

Notice of Meeting

Surrey Local Firefighters' Pension Board



Date & time
Thursday, 9
February 2017 at
10.00 am

Place
Surrey Fire and
Rescue Service
Headquarters,
Croydon Road,
Reigate, Surrey, RH2
0EJ

Contact
Andrew Spragg
Room 122, County Hall
Tel 0208 213 2673

Chief Executive
David McNulty

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Andrew Spragg on 020 8213 2673.

Elected Members

Mr Nick Harrison (Employer Representative) (Chairman) and Mr John Orrick (Employer Representative) (Vice-Chairman),
Richard Jones (Employee Representative) and Glynn Parry-Jones (Employee Representative)

TERMS OF REFERENCE

The role of the Local Firefighters' Pension Board, as defined in the draft Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, is to assist the Fire and Rescue Authority Scheme Manager:

- (a) to secure compliance with:
 - (i) the scheme regulations;
 - (ii) any other legislation relating to the governance and administration of the Firefighters' Pension Scheme and any connected scheme;
 - (iii) any requirements imposed by the Pensions Regulator in relation to the Firefighters' Pension Scheme.

- (b) to ensure the effective and efficient governance and administration of the Firefighters' Pension Scheme.

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES FROM THE PREVIOUS MEETING: 26 JULY 2016

(Pages 1
- 4)

To agree the minutes as a true record of the meeting.

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (3 February 2017).
2. The deadline for public questions is seven days before the meeting (2 February 2017).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 GOVERNANCE SELF-ASSESSMENT AND FORWARD PLAN

(Pages 5
- 44)

Purpose of the report:

The Board is asked to **note** the content of this report and approve the revised forward plan (shown as Appendix 3). The Board is further asked to make recommendations if any further action is required.

6 BREACHES POLICY

(Pages
45 - 76)

Purpose of the report:

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

7 ADMINISTRATIONS STATISTICS

To follow

8 DATE OF THE NEXT MEETING

The date of the next meeting is to be confirmed.

David McNulty
Chief Executive

Published: 1 February 2017

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It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

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MINUTES of the meeting of the **SURREY LOCAL FIREFIGHTERS' PENSION BOARD** held at 10.00 am on 26 July 2016 at The Chapel, Surrey Fire and Rescue Service Headquarters, Croydon Road, Reigate, Surrey, RH2 0EJ.

These minutes are subject to confirmation by the Board at its next meeting.

Elected Members:

- * Matthew Baker (Vice-Chairman)
- * Mr Nick Harrison (Chairman)
- * Richard Jones
- * Glynn Parry-Jones

1/16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

No apologies were received and there were no substitutions.

2/16 MINUTES FROM THE PREVIOUS MEETING: 16 OCTOBER 2015 [Item 2]

These were agreed as an accurate record of the meeting.

3/16 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest.

4/16 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions.

5/16 PENSION REGULATOR REGISTRATION - VERBAL UPDATE [Item 5]

Declarations of interest:

None.

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Lindsey Shaw, Workforce Information Officer, Surrey Fire and Rescue Service

Key points raised during the discussion:

1. The Board was informed that the Pension Regulator had been introduced as part of the new statutory framework for public services pension funds in April 2015.
2. The Board was informed of the following information:
 - The Regulator had contacted the Council in March 2016 requesting that the Firefighters' Pension Fund complete

registration via a data return. Pension Services wrote on 25 April 2016 asking for clarification on some of the information requested.

- The Regulator had followed this with a letter to Leader of the Council and the Board Chairman on 13 June 2016 advising there was a penalty for not registering the fund.
 - The Pension Regulator confirmed receipt of the registration information on 21 June 2016. There was a further request from the Regulator's policy lead on 8 July, though this was subsequently queried and confirmation was provided that the return on 21 June 2016 had been received.
3. Officers expressed the view that the confusion had been as a result of the new requirements from the Pension Regulator. A link had subsequently been established with the Regulator and officers stated that they were confident annual data returns would be supplied on time in August 2016.
 4. It was confirmed by officers that there had been no material impact on members, and that there had been no further consequence to the Fund.

Recommendations:

None.

Actions/further information to be provided:

Pension Service to inform the Board when the 2015/16 annual return has been supplied to the Pension Regulator.

6/16 ADMINISTRATION STATISTICS 1 APRIL 2015 - 31 MARCH 2016 [Item 6]

Declarations of interest:

None.

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Lindsey Shaw, Workforce Information Officer, Surrey Fire and Rescue Service

Key points raised during the discussion:

1. Officers commented that the Scheme Advisory Board for Firefighters Pension Funds had not issued any Key Performance Indicator (KPI) guidance at the present time. Consequently, the administration statistics were presented to the Board as a base

set of KPIs. It was highlighted that the Pension Service would welcome the Board's assistance in devising a set of KPIs that would help fulfil its role.

2. The Board requested that a regular item was brought on the number of Internal Dispute Resolution Procedures (IDRPs) undertaken, and a brief summary of issues and themes arising from these.
3. The Board requested that a list of communications that had been sent to members of the Fund to be reported to the Board regularly.
4. Officers clarified that pensioners who had passed away would still have an impact on the fund, as widows would be in receipt of a widow's/widower's pension.
5. It was confirmed that a number of lump sum payments had been processed after 10 working days from the point of retirement. This was as result of the process for authorising lump sums, which often were significant amounts requiring higher officer authorisation. The Pension Service and Surrey Fire and Rescue Service were seeking to improve this process through better electronic communication.
6. The Board confirmed with officers that all pensions were paid on the last Thursday of the month, and that there were no instances of delayed payment in that respect.

Recommendations:

None.

Actions/further information to be provided:

Future Key Performance Indicator reports to include:

- number of Internal Dispute Resolution Procedures (IDRPs) undertaken, and a brief summary of issues and themes arising from these.
- a list of communications to members in the preceding period.

7/16 DATE OF THE NEXT MEETING [Item 7]

The Board agreed there would be benefit to meeting twice a year. Officers agreed to look at scheduling a meeting in winter 2016.

Meeting ended at: 10.25 am

Chairman

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Surrey Local Pension Board

9 February 2017

Governance self-assessment and forward plan

Recommendations:

The Board is asked to **note** the content of this report and **approve** the revised forward plan (shown as Appendix 3). The Board is further asked to make recommendations if any further action is required.

Background

1. Under the Public Sector Pensions Act 2013 there is a legal requirement for the local pension board to secure compliance of the Surrey Firefighter's Pension Scheme with the requirements imposed by the Pensions Regulator (tPR).
2. tPR Code of Practice no 14 (Governance and administration of public service pension schemes) of April 2015 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 functions.
3. In October 2016 tPR issued a governance self-assessment tool for public service pension schemes (attached as Annex 1). This tool sets out key processes, tools and actions that tPR expect to see in a well-run scheme, and allows the identification of issues and actions to take to improve governance.
4. The Board is asked to note the self-assessment return and to approve the forward plan to address the risks identified by the self-assessment.

Detail

tPR self-assessment tool

5. There are three sections to the self-assessment tool, each with a number of questions which measure current performance against tPR code of practice:
 - Governing your scheme (eight questions);

- Managing risk and resolving issues (six questions);
 - Administration (8 questions).
6. The self-assessment tool risk assesses sectional responses using a traffic light system:
- **Red:** indicates a potential gap in processes, tools or actions which could pose a high risk to the ability of the scheme to meet legal requirements. These are areas that should be considered as a priority;
 - **Amber:** indicates a potential gap in processes, tools or actions which could pose a risk to the ability of the scheme to meet legal requirements or more generally achieve the standards set out in the tPR code
 - **Green:** indicates where processes, tools or actions are in line with what tPR would expect to see in a well run scheme.
7. The self-assessment tool produced the following results (attached as Annex 2):

Governing your scheme	Managing risk and resolving issues	Administration
0	2	1
1	3	5
7	0	2
	Not applicable - 1	

Governance forward plan

8. The tPR self-assessment tool identifies a number of governance improvement areas that it is proposed are addressed. The local board should monitor the progress against these proposed improvements.
9. A revised forward plan is proposed, to provide the framework for the local board to monitor these improvements (attached as Appendix 3).

