

LBE Pension Fund Governance Requirements

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Striving for excellence



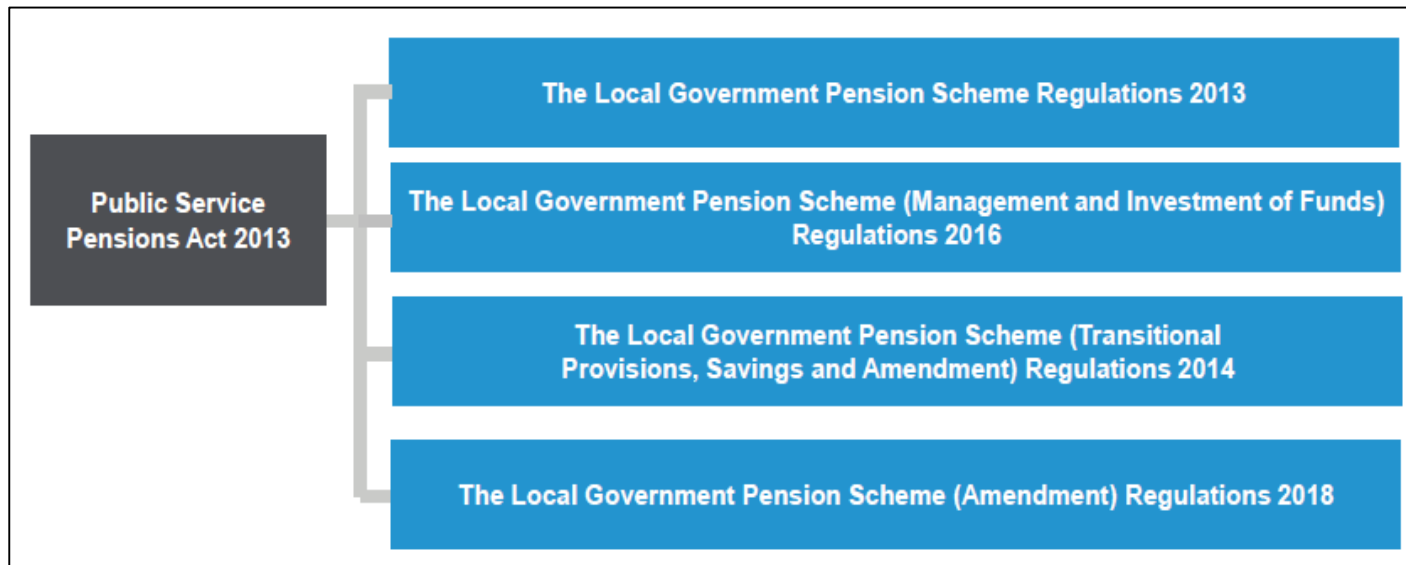
Governance and Key Legislation

- 1. The Structure and Governance of the LGPS**
- 2. Key Governance Requirements**
- 3. The Pensions Regulator Requirements**
- 4. The Pensions Statutory Requirements**
- 5. Pensions Accounting and Auditing**

The Structure & Governance of the LGPS

Governance of the LGPS

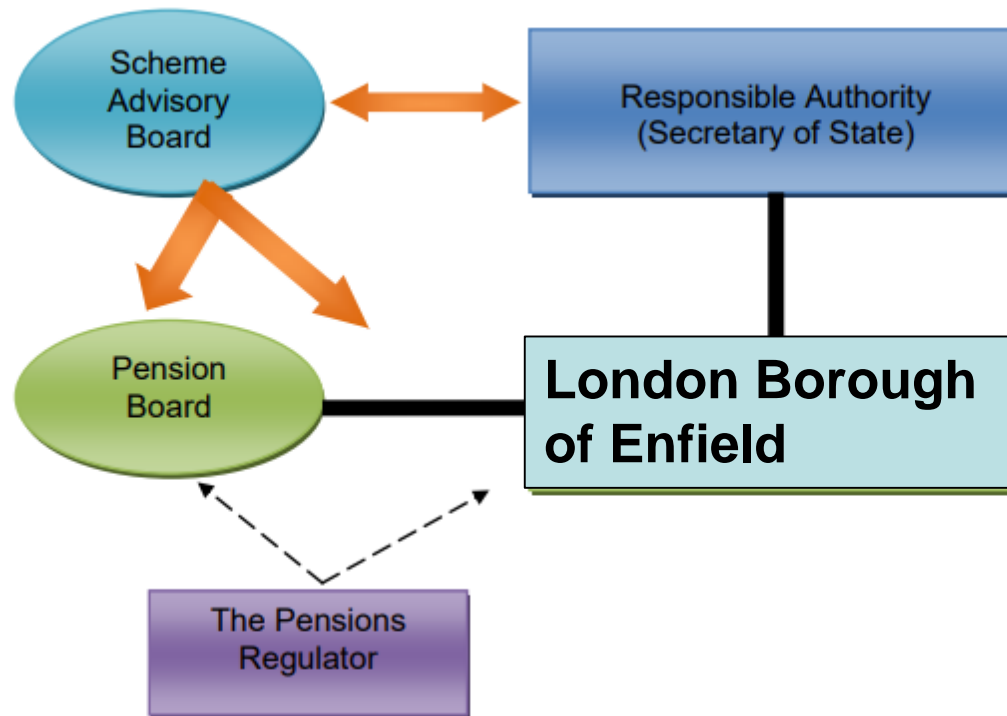
- One of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government.
- The scheme regulations were made under the **Superannuation Act 1972** and the **Public Service Pension Schemes Act 2013**.



