



# Haverling

LONDON BOROUGH

## LOCAL PENSION BOARD AGENDA

**4.00 pm**

**Tuesday  
1 October 2019**

**Town Hall, Main Road,  
Romford**

Members 4: Quorum 2

Mark Holder, Scheme Member Representative  
Denise Broom, Employer Representative  
Anne Giles, Scheme Member Representative

**For information about the meeting please contact:  
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## AGENDA ITEMS

### 1 CHAIR'S ANNOUNCEMENTS

The Chair will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### 2 APOLOGIES FOR ABSENCE

(if any) – receive.

### 3 DISCLOSURE OF INTEREST

Members are invited to disclose any interest in any items on the agenda at this point of the meeting.

*Members may still disclose any interest in an item at any time prior to the consideration of the matter.*

### 4 MINUTES OF THE MEETING (Pages 1 - 4)

To approve as correct the minutes of the meeting held on 20 August 2019 (attached) and authorise the Chair to sign them.

### 5 MONTHLY LPP PERFORMANCE REPORT (Pages 5 - 24)

### 6 COMPLIANCE CHECKLIST (Pages 25 - 28)

### 7 PENSION REGULATOR REVIEW (Pages 29 - 78)

### 8 COMMUNICATION CAMPAIGN (Pages 79 - 80)

### 9 RISK REGISTER (STANDING ITEM) (Pages 81 - 102)

### 10 CODE OF TRANSPARENCY (Pages 103 - 114)

### 11 WORKPLAN (Pages 115 - 116)

### 12 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE

**Andrew Beesley**  
**Committee Administration Manager**

# Public Document Pack Agenda Item 4

## **MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD Council Chamber - Town Hall 20 August 2019 (9.00 - 10.40 am)**

### **Present:**

Anne Giles (Scheme Member Representative)

Mark Holder (Scheme Member Representative)

Denise Broom (Employer Representative)

There were no apologies for absence.

All decisions were taken with no votes against.

The Chairman reminded Members of the action to be taken in an emergency.

### **7 DISCLOSURE OF INTEREST**

There were no declarations of interest.

### **8 CHAIRMAN SELECTION AND TERMS OF REFERENCE**

It was agreed that, for the coming year, the Chairmanship would rotate immediately after each meeting in the order Mark Holder – Denise Broom – Anne Giles – currently vacant second employer representative. Mark Holder therefore took the Chair for the remainder of the meeting. The Chairman would write to David Holmes thanking him for his previous work on the Board.

It was agreed that the first sentence of paragraph 6.1 of the Terms of Reference should be amended to read "the Board" shall have a formal quorum of 2, to consist of one Scheme Member and one Employer representative.

It was also agreed that the date the Terms of Reference were last revised should be included in paragraph 19.2.

**Action: Victoria Freeman to amend Terms of Reference**

### **9 MINUTES OF THE MEETING**

The minutes of the meetings held on the 2 April 2019 and 5 June 2019 were agreed as a correct record and signed by the Chairman.

10 **MONTHLY LPP PERFORMANCE REPORT**

The Board noted that the Performance statistics had improved since the last LPP Performance report. Some case types dropped below 100% for being completed on time, however the Board agreed this was not significant. Members were advised that a case may be completed late but if each stage is completed on time, then the percentage will be higher and the case will be recorded as on time. The members agreed that although a case may not be late due to the late receipt of information requested from the service, the Board need to be informed of the reason for any delays. The members also noted that the salary recorded for each member is only an estimate of their salary as at the 31<sup>st</sup> March each year for use in producing annual benefit statements. The reason being that actual final salaries cannot be held on Oracle, limiting the resources to just an estimated figure.

The Board noted that there are no major concerns of underpayment. The Pensions team would be rolling out a new communication campaign to highlight payment protection and other pensions matters. The board agreed that line managers and scheme members need advice regarding the retirement process to be included as part of the communications campaign. . The Board discussed that there were approximately 800 cases 'on hold' at the point of the last report and this had been reduced to 531. These numbers needed to be kept as low as possible, including the 276 'on hold' cases classified as being relating to waiting on Council action in some way. The Board were advised that Havering do not currently benchmark their performance in these areas directly against other local authorities. Overall figures could be obtained from LPP.

The Board agreed that the next meeting would concentrate on scrutiny of the latest position with the 'on hold' cases and in particular those classified as being the responsibility of the Council in some way.