Next steps

10. Officers will further consult before updating the local pension board at its next meeting.

Report contact: Neil Mason, Senior Advisor Pension Fund

Contact details: T: 020 8213 2739 E: neil.mason@surreycc.gov.uk

Sources/background papers:

tPR Code of Practice no 14 (Governance and administration of public service pension schemes)

Annexes:

1. tPR Public service pension schemes self-assessment tool
2. Self-assessment return
3. Forward plan



Public service pension schemes

Self-assessment tool

Introduction

This self-assessment tool is for those involved in running public service pension schemes, including scheme managers and pension boards. It sets out key processes, tools and actions we expect to see in a well-run scheme, and will help you identify issues and actions to take to improve governance and administration in your scheme. This tool is not designed to assess compliance with the law, and does not replace a comprehensive review of your scheme against the relevant legislation and TPR's code of practice (the code), which we expect all schemes to undertake.

There are three parts to this tool: 'Governing your scheme' (page 3), 'Managing risks and resolving issues' (page 8) and 'Administration' (page 11), each of which contains a few questions. For each question, select the most appropriate answer and consider the associated Red/Amber/Green risk rating (see key on page 3) and the guidance and links provided. This tool is for your use only and TPR cannot see the answers provided. You should answer as honestly as possible, to provide you with the most accurate assessment of your scheme.

We recommend you create a plan to set out the actions you are planning to take to address any risks identified in your results, or actions you will take to help you achieve best practice. You should review progress against this plan regularly.

Further information

Statistics refer to findings from TPR's 2015 survey into the governance and administration of public service schemes¹.

If you would like to feedback on this tool, please contact us at PSPSR@tpr.gov.uk.

¹ www.tpr.gov.uk/ps-research

Red/Amber/Green rating

- R** A **Red** rating indicates a potential gap in processes, tools or actions which could pose a high risk to your ability to meet legal requirements. These areas should be considered as a priority.
- A** An **Amber** rating indicates a potential gap in processes, tools or actions which could pose a risk to your ability to meet legal requirements or more generally achieve the standards we set out in our code.
- G** A **Green** rating indicates where processes, tools or actions are in line with what we would expect to see in a well-run scheme.

Governing your scheme

Have you clearly defined and recorded the roles and responsibilities of the pension board?	
Yes	<p>G</p> <p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails. You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>
No/In progress/ Don't know	<p>A</p> <p>A number of different people are involved in governing and administering public service schemes and it's important that they clearly understand their respective responsibilities. Roles and responsibilities can vary between pension boards, depending on each scheme's regulations and working arrangements agreed with the scheme manager (eg delegated functions). It's important that you identify and document them for your board. You should involve the relevant people in defining these roles and responsibilities, in particular the scheme manager and, in the case of local government schemes, the pension committee.</p>
Have you published information about the pension board and kept it up to date?	
Yes – we publish information to legal requirements	<p>G</p> <p>Our code² sets out examples of information beyond the legal requirements we might expect to see published in a well-run scheme, such as the board's terms of reference. Publishing additional information provides greater transparency to members and other parties about the management of the scheme.</p> <p>You should monitor all published data on an ongoing basis to ensure it remains accurate and complete. You should also ensure that any information published is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further guidance about publishing scheme information is on our website³.</p>

² www.tpr.gov.uk/code14

³ www.tpr.gov.uk/PS-publishing

Have you published information about the pension board and kept it up to date? continued...

<p>Yes – we publish information to legal requirements and provide additional information about the pension board and board business</p>	<p>G</p> <p>Our code⁴ sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information about publishing scheme information is on our website⁵.</p>
<p>No</p>	<p>R</p> <p>By law, the scheme manager must publish certain information about the pension board and keep this up to date. You should ensure this information is published without delay and monitored to ensure it remains accurate and complete.</p>
<p>In progress/ Don't know</p>	<p>A</p> <p>Further information about publishing scheme information is on our website⁶. Our code⁷ also sets out additional information we might expect to see published in a well-run scheme, such as the board's terms of reference.</p>

⁴ www.tpr.gov.uk/code14

⁵ www.tpr.gov.uk/PS-publishing

⁶ www.tpr.gov.uk/PS-publishing

⁷ www.tpr.gov.uk/code14

Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?	
Yes	G Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place. You should keep your processes under regular review to ensure they remain effective and fit for purpose.
No	R Board members must have the required knowledge and understanding so they can perform their role properly. Four in five public service schemes have put in place policies and arrangements for acquiring and retaining knowledge and understanding – this key process helps board members meet their legal obligations. Further practical guidance on knowledge and understanding is available in our code ⁸ .
In development /Don't know	A

Do you use the following for your pension board?

Individual training needs analysis	
Yes	G Using individual training needs analysis can help board members identify specific individual training needs. Training is an important part of the pension board members' role and they should invest sufficient time in their learning and development alongside their other responsibilities and duties. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.
No/ Don't know	A Board members must have the required knowledge and understanding so they can perform their role properly. The training needed to acquire the degree of knowledge and understanding required may vary according to each member's role and expertise. As such, training needs may be personal to the individual and you should consider the use of individual training needs analysis. You can use our tool 'Assessing your Learning Needs' ⁹ to get you started. Further information can also be found in our code ¹⁰ and our quick guide to personal development ¹¹ .

⁸ www.tpr.gov.uk/code14

⁹ www.tpr.gov.uk/ps-assess

¹⁰ www.tpr.gov.uk/code14

¹¹ www.tpr.gov.uk/ps-develop

Do you use the following for your pension board continued...

Training plans

<p>Yes</p>	<p>G</p>	<p>Board members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development. Many schemes use pension board training plans to help board members acquire and retain knowledge and understanding. If you don't already do so, you may wish to consider the use of individual training plans as the training needed may vary according to each member's role and expertise. Further information can be found in our code¹² and our quick guide to personal development¹³.</p>
<p>No/ Don't know</p>	<p>A</p>	<p>Board members must have the required knowledge and understanding so they can perform their role properly. They should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development. You should consider the use of a pension board training plan or individual training plans. Many schemes use pension board training plans. Individual training plans enable an even more bespoke approach, which reflects the different training needs of each member. Further information can be found in our code¹⁴ and our quick guide to personal development¹⁵.</p>

Training log

<p>Yes</p>	<p>G</p>	<p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements. You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>
<p>No/ Don't know</p>	<p>A</p>	<p>Board members must have the required knowledge and understanding so they can perform their role properly. You should keep appropriate records of the learning activities of the pension board. This will help demonstrate steps you have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. Further information can be found in our code¹⁶.</p>

¹² www.tpr.gov.uk/code14

¹³ www.tpr.gov.uk/ps-develop

¹⁴ www.tpr.gov.uk/code14

¹⁵ www.tpr.gov.uk/ps-develop

¹⁶ www.tpr.gov.uk/code14

Do you have a conflicts policy and procedure for pension board members?		
Yes	G	Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts. You should review the policy and procedures regularly to ensure they remain fit for purpose.
No	R	Conflicts of interest in pension board members are prohibited. You should consider putting in place conflicts policies and procedures, which include identifying, monitoring and managing any interests that have the potential to become conflicts.
In development /Don't know	A	Nine in ten public service schemes have put such processes in place. Further information is in our code ¹⁷ .
Do you have a register of interests (or equivalent)?		
Yes	G	A register is a simple and effective way of recording and monitoring interests. Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.
No	R	Conflicts of interest in pension board members are prohibited. The scheme manager must be satisfied that a pension board member doesn't have any conflicts of interest. A register is used by three quarters of public service schemes, and provides a simple and effective means of recording and monitoring interests that have the potential to become conflicts. Further information is in our code ¹⁸ .
In development /Don't know	A	

¹⁷ www.tpr.gov.uk/code14

¹⁸ www.tpr.gov.uk/code14

Managing risks and resolving issues

Do you have procedures in place for assessing and managing risk?	
Yes	G You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code ¹⁹ provides practical guidance on risk management to consider in your review.
No	R The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements. Documented risk processes are a key internal control used by three quarters of public service schemes. Not having such processes in place may put you at significant risk of not identifying, mitigating or managing risks which could have a material impact on the scheme and members. You can find further information in our code ²⁰ .
In development /Don't know	A
Do you have a risk register?	
Yes	G You should review risks regularly. Three in five public service schemes assess risks at least every quarter. The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.
No	R Four in five public service schemes operate a risk register – this key tool helps schemes manage internal and external risks. A well-designed risk register helps you focus your resources on the risks which are the most likely to occur and have the greatest potential impact on scheme operations and members. You can get started with our example risk register ²¹ .
In development /Don't know	A You should review risks regularly. Three in five public service schemes assess risks at least every quarter. Our code ²² provides further practical guidance on risk management.

