

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 is 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



**City of Bradford
Metropolitan District Council**



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