**Action: Caroline Berry to produce detail of position with 'on hold' cases for discussion by the Board at next meeting.**

11 **COMPLIANCE CHECKLIST**

The Board was advised that the timescales for the checklist have been added. It was agreed that the deadline for Board members to complete the Pension Regulator's training on the Code of Practice number 14 be extended to 31 October 2019.

Any outstanding Board member biographies could be sent to officers for inclusion for publishing on the website.

12 **PENSION REGULATOR REVIEW**

A formal report on the Havering pension fund would be brought to the Pensions Committee and to the Board in due course. There had been very

positive feedback back from the Regulator on Havering's scheme governance.

**13 RISK REGISTER (STANDING ITEM)**

The Board members were notified that for Risk 3 "Risk Failure of Investments to perform in-line with growth expectations", they would continue to monitor the LCIV. For Risk 6 "Risk of failure to on board or exit employers/members effectively", they had not yet received the internal audit report form LPP. For Risk 5 "Risk of inability to manage/govern the Pension Fund and associated services", it was stated that there is a cyber risk through ransomware and this was being managed by constant security updates. The Board also noted that One Oracle was being replaced by Oracle Cloud. This would be beneficial as it would remove the manual processes within oracle that relate to the pension fund and would make the process more automated. The cloud would be implemented by September 2020. The Board agreed that the summary layout of the report was better and easier to understand. It was noted that the register had been amended in order to include the ownership of risk at a lower level in the organisation.

**14 WORKPLAN**

Following a request from the Chairman of the Pensions Committee, it was agreed that an item be added to the agenda for the next meeting of the Board covering the monitoring of investments and in particular how many of the Council's funds were signed up to the code of transparency.

**Action: Debbie Ford to arrange item on monitoring of investments for next meeting of Board.**

The dates of future meetings would be circulated to Members by the clerk.

**Action: Victoria Freeman to circulate dates of future meetings.**

**15 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE**

The response from the Council to the recent pension scheme consultation had been submitted but no feedback had been received as yet from the Government. It was noted that Havering had been selected for an in-depth review by the Pensions Regulator. It had been agreed that fund holders would be asked for a statement of their investment beliefs but little change in the Council's current investments was expected.

Delays with the external auditors had meant the Council's accounts were still unaudited and other Councils had also been affected by this issue, It was hoped that the accounts would be finalised by next meeting of the Audit Committee

Overpayments of less than £250 following the deaths of Members had been agreed could be automatically written off. The annual report of the Pension Fund had previously been agreed, and some discussion ensued as to if this report should be reported elsewhere.

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**Chairman**

Havering Council

**Monthly Report**  
**August 2019**

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## Workflow and Performance - 01/08/2019 to 31/08/2019

### 1. 'Top' Case Types Report

These are the main day to day member related cases measured under the Service Level Agreement.

Case Type	Description	Brought Forward	Received	Complete	On Time	On Time %	Carried Forward	Average Completed Time	Average Elapsed Time
HV00	Post Item	0	119	119	106	89.07	0	0	0
HV01	Admission	38	21	17	17	100.00	42	1	4
HV01b	Admissions (Automatic Enrolment)	0	215	204	202	99.01	11	0	0
HV01O	Opt-In	0	0	0	0	100.00	0	0	0
HV01R	Admissions (Monthly return)	15	2	4	4	100.00	13	1	1
HV01w	Online joiner form	25	53	32	32	100.00	46	1	1
HV02A	IFA IN (Actual)	9	4	1	1	100.00	12	8	33
HV02E	IFA in (estimate)	115	4	11	11	100.00	109	39	150
HV03A	Other TV in (actual)	9	9	3	3	100.00	15	7	47
HV03E	Other TV in (estimate)	58	6	23	23	100.00	41	33	136
HV04	Additional Contributions	0	0	0	0	100.00	0	0	0
HV04a	Additional Pension Contributions (APCS) actual	0	0	0	0	100.00	0	0	0
HV04e	Additional Pension Contributions (APCS) estimate	0	0	0	0	100.00	0	0	0
HV05	Maternity leave/LWOP	0	0	0	0	100.00	0	0	0
HV05w	Maternity leave/LWOP (Online Forms)	0	0	0	0	100.00	0	0	0
HV06	AVCs/FSAVCs	2	0	0	0	100.00	2	0	0
HV06A	Retirement AVC	0	0	0	0	100.00	0	0	0
HV07	Change of hours	2	0	0	0	100.00	2	0	0
HV07R	Change of Hours (Monthly Return)	1	0	0	0	100.00	1	0	0
HV07w	Change of hours (Online Forms)	7	11	17	17	100.00	1	5	11
HV08	Estimates - individual	24	44	40	40	100.00	28	4	5
HV09A	IFA Out (Actual)	7	2	3	3	100.00	6	3	3
HV09E	IFA Out (estimate)	12	10	10	10	100.00	12	8	27
HV09p	IFA Payment	0	0	0	0	100.00	0	0	0
HV10A	Other TV out (actual)	1	1	1	1	100.00	1	2	2
HV10E	Other TV out (estimate)	6	15	12	12	100.00	9	2	2
HV11	Deferred Benefits	160	23	18	18	100.00	165	25	90
HV11w	Deferred Benefits (online Leaver)	91	30	25	25	100.00	96	3	8
HV12	DBs into payment	79	37	18	18	100.00	98	28	78