¹⁹ www.tpr.gov.uk/code14

²⁰ www.tpr.gov.uk/code14

²¹ www.tpr.gov.uk/ps-risk-register

²² www.tpr.gov.uk/code14

Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?	
Yes	<p>G</p> <p>You should review the effectiveness of your internal controls regularly, including those of your outsourced service providers. You should ensure that you receive sufficient assurance from providers on the services they provide – it should be sufficiently detailed and comprehensive for you to properly assess the effectiveness of their internal controls. Our code²³ provides further guidance on internal controls.</p>
No	<p>R</p> <p>The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements. This applies equally where schemes outsource services. Nine in ten public service schemes ensure outsourced service providers demonstrate that they have adequate internal controls in place. You should ask providers to demonstrate this in tenders for delivering services, and incorporate these requirements in your contracts. Our code²⁴ provides further guidance on internal controls.</p>
In progress/ Don't know	<p>A</p> <p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements. You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>
We don't use outsourced services	N/A
Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in-house or outsourced?	
Yes	<p>G</p> <p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements. You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>
No/In development /Don't know	<p>A</p> <p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You need to be confident that your administrator is delivering its services and take steps to address poor performance.</p> <p>Seven in ten public service schemes report having a documented service level agreement in place with their scheme administrator – this enables them to measure the timeliness, quality and accuracy of administration. Our code²⁵ provides further guidance on internal controls.</p>

²³ www.tpr.gov.uk/code14

²⁴ www.tpr.gov.uk/code14

²⁵ www.tpr.gov.uk/code14

Are your internal dispute resolution arrangements clearly communicated to members and others?	
Yes	<p>G</p> <p>You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do. You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code²⁶.</p>
No/In progress/Don't know	<p>A</p> <p>Internal dispute resolution arrangements provide formal procedures for disputes to be investigated and decided upon quickly and effectively. They play a key role in the effective governance and administration of a scheme.</p> <p>You should confirm and communicate your arrangements to members, for example in the joining booklet. Some public service schemes provide this information in other written communications, for example in benefit or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website. Further information on internal dispute resolution is available in our code²⁷.</p>
Do you have procedures in place to identify, assess and report breaches of the law?	
Yes	<p>G</p> <p>You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed. If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code²⁸ details information you should include in a report.</p>
No	<p>R</p> <p>Scheme managers, pension board members and certain other parties have a duty to report breaches of the law to us in certain circumstances. You should make sure you have effective procedures to identify, assess and report breaches. This is critical in order to reduce risk in your scheme and to help you meet your legal duty. Our code²⁹ provides practical guidance on what procedures should cover, how to assess if a breach should be reported to us and what to report.</p>
In development/Don't know	<p>A</p>

²⁶ www.tpr.gov.uk/code14

²⁷ www.tpr.gov.uk/code14

²⁸ www.tpr.gov.uk/code14

²⁹ www.tpr.gov.uk/code14

Administration

Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?	
Yes	G You must provide us with certain information and keep this information up to date, and complete a scheme return when asked. To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal, Exchange ³⁰ and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.
No	R You must provide us with certain information and keep this information up to date, and complete a scheme return when asked. Scheme managers can be fined if they don't comply. To help you meet your legal duties, you should assign a person to act as a contact for TPR and provide us with the information required. In larger schemes, this may be assigned to several people. You should make sure this person (or people) has access to our online portal Exchange ³¹ . Further information is available on our website ³² .
In development /Don't know	A
Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?	
Yes	G Processes should cover all membership types and you should review these regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code ³³ and on our website.
No	R Scheme managers must ensure that certain data is complete and accurate. This applies equally in respect of active, deferred, pensioner members and beneficiaries. Failure to maintain complete and accurate records can affect your ability to carry out basic functions.
In development /Don't know	A Four in five schemes have put in place record-keeping policies and procedures for all types of members and beneficiaries. You should establish or review your record-keeping processes immediately. Guidance can be found in our code ³⁴ and on our website.

³⁰ www.tpr.gov.uk/exchange

³¹ www.tpr.gov.uk/exchange

³² www.tpr.gov.uk/ps-reporting

³³ www.tpr.gov.uk/code14

³⁴ www.tpr.gov.uk/code14

Do you have controls in place to ensure that your employer(s) provide timely, accurate and complete data?	
Yes	G Receiving good data from your employer(s) is key to your ability to maintain accurate scheme records. Though nine in ten public service schemes require employers to provide timely, accurate and complete data, schemes have reported that a significant proportion of employers do not provide this as a matter of course. This can create significant record-keeping issues, even for single employer schemes. You should work with employers to ensure that scheme and employer processes are effective and fit for purpose. Our guide to issuing annual benefit statements ³⁵ highlights examples of best practice for communicating and working with employers.
No	R Scheme managers must keep records of specific member data. Most of this information will come from your employer(s) so you should ensure that employers have processes in place to provide you with the right data at the right time and in the right format. Poor data can create significant issues, even in single employer schemes. Some schemes provide specific training to employers on data requirements. Further information can be found in our code ³⁶ and our guide to issuing annual benefit statements ³⁷ .
In development /Don't know	A
When did you last carry out a data review exercise?	
Within the last year	G You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform. Further information on record-keeping can be found in our code ³⁸ and on our website.
More than a year ago/Never	R A data review is a key action we would expect a well run scheme to undertake at least annually. A review enables you to identify gaps and data quality issues, and take action to resolve these. Nine in ten public service schemes plan to review their data at least once a year. The Record Keeping Regulations set out records scheme managers are required to keep and you should measure your data against these requirements. Your review should include an assessment of the accuracy and completeness of the member data held. Further information can be found in our code ³⁹ and on our website.
Don't know	A

³⁵ www.tpr.gov.uk/ps-benefit

³⁶ www.tpr.gov.uk/code14

³⁷ www.tpr.gov.uk/ps-benefit

³⁸ www.tpr.gov.uk/code14

³⁹ www.tpr.gov.uk/code14

Where you have identified poor quality or missing data, do you have an improvement plan to address issues?	
Yes	G Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.
No	R You should continually review your data and carry out a data review exercise at least once a year. You should then ensure the necessary steps are taken to resolve any issues identified. A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data. Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.
In development /Don't know	A
Not required	G You should continually review your data and carry out a data review exercise at least once a year. You should then ensure that the necessary steps are taken to resolve any issues identified. A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data where they arise.
Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?	
Yes	G You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code ⁴⁰ and our Managing contributions checklist ⁴¹ .
No	R The scheme manager of a public service scheme must establish and operate internal controls. This should include processes around payments of contributions. Four in five public service schemes have such processes in place. Schemes should monitor contributions on an ongoing basis and regularly check payments received against the payments which were due. Schemes should take steps to resolve payment failures. The scheme manager must report these where they believe they are likely to be of material significance to TPR. Further information is available in our code ⁴² . You can also use our Managing contributions checklist ⁴³ to evaluate how effectively your scheme manages contributions.
In development /Don't know	A

