

SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE: 9 JULY 2021****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE****SUBJECT: CONSULTATION ON PENSION SCAMS: EMPOWERING TRUSTEES AND PROTECTING MEMBERS****SUMMARY OF ISSUE:**

Strategic objectives
Governance

To provide details of the Department of Work and Pension's (DWP's) consultation on giving trustees more powers to combat scams and the response from Surrey.

RECOMMENDATIONS:

To note the report and annexe.

REASON FOR RECOMMENDATIONS:

The Pension Fund Committee will be made aware of all national initiatives with a consultation process with a response sent within stated deadlines, in accordance with the Fund's strategic governance objectives.

DETAILS:

1. The preamble acknowledges that a significant amount of pension fraud (at least 5% of transfers) occurs but this overlooks that (i) diligent pension administrators prevent a lot of scams that are not reported and (ii) a significant proportion of scams do not come to light until many years after a transfer-out.
2. The Fund recognises that HMRC tightened the supervision of new pension schemes following the consultation in 2016, but it thinks that it is still not robust enough.
3. Pension funds are concerned that they are often asked to pick up the bill for what appears to be a collective failure of regulation.
4. The Fund welcomes the requirement for occupational schemes to demonstrate an employment link and suggests a number of improvements.
5. The Fund welcomes the requirement for qualifying recognised overseas pensions schemes (QROPs) to demonstrate a residency link and offers some suggestions.
6. The Fund believes that the introduction of red and amber flags is a good idea, but some of the amber flags will only work if the transferee provides honest answers – which, unfortunately, cannot always be relied upon in an incentivised situation.

7. The Fund has suggested a number of tweaks to DWP's proposed standard questions.

CONSULTATION:

8. The Chairman of the Pension Fund Committee has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

9. There are no risk related issues.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

10. There are no financial and value for money implications contained in this report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

11. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

12. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

13. There are no equality or diversity issues.

OTHER IMPLICATIONS

14. There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

15. The following next steps are planned:

- Provide the Pension Fund Committee with details of the results of the consultation.

Contact Officer:

John Smith, Pensions Governance and Employer Manager

Consulted:

Pension Fund Committee Chairman

Annexes:

1. Consultation on Pension Scams: Empowering Trustees and Protecting Members – the Funds response.

Background papers:

The DWP consultation on pension scams [Pension scams: empowering trustees and protecting members consultation - GOV.UK \(www.gov.uk\)](http://www.gov.uk)