Case Type	Description	Brought Forward	Received	Complete	On Time	On Time %	Carried Forward	Average Completed Time	Average Elapsed Time
HV12p	Deferred Payment	0	0	0	0	100.00	0	0	0
HV12z	DB into Payment (Disclosure)	1	0	0	0	100.00	1	0	0
HV13	Death in service	5	0	0	0	100.00	5	0	0
HV13p	Death in Service Payment	0	0	0	0	100.00	0	0	0
HV13w	Death in service (Online Forms)	1	0	0	0	100.00	1	0	0
HV14	Retirements (immediate)	18	2	8	8	100.00	12	24	103
HV14p	Retirement Payment	0	0	0	0	100.00	0	0	0
HV14q	Third tier ill health review	0	0	0	0	100.00	0	0	0
HV14v	P45	0	0	0	0	100.00	0	0	0
HV14w	Retirements (immediate online)	20	6	9	9	100.00	17	9	23
HV15	Benefit Revision	5	127	3	3	100.00	129	5	6
HV15p	Revision Payment	0	0	0	0	100.00	0	0	0
HV16	Refunds	20	33	27	27	100.00	26	4	14
HV16p	Refund Payment	0	8	6	6	100.00	2	1	1
HV16w	Refunds (Online Forms)	69	47	51	51	100.00	65	4	12
HV17	Opt outs	24	3	6	6	100.00	21	21	45
HV17d	Opt Out (3mths or more)	0	0	0	0	100.00	0	0	0
HV17r	Opt Out (less than 3 mths)	0	0	0	0	100.00	0	0	0
HV17w	Opt outs (Online Forms)	4	2	3	3	100.00	3	3	16
HV18	GMP (NI MOD)	6	18	18	18	100.00	6	2	2
HV19	Re-employments	0	0	0	0	100.00	0	0	0
HV20	Death on Pension	79	12	13	13	100.00	78	18	79
HV20d	Death on Deferred	2	0	1	1	100.00	1	44	117
HV20p	Death on Pension Payment	0	0	0	0	100.00	0	0	0
HV21s	S/term to L/term spouses	0	0	0	0	100.00	0	0	0
HV22	Estimates - employer	0	3	3	3	100.00	0	2	2
HV22w	Estimates (Online Forms)	0	0	0	0	100.00	0	0	0
HV23	Redundancy and Severance	0	0	0	0	100.00	0	0	0
HV23p	Redundancy Severance Payment	0	0	0	0	100.00	0	0	0
HV24	Correspondence (customer) - level 3	8	8	10	10	100.00	6	8	33
HV24A	Change of address	15	24	26	26	100.00	13	2	3
HV24B	Bank change	1	2	3	3	100.00	0	1	1
HV24C	Annual Covenant	8	0	0	0	100.00	8	0	0