⁴⁰ www.tpr.gov.uk/code14

⁴¹ www.tpr.gov.uk/ps-checklist

⁴² www.tpr.gov.uk/code14

⁴³ www.tpr.gov.uk/ps-checklist

Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?	
Yes	<p>G You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members. Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements⁴⁴.</p>
No/In progress/ Don't know	<p>A You should consider undertaking a lessons learned exercise once your statements are issued, including getting feedback from stakeholders involved. This is particularly important when you have implemented new requirements. Processes should be updated, and remedial work scheduled, in time for the next cycle. Some issues to consider in your review are included in our guide to issuing annual benefit statements⁴⁵.</p> <p>Where issues resulted in a failure to comply with legal duties (eg a failure to provide benefit statements) and you consider this is likely to be of material significance to us, you should submit a breach of law report.</p>
Have you taken steps to ensure member communications are clear, accurate and easily accessible?	
Yes	<p>G You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways – by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>
No/In progress/ Don't know	<p>A Good communications are key to ensure members are able to engage with their pension provision, and effectively plan for retirement. You should design and deliver communications that are clear and simple to understand, as well as being accurate and easily accessible. Avoid jargon where possible, explain technical terms clearly and make sure you're consistent in the language you use.</p> <p>There are a number of ways you can find out about members' information needs and their views on your communications – you should choose methods appropriate to the size of your scheme and available resources. Examples include speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>

⁴⁴ www.tpr.gov.uk/ps-benefit

⁴⁵ www.tpr.gov.uk/ps-benefit

How to contact us

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www.tpr.gov.uk

www.trusteetoolkit.com

Free online learning for trustees

www.pensionseducationportal.com

Free online learning for those running public service schemes

Self-assessment tool

Public service pension schemes

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The Pensions
Regulator

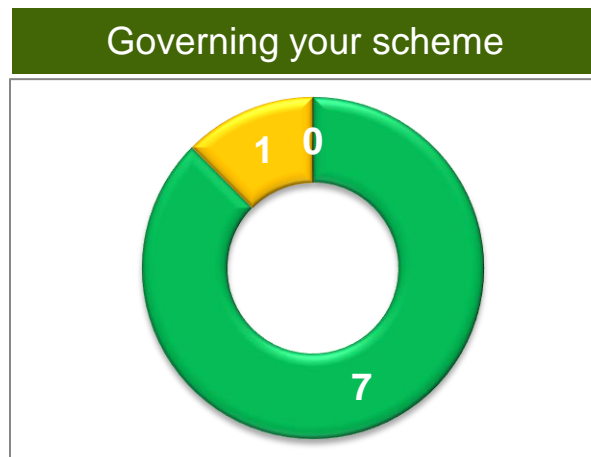
Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

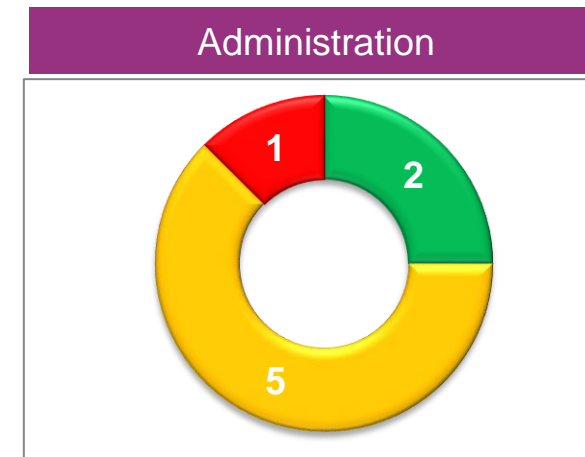
A summary of your results



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**

Results - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	Green
Feedback:	<p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails.</p> <p>You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>	
Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	Green
Feedback:	<p>Our code of practice sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information is on our website.</p>	
Useful Links:	<p>Code of Practice 14: Publishing information about schemes</p> <p>Website: Publishing scheme information</p>	

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

Your Answer:	Yes	Green
Feedback:	<p>Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place.</p> <p>You should keep your processes under regular review to ensure they remain effective and fit for purpose.</p>	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members	

Question 4 - Do you use the following for your pension board?

a) Training Plans

Your Answer:	Yes	Green
Feedback:	<p>Board members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development.</p> <p>Many schemes use pension board training plans to help board members acquire and retain knowledge and understanding. If you don't already do so, you may wish to consider the use of individual training plans as the training needed may vary according to each member's role and expertise. Further information is in our code and our quick guide to personal development.</p>	

b) Individual training needs analysis		
Your Answer:	No	Amber
Feedback:	<p>Board members must have the required knowledge and understanding so they can perform their role properly. The training needed to acquire the degree of knowledge and understanding required may vary according to each member's role and expertise. As such, training needs may be personal to the individual and you should consider the use of individual training needs analysis.</p> <p>You can use our tool 'Assessing your Learning Needs' to get you started. Further information can also be found in our code and our quick guide to personal development.</p>	
c) Training log		
Your Answer:	Yes	Green
Feedback:	<p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements.</p> <p>You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
Useful Links:	<p>Code of Practice 14: Knowledge and understanding required by pension board members</p> <p>Quick guide to personal development</p> <p>Template: Assessing your Learning Needs</p>	

Question 5 - Do you have a conflicts policy and procedure for pension board members?

Your Answer:	Yes	Green
Feedback:	<p>Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts.</p> <p>You should review the policy and procedures regularly to ensure they remain fit for purpose.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Question 6 - Do you have a register of interests (or equivalent)?

Your Answer:	Yes	Green
Feedback:	<p>A register is a simple and effective way of recording and monitoring interests.</p> <p>Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Results - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	No	Red
Feedback:	<p>The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements.</p> <p>Documented risk processes are a key internal control used by three quarters of public service schemes. Not having such processes in place may put you at significant risk of not identifying, mitigating or managing risks, which could have a material impact on the scheme and members. You can find further information in our code.</p>	
Useful Links:	<p>Code of Practice 14: Managing risks</p> <p>Checklist: Internal Controls</p>	

Question 2 - Do you have a risk register?		
Your Answer:	No	Red
Feedback:	<p>Four in five public service schemes operate a risk register – this key tool helps schemes manage internal and external risks. A well-designed risk register helps you focus your resources on the risks which are the most likely to occur and have the greatest potential impact on scheme operations and members. You can get started with our example risk register.</p> <p>You should review risks regularly. Three in five public service schemes assess risks at least every quarter. Our code provides further practical guidance on risk management.</p>	
Useful Links:	<p>Code of Practice 14: Managing risks</p> <p>Example Risk Register</p>	

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Your Answer:	We don't use outsourced services	N/A
Feedback:	Not applicable.	
Useful Links:	Code of Practice 14: Managing risks	

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?

Your Answer:	No	Amber
Feedback:	<p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You need to be confident that your administrator is delivering its services and take steps to address poor performance.</p> <p>Seven in ten public service schemes report having a documented service level agreement in place with their scheme administrator – this enables them to measure the timeliness, quality and accuracy of administration. Our code provides further guidance on internal controls.</p>	
Useful Links:	Code of Practice 14: Managing risks	

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?

Your Answer:	In progress	Amber
Feedback:	<p>Internal Dispute Resolution arrangements provide formal procedures for disputes to be investigated and decided upon quickly and effectively. They play a key role in the effective governance and administration of a scheme.</p> <p>You should confirm and communicate your arrangements to members, for example in the joining booklet. Some public service schemes provide this information in other written communications, for example in benefit or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website. Further information on internal dispute resolution is available in our code.</p>	
Useful Links:	Code of Practice 14: Internal dispute resolution	

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?