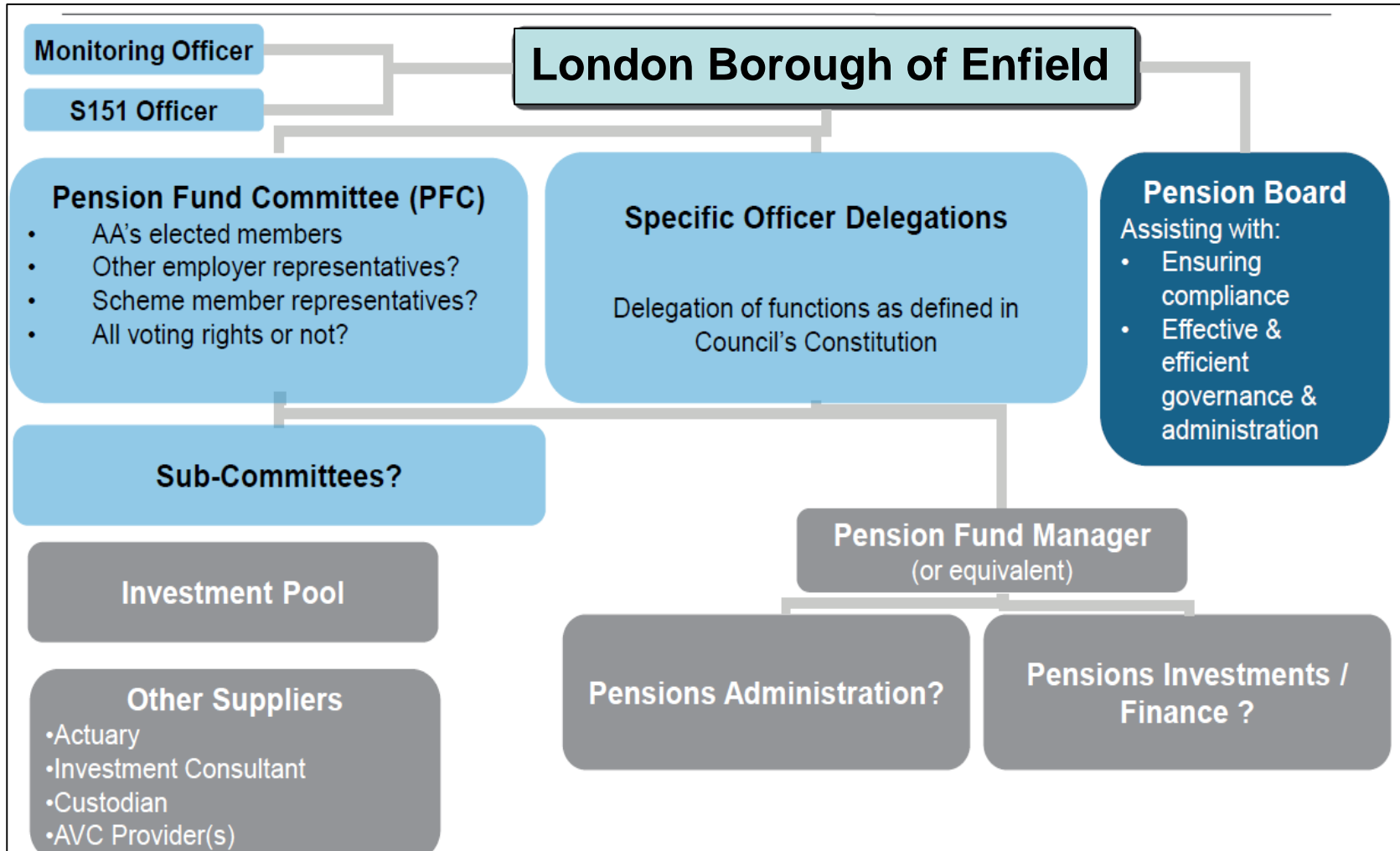
New Governance structure in the LGPS

From the 1st April 2015, the new Governance Structure of the LGPS can be summarised in the following diagram:

Post April 2015 LGPS Governance Structure



Who is in the Pension Fund ?