Case Type	Description	Brought Forward	Received	Complete	On Time	On Time %	Carried Forward	Average Completed Time	Average Elapsed Time
HV24E	Correspondence (Employer)	10	20	18	18	100.00	12	4	14
HV24g	Correspondence (customer) - data	0	2	2	2	100.00	0	0	2
HV24H	EOY queries	0	0	0	0	100.00	0	0	0
HV24I	Employer Invoice	0	0	0	0	100.00	0	0	0
HV24k	General Cor - Level 1	0	0	0	0	100.00	0	0	0
HV24M	MSS Registration	1	8	5	5	100.00	4	2	2
HV24O	Opt out of e-comms	0	0	0	0	100.00	0	0	0
HV24S	Employer Security	1	0	0	0	100.00	1	0	0
HV24t	P60/Payslip	1	0	0	0	100.00	1	0	0
HV24v	General Cor - Level 2	22	44	36	36	100.00	30	5	8
HV24w	Correspondence (Web)	1	0	1	1	100.00	0	1	1
HV24x	Correspondence (Employer Risk)	0	0	0	0	100.00	0	0	0
HV24y	Invoice (Employer Risk)	0	0	0	0	100.00	0	0	0
HV24z	Chargable Case (Employer Risk)	0	0	0	0	100.00	0	0	0
HV25	Active GMP	1	0	0	0	100.00	1	0	0
HV25p	Pensioner GMP	0	0	0	0	100.00	0	0	0
HV26	Recovery of overpayment	0	0	0	0	100.00	0	0	0
HV27	Scheme Pays - Finance	0	0	0	0	100.00	0	0	0
HV28	Annual Allowance query	1	0	0	0	100.00	1	0	0
HV28l	LTA query	0	0	0	0	100.00	0	0	0
HV28p	tax to pay to HMRC	0	0	0	0	100.00	0	0	0
HV28y	Yearly AA Checks	0	0	0	0	100.00	0	0	0
HV29	Correspondence (DWP & tax)	0	0	0	0	100.00	0	0	0
HV30	Diary	5	8	8	8	100.00	5	1	1
HV30c	Cease pay - level 3	0	0	0	0	100.00	0	0	0
HV30d	Cease pay - Level 2	0	0	0	0	100.00	0	0	0
HV30e	Cease pay - Level 1	0	0	0	0	100.00	0	0	0
HV30H	End of Year Query - Havering	234	0	0	0	100.00	234	0	0
HV30L	Diary - Leaver with admin	110	0	1	0	0.00	109	75	75
HV30r	Diary (Employer Risk)	0	0	0	0	100.00	0	0	0
HV33	Childrens' pension review	10	2	2	2	100.00	10	0	0
HV34A	Divorce TVs and earmarking (actual)	0	0	0	0	100.00	0	0	0
HV34E	Divorce TVs (estimate)	8	0	1	1	100.00	7	6	6

Case Type	Description	Brought Forward	Received	Complete	On Time	On Time %	Carried Forward	Average Completed Time	Average Elapsed Time
HV35	Financial advisor estimate request	2	4	1	1	100.00	5	4	4
HV37	Valuation Clearance Cases	0	0	0	0	100.00	0	0	0
HV38	Crombie and injury allowance	0	0	0	0	100.00	0	0	0
HV38p	Crombie/Injury Payment	0	0	0	0	100.00	0	0	0
HV40	Bulk TVs	0	0	0	0	100.00	0	0	0
HV40t	TUPE	0	0	0	0	100.00	0	0	0
HV42	LG99 request	0	0	0	0	100.00	0	0	0
HV43w	Contribution Return Validation	50	0	0	0	100.00	50	0	0
HV44	Contribution posting	0	0	0	0	100.00	0	0	0
HV45	PR update	0	0	0	0	100.00	0	0	0
HV45a	Queries to Employer	0	0	0	0	100.00	0	0	0
HV46	ABS production	0	1	1	1	100.00	0	9	9
HV47	Contribution reconciliation	0	0	0	0	100.00	0	0	0
HV48	End of year member queries	649	78	276	257	93.11	454	18	58
HV48H	Havering EOY queries	0	0	0	0	100.00	0	0	0
HV49	Monthly conts income LG221	0	0	0	0	100.00	0	0	0
HV49a	Contribution Receipt Case	0	0	0	0	100.00	0	0	0
HV50	Complaints	1	1	1	1	100.00	1	1	1
HV51	IDRP and Ombudsman	0	0	0	0	100.00	0	0	0
HV52	ABS requests	0	4	0	0	100.00	4	0	0
HV53	DWP letter traces	33	0	0	0	100.00	33	0	0
HV56	Record Maintenance Query	0	0	0	0	100.00	0	0	0
HV56e	Record query End of Year	71	0	0	0	100.00	71	0	0
HV57	LG221 - late payers	0	0	0	0	100.00	0	0	0
HV57a	LG221 Late payers (Monies)	0	0	0	0	100.00	0	0	0
HV57b	LG221 Late payers (Missing)	0	0	0	0	100.00	0	0	0
HV57c	LG221 Late payers (Admin)	0	0	0	0	100.00	0	0	0
HV57d	Monthly Contributions Overpaid	0	0	0	0	100.00	0	0	0
HV57p	Late Payers PRUDENTIAL	0	0	0	0	100.00	0	0	0
HV58	AVC reconciliation	0	0	0	0	100.00	0	0	0
HV59	Life Certificate	2	0	1	1	100.00	1	28	28
HV59p	Police certificates	0	0	0	0	100.00	0	0	0
HV60	LPFA to Agency Payments	0	0	0	0	100.00	0	0	0