Your Answer:	In development	Amber
Feedback:	<p>Scheme managers, pension board members and certain other parties have a duty to report breaches of the law to us in certain circumstances.</p> <p>You should make sure you have effective procedures to identify, assess and report breaches. This is critical in order to reduce risk in your scheme and to help you meet your legal duty. Our code provides practical guidance on what procedures should cover, how to assess if a breach should be reported to us and what to report.</p>	
Useful Links:	Code of Practice 14: Reporting breaches of the law	

Results - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?		
Your Answer:	Yes	Green
Feedback:	<p>You must provide us with certain information and keep this information up to date, and complete a scheme return when asked.</p> <p>To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal Exchange and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.</p>	
Useful Links:	<p>Website: Reporting requirements</p> <p>Exchange</p>	

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?		
Your Answer:	In progress	Amber
Feedback:	<p>Scheme managers must ensure that certain data is complete and accurate. This applies equally in respect of active, deferred, pensioner members and beneficiaries. Failure to maintain complete and accurate records can affect your ability to carry out basic functions.</p> <p>Four in five schemes have put in place record-keeping policies and procedures for all types of members and beneficiaries. You should establish or review your record-keeping processes immediately. Guidance can be found in our code and on our website.</p>	
Useful Links:	<p>Code of Practice 14: Scheme record-keeping</p> <p>Website: Types of records to keep</p>	

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	In development	Amber
Feedback:	<p>Scheme managers must keep records of specific member data. Most of this information will come from your employer(s) so you should ensure that employers have processes in place to provide you with the right data at the right time and in the right format. Poor data can create significant issues, even in single employer schemes.</p> <p>Some schemes provide specific training to employers on data requirements. Further information can be found in our code and our guide to issuing annual benefit statements.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Quick guide to issuing annual benefit statements	

Question 4 - When did you last carry out a data review exercise?

Your Answer:	More than a year ago	Red
Feedback:	<p>A data review is a key action we would expect a well run scheme to undertake at least annually. A review enables you to identify gaps and data quality issues, and take action to resolve these. Nine in ten public service schemes plan to review their data at least once a year.</p> <p>The Record Keeping Regulations set out records scheme managers are required to keep and you should measure your data against these requirements. Your review should include an assessment of the accuracy and completeness of the member data held. Further information can be found in our code and on our website.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

Your Answer:	In development	Amber
Feedback:	<p>You should continually review your data and carry out a data review exercise at least once a year. You should then ensure the necessary steps are taken to resolve any issues identified.</p> <p>A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data. Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.</p>	

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

Your Answer:	In development	Amber
Feedback:	<p>The scheme manager of a public service scheme must establish and operate internal controls. This should include processes around payments of contributions. Four in five public service schemes have such processes in place.</p> <p>Schemes should monitor contributions on an ongoing basis and regularly check payments received against the payments which were due. Schemes should take steps to resolve payment failures. By law, the scheme manager must report these where they believe they are likely to be of material significance to TPR. Further information is available in our code. You can also use our Managing contributions checklist to evaluate how effectively your scheme manages contributions.</p>	
Useful Links:	<p>Code of practice 14: Maintaining contributions Checklist: Managing contributions</p>	

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

Your Answer:	No	Amber
Feedback:	<p>You should consider undertaking a lessons learned exercise once your statements are issued, including getting feedback from stakeholders involved. This is particularly important when you have implemented new requirements. Processes should be updated, and remedial work scheduled, in time for the next cycle. Some issues to consider in your review are included in our guide to issuing annual benefit statements.</p> <p>Where issues resulted in a failure to comply with legal duties (eg a failure to provide benefit statements) and you consider this is likely to be of material significance to us, you should submit a breach of law report.</p>	
Useful Links:	Quick guide to issuing annual benefit statements	

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?

Your Answer:	Yes	Green
Feedback:	<p>You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways - by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>	

Action plan

Using this action plan

You can use this section to set out the actions you are planning to take to address any risks identified in your results report, or actions you will take to help you achieve best practice.

You should review progress against this plan regularly. To help you do so, you can put in a review date against each action.

Action plan - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	
Scheme Action Plan:	Ensure that pension board members and chairman are reissued with their role descriptions. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	
Scheme Action Plan:	Confirm all the communication channels at which information can be accessed. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

Your Answer:	Yes	
Scheme Action Plan:	Review Attendance & Knowledge and Understanding Policy. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 4 - Do you use the following for your pension board?

a) Training Plans

Your Answer:	Yes	
Scheme Action Plan:	Ensure compliance with the training policy. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

b) Individual training needs analysis

Your Answer:	No	
Scheme Action Plan:	To be developed. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

c) Training log

Your Answer:	Yes	
Scheme Action Plan:	Make the training log available at local board meetings. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 5 - Do you have a conflicts policy and procedure for pension board members?

Your Answer:	Yes	
Scheme Action Plan:		
Review Date:		

Do you have a register of interests (or equivalent)?

Your Answer:	Yes	
Scheme Action Plan:		
Review Date:		

Action plan - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?	
Your Answer:	No
Scheme Action Plan:	Create risk register. Update to the next local board meeting.
Review Date:	Next local board meeting - Q2/3 2017-18

Question 2 - Do you have a risk register?	
Your Answer:	No
Scheme Action Plan:	Create risk register. Update to the next local board meeting.
Review Date:	Next local board meeting - Q2/3 2017-18

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?	
Your Answer:	We don't use outsourced services
Scheme Action Plan:	
Review Date:	

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?

Your Answer:	No	
Scheme Action Plan:	Liaise with the pension administration team to design a service level agreement. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?

Your Answer:	In progress	
Scheme Action Plan:	Draft arrangement to be reviewed by the local pension board on 09/02/2017 prior to approval by the Audit and Governance Committee. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?

Your Answer:	In development	
Scheme Action Plan:	Draft breaches policy to be reviewed by the local pension board on 09/02/2017 prior to approval by the Audit and Governance Committee. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Action plan - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?

Your Answer:	Yes	
Scheme Action Plan:	Publicise tPR Exchange contact. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Your Answer:	In progress	
Scheme Action Plan:	Confirm with pensions administration. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	In development	
Scheme Action Plan:	Confirm with pensions administration. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 4 - When did you last carry out a data review exercise?

Your Answer:	More than a year ago	
Scheme Action Plan:	Commission pensions administration to carry out a data review exercise. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

Your Answer:	In development	
Scheme Action Plan:	Confirm with pension administration. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

Your Answer:	In development	
Scheme Action Plan:	Confirm with pensions administration. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

Your Answer:	No	
Scheme Action Plan:	Confirm process with pension administration. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?

Your Answer:	Yes	
Scheme Action Plan:	Review communications and create communications plan. Update to the next local board meeting.	
Review Date:	Next local board meeting - Q2/3 2017-18	

Surrey Fire Local Pension Board: Forward Plan

<p>Quarter 2/3 2017/18</p>	<p>Red priority</p> <ul style="list-style-type: none">• Risk register• Data quality review and improvement plan <p>Amber priority</p> <ul style="list-style-type: none">• Board member training needs analysis• Service level agreement between the Fire & Rescue Service and the Pension administration team• Internal Dispute Resolution Procedure• Breaches policy• Revision of Key Performance Indicators• Contribution monitoring review and improvement plan• ABS production improvement plan <p>Green priority</p> <ul style="list-style-type: none">• Reissue board role descriptions• Communications review and create communications plan• Training policy review (including training log)• Review contacts with the Pensions Regulator
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Surrey Local Pension Board 9 February 2017

Draft Breaches Policy

Recommendations:

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

Background

1. Under the Pensions Act 2004 there is a legal requirement for the following stakeholders (reporters) to report any significant breaches of the law to the Pensions Regulator (tPR) where they are likely to be of material significance:
 - Members of the Local Pension Board.
 - Any person who is otherwise involved in the administration of the scheme: including officers of the Pension Services Team and Pension Fund Team.
 - All participating employers in the scheme.
 - Professional advisers: including auditors, actuaries, legal advisers and fund managers
 - Any other person otherwise involved in advising the managers of the scheme.
2. tPR Code of Practice no 14 (Governance and administration of public service pension schemes) states there should be a procedure in place within each Fund to identify and assess these breaches.
3. The Board is asked to note the work in progress on the initial draft Breaches Policy.
4. This draft document is presented to the Board to illustrate the policy making process and any future proposed Breaches Policy requires the approval of the Audit & Governance Committee.