Pensions Boards from 1 April 2015

- Must not have a conflict of interest
- Must have employer and member representatives in equal numbers
- Members must be conversant with the rules of the scheme and any document recording policy about the administration of the scheme
- Members must have knowledge and understanding of the law relating to pensions
- Each Council must produce an agreed Board's Terms of Reference

Key Governance Requirements

Knowledge and Understanding – Pension Board Members

Legal Requirements:

Must be conversant with:

- 1) Rules of the scheme
- 2) Document recording policies about the administration of the scheme
- 3) Knowledge and understanding of the laws relating to pensions

Conflicts of Interest & representation

Legal Requirements – Section 5 of the 2013 Act

Enfield Council must be satisfied with the following:

- 1) Newly appointed members/ outstanding members of the pension board do not have a conflict of interest
- 2) Every member of the pension board must provide such information
- 3) The Pension Board must include equal numbers of employer and member representatives

Publishing information about the scheme

Legal Requirements:

- Enfield Council must publish up to date information about the pension board

- Information must include:
 - 1) Who the members of the pension board are
 - 2) Representation on the board of members of the scheme
 - 3) Matters falling within the pension board's responsibility

section 6(1) of the 2013 Act

Managing risks and Internal controls

Legal Requirements

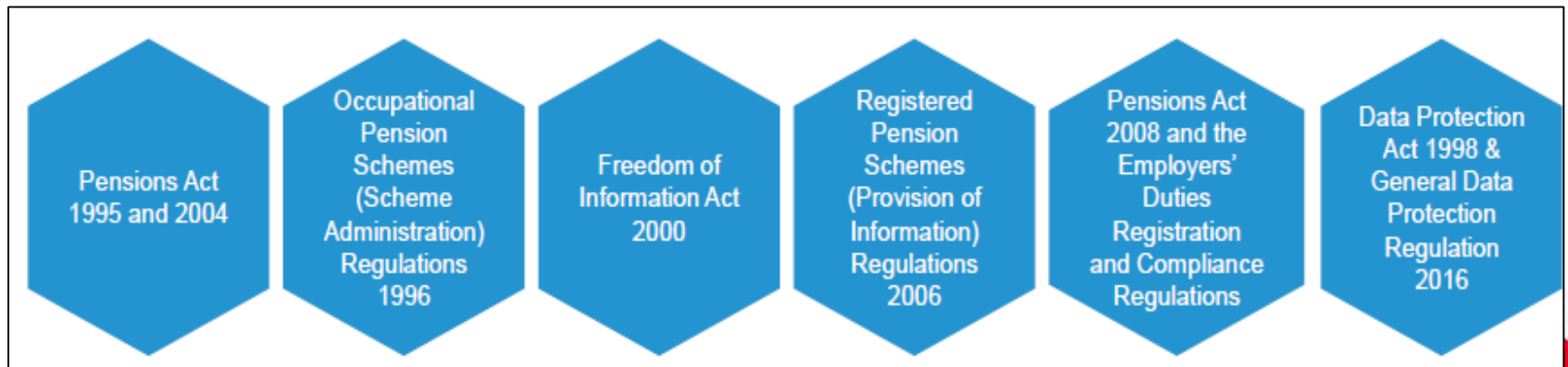
- Enfield Council is responsible for establishing and operating internal controls
- Must ensure that the scheme is administered and managed in accordance with the scheme rules and the requirements of the law

Maintaining accurate member data

Legal Requirements:

Enfield Council must keep a record of information relating to:

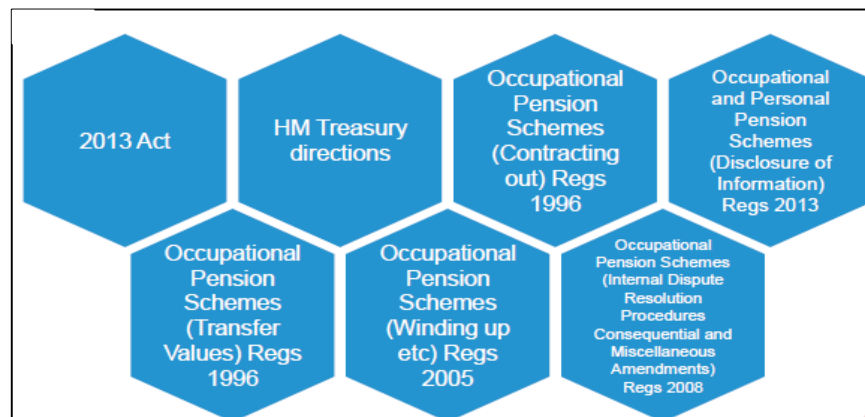
- Scheme member information
 - Transactions
 - Pension Board Meetings and decisions
- The council should also be able to demonstrate that they keep records in accordance to the following...



Providing information to members and others

Legal Requirement – Annual Benefits statements

- Must be provided no later than 17 months after the scheme has been established
- Provides a description of the benefits earned in respect of the pensionable service
- Subsequent statements must be provided at least annually!
- Other legal requirements include occupational pension schemes



Reporting breaches of the law

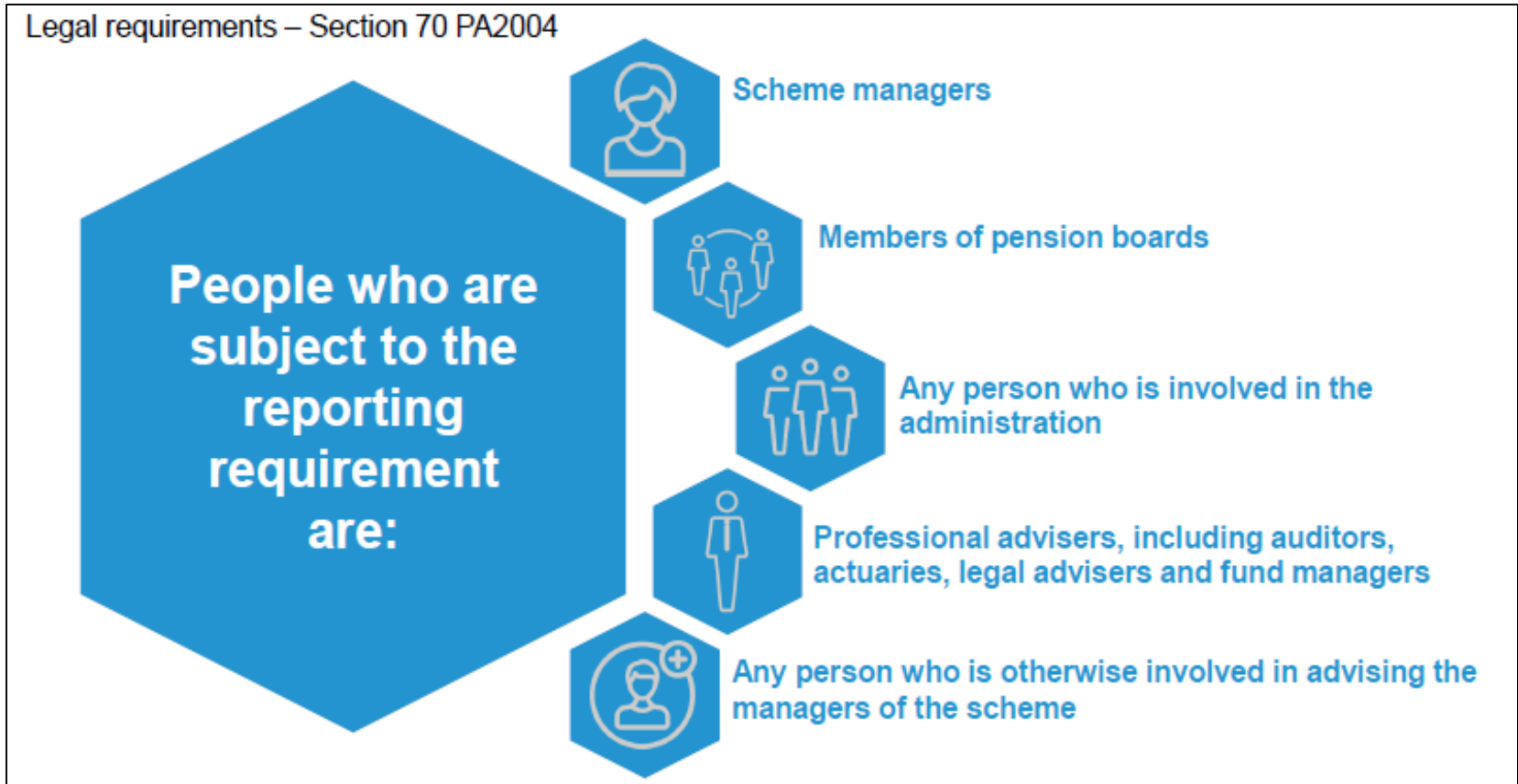
Legal requirements – Section 70 Pensions Act 2004