Case Type	Description	Brought Forward	Received	Complete	On Time	On Time %	Carried Forward	Average Completed Time	Average Elapsed Time
HV60p	CEP Payment	0	0	0	0	100.00	0	0	0
HV60r	Reclaim CEP	0	0	0	0	100.00	0	0	0
HV61p	AVC Payment	0	0	0	0	100.00	0	0	0
HV62p	Misc Payment	0	0	0	0	100.00	0	0	0
HV63p	Request Copy Certificates	0	0	0	0	100.00	0	0	0
HV64	DMT - combining care pay and contributions	0	0	0	0	100.00	0	0	0
HV64u	CARE recalculation URGENT	0	0	0	0	100.00	0	0	0
HV65	DMT - Annual AVC statements/lists	0	0	0	0	100.00	0	0	0
HV68A	Movement to 50/50 option	3	2	2	2	100.00	3	4	4
HV68B	Movement to full scheme	0	0	0	0	100.00	0	0	0
HV68R	Scheme Movement (Monthly Return)	0	0	0	0	100.00	0	0	0
HV70a	Scheme Pays election	2	0	0	0	100.00	2	0	0
HV70e	Scheme Pays Estimate	0	0	0	0	100.00	0	0	0
HV70p	Scheme Pays payment	0	0	0	0	100.00	0	0	0
HV71c	Death Nomination Form - Cohabiting Partners	0	0	0	0	100.00	0	0	0
HV71D	Death Nomination Form	1	14	11	11	100.00	4	2	2
HV75	Aggregation needed	183	41	31	31	100.00	193	20	55
HV76	Valuations	0	0	0	0	100.00	0	0	0
HV76b	Bond Renewals	0	0	0	0	100.00	0	0	0
HV76c	Cessation Valuations	2	0	1	1	100.00	1	192	193
HV76D	Admissions (Employer Risk)	4	0	0	0	100.00	4	0	0
HV76e	Cessation Estimate (Employer Risk)	0	0	0	0	100.00	0	0	0
HV76f	FRS17 / IAS19 Process	0	0	0	0	100.00	0	0	0
HV76v	Triennial Valuations	0	0	0	0	100.00	0	0	0
HV77	Concurrent Employments	9	4	1	1	100.00	12	58	116
HV78	AXIS Record Deletion	1	1	1	1	100.00	1	14	34
HV80	VTS Transfer	0	0	0	0	100.00	0	0	0
HV81d	Final Pay death	0	0	0	0	100.00	0	0	0
HV81l	Final pay leaver	0	0	0	0	100.00	0	0	0
HV81r	Final Pay retirement	0	0	0	0	100.00	0	0	0
HV81u	Underpin	0	0	0	0	100.00	0	0	0
HV82	Combining	0	0	0	0	100.00	0	0	0
HV83	EOY Process	0	0	0	0	100.00	0	0	0