Detail

5. The Draft Breaches Policy (shown as Annex 1) is broken in to the following sections:
 - The need for a breaches policy;

- Definition of a breach;
 - Who is responsible for reporting breaches;
 - When to report a suspected breach;
 - How to report a breach to tPR;
 - The process for reporting breaches;
 - The role of the “Responsible Officer”
 - How records of breaches are maintained;
 - Whistleblowing
 - Training.
6. The Draft Breaches Policy also contains the following appendices:
- The legal requirement to report a breach;
 - Examples of what may be considered a breach, whether it may be considered material, and how to make a submission to tPR
 - Example breaches applying tPR Traffic Light System.
7. The formation of the Breaches Policy requires further consultation between the officers with the appropriate delegated authority to establish current and best practice prior to the proposed policy being presented to the Audit & Governance Committee.

Next steps

8. Officers will further consult before updating this document.
9. A draft Breaches Policy will be presented to the Audit & Governance Committee for their consideration at the meeting of 27 March 2017.
10. The Audit & Governance Committee approved Breaches Policy will be communicated to all Reporters.

Report contact: Neil Mason, Senior Advisor Pension Fund

Contact details: T: 020 8213 2739 E: neil.mason@surreycc.gov.uk

Sources/background papers:

tPR Code of Practice no 14 (Governance and administration of public service pension schemes)

Annexes: Draft Breaches Policy (work in progress)



Surrey Firefighter's pension scheme

Breaches of Law Policy and Guidance



SURREY

Breaches of Law Policy and Guidance

The Surrey Fire & Rescue Authority (SF&R) seeks to conduct its affairs in regards to the Surrey Firefighter's Pension Scheme in a responsible manner, to ensure that all its activities are open and effectively managed, and that the SF&R integrity and principles of public interest disclosure are sustained.

This document and its appendices sets out the SF&R policy and procedures for identifying, monitoring and, where appropriate, reporting breaches of the law as required in the Pensions Act 2004 (the Act) and detailed in the Pensions Regulator's (tPR) Code of Practice no 14 - Governance and administration of public service pension schemes (the Code).

The following appendices accompany this Breaches policy and guidance:

- Appendix 1:** *The legal requirement to report a breach.*
Appendix 2: *Examples of what may be considered a breach, whether it may be considered material, and how to make a submission to tPR*
Appendix 3: *Example breaches applying tPR Traffic Light System.*
Appendix 4: *Template breaches report document.*

1. Why have a breaches policy?

- It is a crucial tool for the SF&R in reducing risk and providing an early warning of possible malpractice.
- It provides an opportunity to learn from mistakes and review and improve processes in the areas where the breach occurred.
- It represents an important addition to the SF&R suite of policies that make up its risk framework.
- The identification, management and reporting of material breaches to tPR is a requirement of the Code.
- Failure to report a breach without a *reasonable excuse* is a civil offence that can result in civil penalties.

2. What is a breach?

A breach of the law is:

- When a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with.

It can encompass many aspects of the management and administration of the scheme, including failure:

- To do anything required under overriding legislation, applicable statutory guidance or codes of practice.
- To maintain accurate records.
- To act on any fraudulent act or omission that is identified.
- Of an employer to pay over member and employer contributions on time.
- To pay member benefits either accurately or in a timely manner.
- To issue annual benefit statements on time or non-compliance with the Regulator's Code of Practice No 14.

Non-compliance with the Firefighter's Pension Scheme (FFPS) regulations can encompass many aspects of the management and administration of the scheme, including failure:

- To abide with the FFPS Regulations.
- To comply with the SF&R policies and procedures.

It is important that the *Responsible Officer* is satisfied that a breach has actually occurred, rather than acting on a suspicion of such an event.

3. Who is responsible for reporting breaches?

The following are responsibility to report breaches (known as *Reporters*):

- Members of the Local Pension Board.
- Any person who is otherwise involved in the administration of the scheme: including officers of the Pension Services Team.
- All participating employers in the scheme.
- Professional advisers.
- Any other person otherwise involved in advising the managers of the scheme.

Reporters are required to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

4. When to report a suspected breach

Reporters should refer to Appendix 2 for guidance on whether to report a suspected breach. If *Reporters* are in any doubt they should contact the *Responsible Officer*.

5. Reporting a breach to tPR?

Breaches of the law which affect pension schemes should be considered for reporting to tPR if it is considered that the breach is likely to be of material significance to tPR.

A material breach must be notified to tPR as soon as is reasonably practicable and no later than one month after becoming aware of the breach or likely breach.

Where it is considered that a breach is of such significance that tPR is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of tPR immediately.

Not all breaches identified will need to be reported to tPR. Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, tPR will not normally consider this to be materially significant.

6. Who to report a suspected breach to

All breaches or suspected breaches should be reported to the [Responsible Officer] in the first instance. **However, if the suspicion is around theft, fraud or other serious offences where discussions may alert those implicated or impede the actions of the policy or a regulatory authority, the Reporter should go to tPR directly and at the earliest opportunity.**

7. Role of the responsible officer

The *Responsible Officer* is responsible for the management and execution of the breaches policy. The Responsible Officer for the SF&R is [].

The *Responsible Officer* will be responsible for recording and reporting breaches and likely breaches as follows:

- Record all identified breaches and likely breaches of which they are aware in the SF&R pension breaches log.
- Investigate the circumstances of all reported breaches and likely breaches.
- Ensure, where necessary that an action plan is put in place and acted on to correct the identified breach and also ensure further breaches of a similar nature do not reoccur.
- Report to the Local Pension Board:
 - All materially significant breaches or likely breaches that will require reporting to tPR as soon as practicable, but no later than within 30 days (if the next scheduled meetings of the Local Pension Board are in excess of 30 days the Responsible Officer will consult with the Chairman of the Local Pension Board within the 30 day period and after (verbally if necessary); and after consultation with the *Head of Fire & Rescue, Director of Finance, the Director of Legal, Cultural and Democratic Services*.
 - All other breaches to the next scheduled meetings of the Local Pension Board.

- Report all materially significant breaches identified to tPR as soon as practicable but not later than 30 days after becoming aware of the breach.

The *Responsible Officer* will determine whether any breach or likely breach is materially significant, having regard to the guidance set out in tPR Codes of Practice and after consultation with the *Head of Fire & Rescue, Director of Finance, the Director of Legal, Cultural and Democratic Services* and Local Pension Board.

Where uncertainty exists as to the materiality of any identified breach the *Responsible Officer* will be required to informally notify tPR of the issue and the steps being taken to resolve the issue.

8. How are records of breaches maintained?

All breaches or suspected breaches will be recorded in the SF&R Breaches Log. *Responsible Officer* will maintain the SF&R Breaches Log. The SF&R Breaches Log will include the following information:

- Date the breach or likely breach was identified.
- Name of the employer (where appropriate).
- A description of the breach:
 - Cause.
 - Effect
 - Reaction.
 - Implications.
- Whether the breach is considered to be red, amber or green with reference to tPR traffic light system (hyperlink and appendix).
- Whether the concern has been reported before.
- Whether the suspected breach is considered materially significant to tPR and reasons for this consideration.
- Date of report to tPR (if applicable).
- Recommended action to rectify the breach.
- Evidence that these recommendations have been implemented.
- Confirmation that *the Head of Fire & Rescue, Director of Finance, the Director of Legal, Cultural and Democratic Services* and Local Pension Board have been consulted.

Updates to the breaches log will be reported to the Pensions SF&R Committee and Local Pension Board at its next meeting.

9. Whistleblowing

It is a statutory duty to report breaches of the law. In rare cases this may involve a duty to whistle blow on the part of an employee of the SF&R . The duty to report does not override any other duties a *Reporter* may have, such as confidentiality. Any such duty is not breached by reporting to tPR. Given the statutory duty that exists, in exercising this breaches policy the SF&R will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to tPR.