It is required to report breaches of the law to the pensions regulator

Example:

- A legal duty relevant to the administration of the scheme has not been complied with
- Failure to comply is likely to be significant to the Regulator and their processes.
- The report must be made in writing as soon as possible

Reporting breaches of the law



Failure to comply could result in a civil penalty (up to £5,000 individual or £50,000 otherwise)

Enforcement powers

If legal requirements are not met this can result in:

- 1) Civil Penalties
- 2) Publishing the outcome of the Activity
- 3) Power to appoint a skilled person
(section 14a 2004 Act)
- 4) Power to recover unpaid contributions



Responding to the Code of Practice

The Pension Board has a responsibility for assisting and ensuring compliance with the Pensions Regulatory system requirements.

Important for schemes to have a good governance in place

Example:

- Need to have proper documentation of compliance and good practice
- Ensure that there are good internal controls in place

The Pensions Regulator Requirements

The Pensions Regulator – The Trustee Toolkit

The Pensions Regulator | **The Trustee toolkit** You are not logged in. ([Log in](#))

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Welcome to The Trustee toolkit

The Trustee toolkit is a free, online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes.

The Trustee toolkit includes a series of online learning modules and downloadable resources developed to help you meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

You can [find more information about the Trustee knowledge and understanding requirements](#) on The Pensions Regulator's website.

About the Trustee toolkit

Why should I use the Trustee toolkit?

[Find out more about the Trustee toolkit](#) and why it's the most popular way for trustees to learn about their role

Trustee toolkit modules

[Learn more about the modules](#) and the topics they cover

Assess your learning needs

[Download our tools to assess your needs and find related learning in the toolkit](#)

News from The Pensions Regulator

Master trust pension schemes

[If you run a master trust you need to comply with duties set out in the Pension Schemes Act 2017. Some of these duties start immediately.](#)

21st century trusteeship

[Find out more about our new campaign to raise the standard of governance in pension schemes](#)

The Pensions Regulator blog

[Read our experts' views on what's happening in the pensions industry](#)

Master trusts

Additional resources for trustees of master trusts can be found on the [Pensions Regulator's website](#).

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Recommend the toolkit

The Pensions Regulator's role – April 2015

Legislative powers

- Examples of areas covered:
 - Pension Board conflicts
 - Pension Board representation
 - Pension Board knowledge
 - Record keeping
 - Internal controls
- Enforce:
 - Improvement notices
 - Penalties
 - Criminal prosecution
 - Appointment of a skilled person

Code of Practice – Educate and Enable

- Knowledge and understanding – Pension Boards
- **Conflicts of interest*** and representation
- Publishing information about schemes
- **Managing risk and internal controls***
- **Maintaining accurate member data***
- **Maintaining contributions***
- **Providing information to members and others***
- **Resolving disputes***
- **Reporting breaches*** and late payment of employer contributions

*The Pension Regulator's Toolkit

<https://education.thepensionsregulator.gov.uk/login/index.php>

The Pensions Statutory Requirements

Key policies and Strategies

LGPS Requirement	Associated Guidance
Governance Policy & Compliance Statement	Secretary of State Guidance
Funding Strategy Statement	CIPFA Guidance
Statement of Investment Principles & Compliance Statement	CIPFA 'Myners' Guidance
Communications Policy	
Discretionary Policy	
Administration Strategy (Optional)	

- Your responsibility to formally agree to these
- All reproduced in Annual Report and Accounts

Communications Policy

Policy concerning communications with:

- Members
- Representatives of members
- Prospective members
- Employing authorities

Including ...

- The provision of information and publicity about the Scheme to members, representatives of members and employing authorities
- The format, frequency and method of distributing such information such or publicity
- The promotion of the Scheme to prospective members and their employers

Pensions Accounting and Auditing

Pensions Accounting and Auditing

Pension Fund Annual Report Regulation 57

- Pension Fund Annual Report must be produced and published every year for the year ending the 31st March
- Published on or before 1st December following each year – end
- Must follow Secretary of State Guidance

Questions?