Case Type	Description	Brought Forward	Received	Complete	On Time	On Time %	Carried Forward	Average Completed Time	Average Elapsed Time
HV84	2015 transition member	0	0	0	0	100.00	0	0	0
HV84w	Western Union	0	0	0	0	100.00	0	0	0
HV85	Invoices Chargeable/payable	0	0	0	0	100.00	0	0	0
HV86	Project Work GMP Pensions Revision	0	0	0	0	100.00	0	0	0
HV86r	Refund List	0	0	0	0	100.00	0	0	0
HV87	Project Work	0	0	0	0	100.00	0	0	0
HV89a	Technical AVC queries	0	0	0	0	100.00	0	0	0
HV89e	Technical Employer query	0	0	0	0	100.00	0	0	0
HV89r	Technical regulation queries	0	1	1	1	100.00	0	0	0
HV90	Compliments	0	0	0	0	100.00	0	0	0
HV92c	Court Order	0	0	0	0	100.00	0	0	0
HV92d	payroll change deduction	0	0	0	0	100.00	0	0	0
HV93	Pension Trace	1	1	1	1	100.00	1	20	39
HV94	Contact Centre call back - level 3	0	0	0	0	100.00	0	0	0
HV94a	Contact Centre call back - level 2	0	1	1	1	100.00	0	1	1
HV94b	Contact Centre call back - level 1	0	0	0	0	100.00	0	0	0
HV94c	Contact Centre call back - Data	0	0	0	0	100.00	0	0	0
HV95	Technical Member query	0	0	0	0	100.00	0	0	0
HV95a	Technical Newsletter articles	0	0	0	0	100.00	0	0	0
HV95b	Technical Staff updates	0	0	0	0	100.00	0	0	0
HV95c	Technical LPB tech reports	0	0	0	0	100.00	0	0	0
HV98	Post Number Change	0	0	0	0	100.00	0	0	0
HV98p	Post number change	2	0	2	2	100.00	0	27	27
HV98w	Post number change - web	0	0	0	0	100.00	0	0	0
HV99	Ad-Hoc Work (Employer Risk)	0	0	0	0	100.00	0	0	0
HV99d	DPA's	0	0	0	0	100.00	0	0	0
HV99f	FOI's	0	0	0	0	100.00	0	0	0
HV99s	SAR's	1	0	1	1	100.00	0	0	20

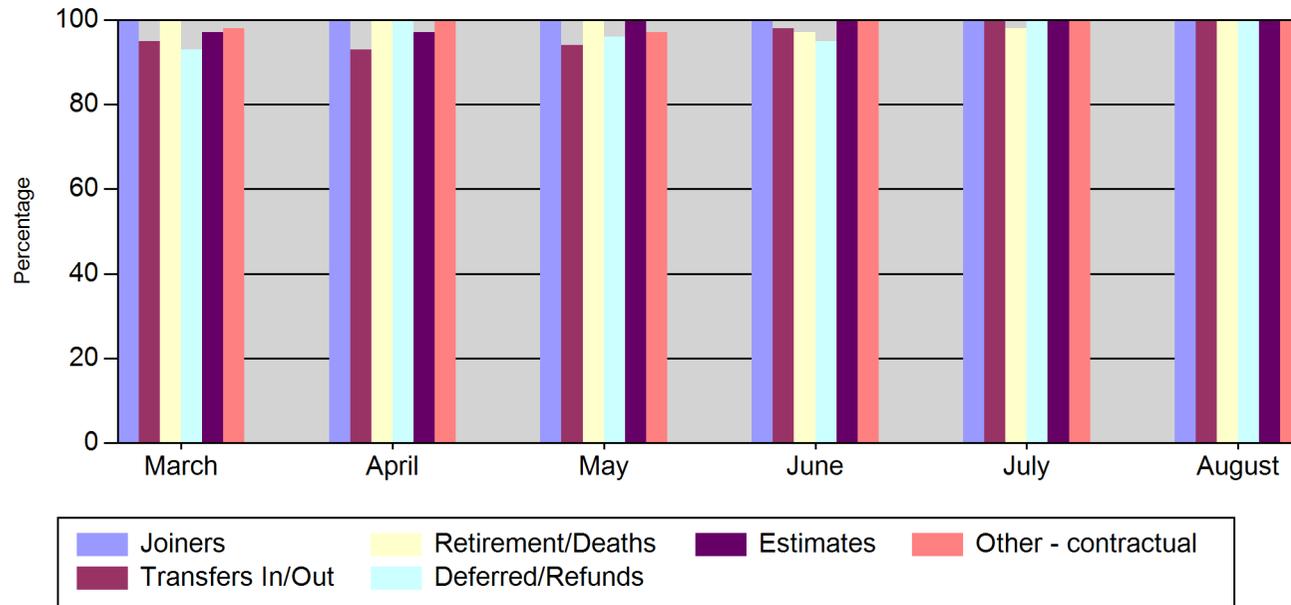
## 2. Cases completed summary

This is a grouped summary of all cases processed this month.