The duty to report, however, does not override 'legal privilege', so oral and written communications between the SF&R service and the Local Pension Board and a professional legal adviser do not have to be disclosed.

10. Training

The *Responsible Officer* will ensure that all *Reporters*, receive appropriate training on this policy as appropriate.

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Surrey Firefighter's pension scheme

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**Appendix 1:
The legal requirement to report a breach**



SURREY

The legal requirement to report a breach

Breaches of the law which affect pension schemes should be considered for reporting to the Pensions Regulator.

The decision whether to report requires two key judgements:

- Is there reasonable cause to believe there has been a breach of the law.
- If so, is the breach likely to be of material significance to the Pensions Regulator?

-

The requirement to report breaches of the law arises when a duty which is:

- Imposed by or by virtue of an enactment or rule of law; and
- Relevant to the administration of a scheme.

Imposed by or by virtue of an enactment or rule of law

'Enactment' covers Acts of Parliament and regulations or statutory instruments. For example, the Pensions Act 2004 is an enactment as are regulations made under that Act:

Pensions Act 2004 (70 (2)):

“(2) Where the person has reasonable cause to believe that –

(a) A duty which is relevant to the administration of the scheme in question, and is imposed by or virtue of an enactment or rule of law, has not been or is not being complied with, and

(b) The failure to comply is likely to be of material significance to the Regulator in the exercise of its functions,

he must give a written report of the matter to the Regulator as soon as reasonably practicable.”

Breaches of criminal law, such as an offence of dishonesty under the Theft Act, would also come within the term enactment.

'Rule of law' covers law laid down by decisions of the courts. It would, for example, include trust law and common law.

When considering breaches of trust law, reporters should bear in mind the basic principle that the Pension Fund is holding property on behalf of others. The Pension Fund should act in good faith and within the terms of the LGPS Regulations for the benefit of all of the beneficiaries of the scheme. If they fail to do so, they are in breach of law. A very basic rule of thumb in considering whether an action or failure to act is,

or may be, a breach is if the Pension Fund has acted in a way which would appear unfair or wrong to a reasonable and objective person.

‘Relevant to the administration of the scheme’

In view of its statutory objectives, the Pensions Regulator interprets ‘administration’ widely in the context of the need to report breaches. It is much wider than just those tasks normally associated with the administrative function such as keeping records, dealing with membership movements, calculating benefits and preparing accounts, though all these are included within it. The Pensions Regulator interprets administration to include such matters as the consideration of funding in defined benefit schemes, investment policy and investment management, as well as the custody of invested assets; indeed anything which could potentially affect members’ benefits or the ability of members and others to access information to which they are entitled.

There are two key judgements required:

- First, does the reporter have reasonable cause to believe there has been a breach of the law?
- If so, then, secondly, does the reporter believe the breach is likely to be of material significance to the Pensions Regulator?

Reasonable cause to believe

Having a reasonable cause to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to check with the *Responsible Officer*, or with others who are in a position to confirm what has happened. However, it would not be appropriate to check with the *Responsible Officer* or others in cases of theft, or if the reporter is concerned that a fraud or other serious offence might have been committed and discussion with those persons might alert those implicated or impede the actions of the police or a regulatory authority.

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.

In establishing that there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which tPR would require before taking legal action.

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Surrey Firefighter's pension scheme

Breaches of Law Policy and Guidance

Appendix 2:

When a breach may be considered material and how to make a submission to The Pensions Regulator



SURREY

When a breach may it be considered material and how to make a submission to The Pensions Regulator

The Pensions Regulator (tPR) has produced guidance to assist schemes in identifying the severity of a breach and whether it should then be reported. When determining materiality of any breach or likely breach *Reporters* will in all cases consider the following:

- Cause.
- Effect.
- Reaction; and
- Wider implications.

Cause

The breach is likely to be of material significance to tPR where it was caused by:

- Dishonest.
- 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.

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.

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

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 tPR:

- Local 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.

- Local 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.
- Any misappropriation of 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 Surrey Firefighter's Pension Scheme being poorly governed, managed or administered.

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

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

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

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.

tPR “traffic light” framework

tPR provides a “traffic light” system of categorising an identified breach:

Green – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to tPR, but should be recorded in the SF&R’s breaches log.

Amber – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. The SF&R or local pension board will need to decide whether to informally alert tPR to the likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red.

Red - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The SF&R or local pension board must report all such breaches to tPR in all cases.

If it is unclear as to whether the breach or likely breach is significant, in the first instance full details should always be reported to the *Responsible Officer* to determine the appropriate course of action.

It should be noted that failure to report a significant breach or likely breach is likely, in itself, to be a significant breach (examples of tPR “Traffic Light” framework are included as appendix 3).

The *Responsible Officer* will use tPR “traffic light” framework as a means of identifying whether any breach is to be considered as materially significant and so reported to tPR.

Any failure of a scheme employer to pass over employee contributions that are considered to be of material significance must be reported to tPR immediately.

In order to determine whether failure to pay over employee contributions is materially significant or not the SF&R will seek from the employer:

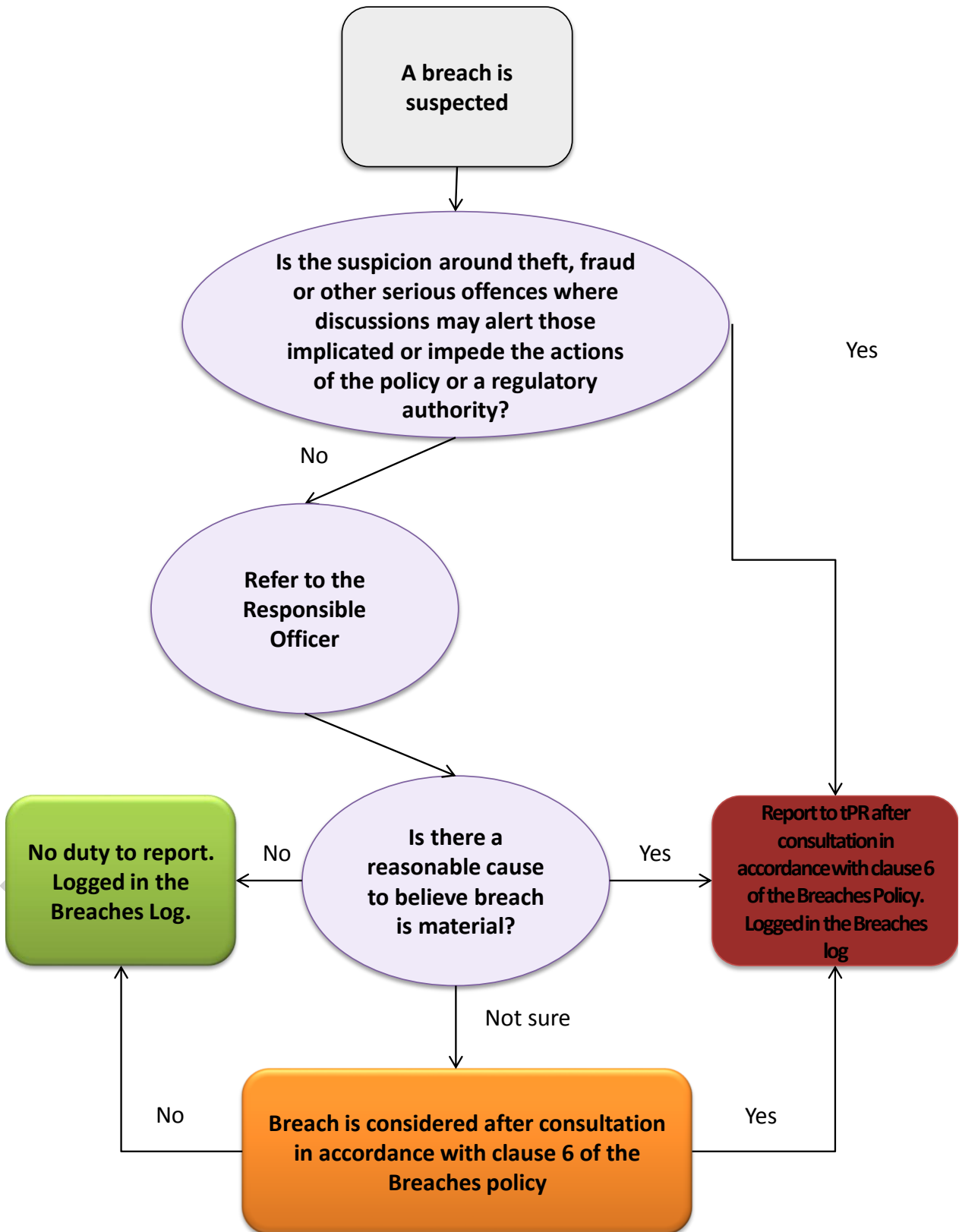
- The cause and circumstances of the payment failure.
- What action the employer has taken as a result of the payment failure, and
- The wider implications or impact of the payment failure.

