | | | |
| 82037 | UK Unit Trusts (Property and Other) | | 5 Yearly | | | | 15 | ✓ | | | | | | | |
| 82054 | Direct Property | 4.50% | 2 Yearly | 05/12/2016 | Good | 1 | 15 | | | ✓ | | | ✓ | | |
| | Foreign Unit Trusts (Property and Other) | | 5 Yearly | | | | 15 | | | ✓ | | | | | |
| 82034 | Fund of Hedge Funds | 1.90% | 5 Yearly | 09/06/2016 | Good | 1 | 15 | | | | ✓ | | | | |
| 82047 | UK and Overseas Private Equities | 5.00% | 3 Yearly | 06/07/2016 | Satisfactory | 4 | 15 | | ✓ | | ✓ | | | | |
| 82020 | Global Bonds | 2.70% | 5 Yearly | 18/09/2013 | Excellent | 0 | 15 | | ✓ | | | | | | |
| 82046 | Treasury Management (Short Term Cash Lending) | 1.50% | Annual | 14/12/2015 | Excellent | 0 | 15 | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| 82044 | Stock Lending | | 5 Yearly | 19/06/2014 | Excellent | 0 | 15 | ✓ | | | | | | | |
| 82027 | Compliance with IAP Investment Decisions and Policies | | 3 Yearly | 24/11/2016 | Excellent | 0 | 15 | | | | | | ✓ | | |
| 82014 | Verification of Assets | | 5 Yearly | 05/02/2015 | Excellent | 0 | 15 | ✓ | | | | | | | |
| Audits Per Year | | | | | | | | 6 | 4 | 5 | 4 | 4 | Total | 23 | |
| 80050 | Transfer of Data to Pensions System | | | 02/07/2012 | Excellent | 0 | | | | | | | | | |
| 80056 | Monthly Contribution Data Usage | | | 20/08/2015 | Good | 6 | | | | | | | | | |
| | WYPF ICT | | | | | | 15 | | | | ✓ | | Total | 1 | |
| | | | | | Excellent | 14 | 50% | Total | | | | | | | |
| | | | | | Good | 11 | 39% | Days | 165 | 145 | 150 | 155 | 155 | | |
| | | | | | Satisfactory Limited Assurance | 3 | 11% | | | | | | | | |
| | | | | | No Assurance | 0 | 0% | | | | | | | | |
| | | | | | No Assurance | 0 | 0% | | | | | | | | |
| | | | | | Total | 28 | 100% | | | | | | | | |





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Report of the Director, West Yorkshire Pension Fund, to the meeting of Pension Board to be held on 19 April 2017.

P

Subject: Training, Conferences, Seminars

Summary statement:

The training of Pension Board members to understand their responsibilities and the issues they are dealing with is a very high priority. Details of training courses, conferences and seminars listed may assist Board Members.

Recommendation:

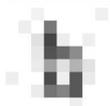
Consideration is given to attendance by Board Members at the events in Section 1 and approve the introduction of the twice yearly training events.

Rodney Barton
Director

Portfolio:

Report contact: Caroline Blackburn
Phone: (01274) 434523
E-mail: caroline.blackburn@wypf.gov.uk

Overview & Scrutiny Area:



1. Training Events

- 1.1 If any Pension Board member would like any specific training through one to one meetings with the in-house team, then this can be arranged.
- 1.2 When necessary a training session/event will be held twice a year, which will fall in between the Pension Board meetings to provide training on issues identified or raised by Pension Board members.
- 1.3 The first training session will be held in summer 17 and the agenda of this training session will cover:
- Life certificates/ Oversees pensioners
 - Internal Dispute Resolution procedure
 - Risk Management
- 1.4 Pension Board members should consider the following events.

- PLSA conference
15-17 May 2017 Gloucestershire
- LGPC Trustees Conference
29 – 30th June, Highcliff Marriott, Bournemouth

The conference programme is yet to be finalised but the topics likely to be included are:

- Pooling – Transition management
 - Article 50 – Short, medium and long-term effects
 - MIFIDII and IORPII – Still a reality
 - Cost Management Mechanism – 49ths affordable?
 - Deficits Down? - Employer Contributions Up?
 - Comparing like-for-like – Consistency of data
 - Legal Update
- CIPFA and Barnett Waddingham
LGPS Local Pension Boards two years on, annual event for Pension Board Members.
28 June 2017, London



Members can also make use of the web based training provided by:

The Pensions Regulator, which can be found at:

www.thepensionsregulator.gov.uk/public-service-schemes.aspx

Standard Life Learning Gateway

Web based training provided by Standard Life

<http://sliglobaluk.intuition.com/SignIn.aspx?action=s>

2. Date of next meeting

- October/November 2017
- April 2018



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