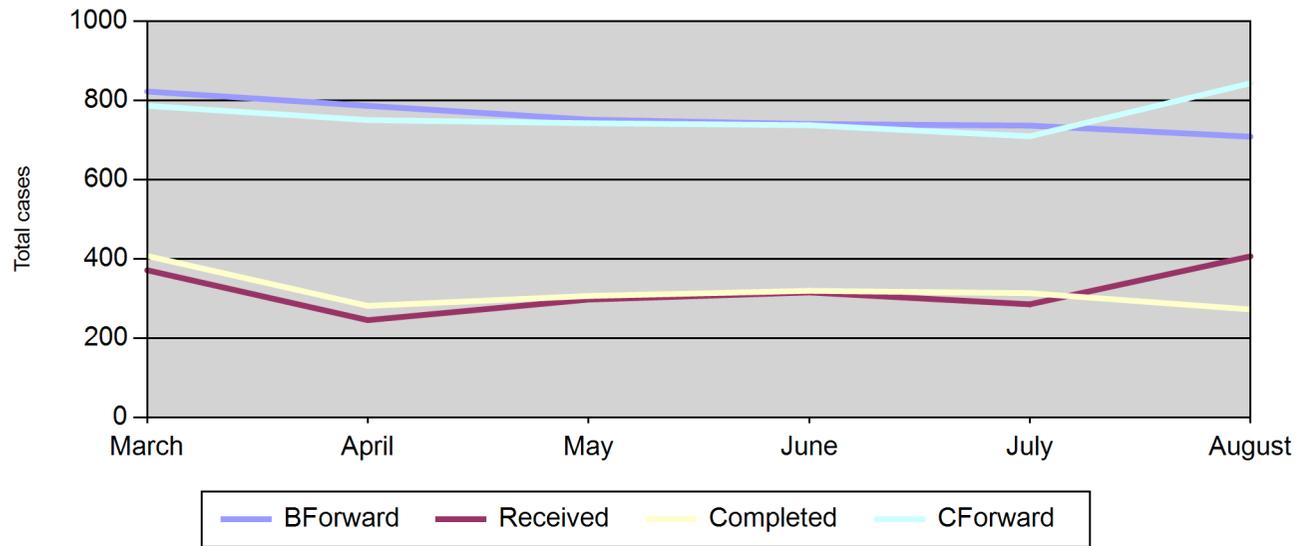
These figures include other lower profile cases included in the Service Level Agreement such as changes of hours, benefit revisions, GMP or DSS correspondence for example. These figures can be broken down or expanded upon request.

Description	B/fwd	Rec'd	Complete	On Time	% OT	C/fwd	Average Completed Time	Average Elapsed Time
Joiners	38	21	17	17	100.00	42	0	2
Transfers In/Out	217	51	64	64	100.00	205	12	50
Retirement/Deaths	181	51	39	39	100.00	193	17	65
Deferred/Refunds	180	56	45	45	100.00	191	14	52
Estimates	32	47	44	44	100.00	35	4	4
Other - contractual	61	181	64	64	100.00	178	4	11
<b>Total</b>	<b>709</b>	<b>407</b>	<b>273</b>	<b>273</b>	<b>100.00</b>	<b>844</b>		

### Percentage of cases on time



### Workload History

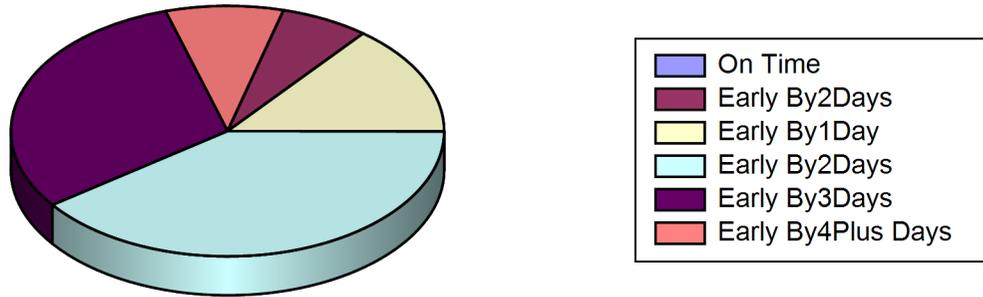


### 3. Cases completed Early

Of the 273 cases completed on time, 255 were completed early as detailed in the table below.