Where a payment plan is agreed with the employer to recover outstanding contributions and it is being adhered to or there are circumstances of infrequent one-off late payments or administrative failures the late payment will not be considered to be of material significance.

All incidences resulting from the unwillingness or inability of the employer to pay over the employee contributions, dishonesty, fraudulent behaviour or misuse of employee contributions, poor administrative procedures or the failure to pay over employee contributions within 90 days from the due date will be considered to be of material significance and reported to tPR.

Once a breach or likely breach has been identified, regardless of whether it needs to be reported to tPR, the *Responsible Officer*, must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary. All breaches must be recorded in the SF&R's breaches log.

Reporting decision tree



Submitting a report to tPR

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 :

<http://www.thepensionsregulator.gov.uk/trustees/exchange.aspx>

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.

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.

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.

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 tPR has received their report.

tPR 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.

Reporters should provide further information or reports of further breaches if this may help the regulator to exercise its functions. tPR may make contact to request further information.

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.

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 tPR to the breach.

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Introduction

Certain people involved with the governance and administration of a public service pension scheme must report certain breaches of the law to The Pensions Regulator. These people include scheme managers, members of pension boards, employers, professional advisers and anyone involved in administration of the scheme or advising managers. You should use the traffic light framework when you decide whether to report to us. This is defined as follows:

- Red breaches must be reported.
- Amber breaches are less clear cut: you should use your judgement to decide whether it needs to be reported.
- Green breaches do not need to be reported.

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

When using the traffic light framework you 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.

As each breach of law will have a unique set of circumstances, there may be elements which apply from one or more of the red, amber and green sections. You should use your own judgement to determine which overall reporting traffic light the breach falls into.

By carrying out this thought process, you can obtain a greater understanding of whether or not a breach of the law is likely to be of material significance and needs to be reported.

You should not take these examples as a substitute for using your own judgement based on the principles set out in the draft public service code of practice as supported by relevant pensions legislation. They are not exhaustive and are illustrative only.

Knowledge and understanding required by pension board members

Example scenario: The scheme manager has breached a legal requirement because pension board members failed to help secure compliance with scheme rules and pensions law.

Potential investigation outcomes				
	Cause	Effect	Reaction	Wider implications
Red	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	<p>Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours</p> <p>The scheme manager does not take appropriate action to address the failing in relation to conflicts</p>	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed
Amber	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager
Green	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

Scheme record-keeping

Example scenario: An evaluation of member data has identified incomplete and inaccurate records.

	Potential investigation outcomes			
	Cause	Effect	Reaction	Wider implications
Red	Inadequate internal processes that fail to help employers provide timely and accurate data, indicating a systemic problem	All members affected (benefits incorrect/not paid in accordance with the scheme rules, incorrect transactions processed and poor quality information provided in benefit statements)	Action has not been taken to identify and tackle the cause of the breach to minimise the risk of recurrence nor to notify members	It is highly likely that there are wider scheme issues caused by inadequate processes and that the scheme will be in breach of other legal requirements
Amber	A failure by some – but not all – participating employers to act in accordance with scheme procedures, indicating variable standards of implementing those procedures	A small number of members affected	Action has been taken to identify the cause of the breach, but progress to tackle it is slow and there is a risk of recurrence	It is possible that there are wider scheme issues and that the scheme may be in breach of other legal requirements
Green	A failure by one participating employer to act in accordance with scheme procedures, indicating an isolated incident	No members affected at present	Action has been taken to identify and tackle the cause of the breach and minimise the risk of recurrence	It is unlikely that there are wider scheme issues or that the scheme manager will be in breach of other legal requirements

Providing information to members

Example scenario: An active member of a defined benefit (DB) public service scheme has reported that their annual benefit statement, which was required to be issued within 17 months of the scheme regulations coming into force, has not been issued. It is now two months overdue. As a consequence, the member has been unable to check:

- personal data is complete and accurate
- correct contributions have been credited
- what their pension may be at retirement

Potential investigation outcomes				
	Cause	Effect	Reaction	Wider implications
Red	Inadequate internal processes for issuing annual benefit statements, indicating a systemic problem	All members may have been affected	Action has not been taken to correct the breach and/or identify and tackle its cause to minimise the risk of recurrence and identify other members who may have been affected	It is highly likely that the scheme will be in breach of other legal requirements
Amber	An administrative oversight, indicating variable implementation of internal processes	A small number of members may have been affected	Action has been taken to correct the breach, but not to identify its cause and identify other members who may have been affected	It is possible that the scheme will be in breach of other legal requirements
Green	An isolated incident caused by a one off system error	Only one member appears to have been affected	Action has been taken to correct the breach, identify and tackle its cause to minimise the risk of recurrence and contact the affected member	It is unlikely that the scheme will be in breach of other legal requirements

Internal controls

Example scenario: A DB public service scheme has outsourced all aspects of scheme administration to a third party, including receiving contributions from employers and making payments to the scheme. Some contributions due to the scheme on behalf of employers and members are outstanding.

Potential investigation outcomes				
	Cause	Effect	Reaction	Wider implications
Red	The administrator is failing to monitor that contributions are paid to them in time for them to make the payment to the scheme in accordance within the legislative timeframes and is therefore not taking action	The scheme is not receiving the employer contributions on or before the due date nor employee contributions within the prescribed period	The administrator has not taken steps to establish and operate adequate and effective internal controls and the scheme manager does not accept responsibility for ensuring that the failure is addressed	<p>It is highly likely that the administrator is not following agreed service level standards and scheme procedures in other areas.</p> <p>The scheme manager is likely to be in breach of other legal requirements such as the requirement to have adequate internal controls</p>
Amber	The administrator has established internal controls to identify late payments of contributions but these are not being operated effectively by all staff at the administrator	The scheme is receiving some but not all of the employer contributions on or before the due date and employee contributions within the prescribed period	The scheme manager has accepted responsibility for ensuring that the failure is addressed, but the progress of the administrator in training their staff is slow	<p>It is possible that the administrator is not following some of the agreed service level standards and scheme procedures in other areas.</p> <p>It is possible that the scheme manager is in breach of other legal requirements</p>
Green	Legitimate late payments have been agreed by the scheme with a particular employer due to exceptional circumstances	The employer is paying the administrator the outstanding payments within the agreed timescale	The scheme has discussed the issue with the employer and is satisfied that the employer is taking appropriate action to ensure future payments are paid on time	It is unlikely that the employer is failing to adhere to other scheme processes which would cause the scheme manager to be in breach of legal requirements

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Surrey Firefighter's pension scheme

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Appendix 4:

Form to report a suspected breach to the
Responsible Officer



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Form to report a suspected breach to the Responsible Officer

Reporter name	
Reporter position	
Telephone contact	
Email address	
Address	
Date of suspected breach	
Description of suspected breach and why you consider it to be a breach (please provide all relevant details)	

Signed	
Date of submission	
Report no (internal use)	

Please submit this form to:

[The Responsible Officer]

Email:

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