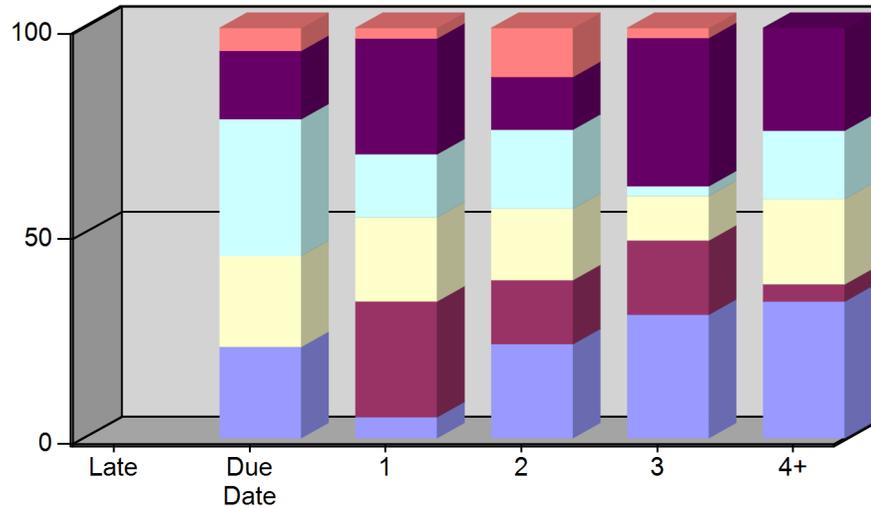
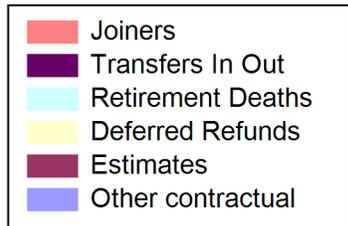
Description	1 Day Early	2 Days Early	3 Days Early	4+ Days Early
Joiners	1	13	2	0
Transfers In/Out	11	14	30	6
Retirement/Deaths	6	21	2	4
Deferred/Refunds	8	19	9	5
Estimates	11	17	15	1
Other - contractual	2	25	25	8
	<b>39</b>	<b>109</b>	<b>83</b>	<b>24</b>

**Cases completed**



**Cases completed**

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**4. Additional Work**

The table below shows the total of other 'additional' cases processed this month. These are a combination of year end member queries or backlog work undertaken to improve data and record quality, and 'internal' cases used specifically by LPFA to aid our own administrative procedure.

None

**5. 'Top' Cases not on time**

None

**6. Complaints and IDRP Cases**

Client	Date Received	Case Type	Status	
	28/08/2019	HV50	Complete	Details available on request
	16/07/2019	HV50	On hold	Details available on request

**7. Life Certificates**

**8. Axis online take up numbers**

Active - 902/970 Deferred - 449/534 Pensioner - 214/229 Total take up for August - 168

**9. Service Credits**

n/a

**10. Third tier ill-health 18 month and 3 year review dates**

**11. Annual Benefit Statements**

Annual Benefits Statement to be sent at the end of August

**12. Event report from HMRC**

LTA increasing to 1.055 Million for 2019/20

**13. Cases on hold where date received is over 6 months**

Case Type	Description	Cases
HV02E	IFA in (estimate)	5
HV03E	Other TV in (estimate)	6

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Case Type	Description	Cases
HV08	Estimates - individual	3
HV11	Deferred Benefits	9
HV13	Death in service	1
HV20	Death on Pension	3
HV24A	Change of address	1
HV24t	P60/Payslip	1
HV30H	End of Year Query - Havering	222
HV75	Aggregation needed	58
HV77	Concurrent Employments	1

#### 14. Web site Statistics

Month	Successful Page Requests	Average Page Requests per day
01/01/2019 00:00:00	0	0
01/02/2019 00:00:00	0	0
01/03/2019 00:00:00	0	0
01/04/2019 00:00:00	0	0
01/05/2019 00:00:00	0	0
01/06/2019 00:00:00	0	0
01/07/2019 00:00:00	0	0
01/08/2019 00:00:00	0	0
01/09/2019 00:00:00	0	0
01/10/2019 00:00:00	0	0
01/11/2019 00:00:00	0	0
01/12/2019 00:00:00	0	0

## 15. Membership Statistics

These are the total status types for each employer updated on Altair on the last day of the relevant month and are not to be used for actuarial purposes.

Employer Code	Employer Name	Status 1 Active	Status 2 Undecided Leaver	Status 4 Deferred Benefit	Status 5 Pensioner	Status 6 Dependant	Status 9 Frozen Refund
HV08070	Combined Service						
HV10500	L.b.of Havering	4696	422	4788	4923	890	500
HV10501	Acit Services Ltd						
HV10502	Abbs Cross School	41	5	24	29	6	3
HV10503	Frances Bardsley Academy	73	10	44	32	2	6
HV10504	Sixth Form College	99	6	71	35	2	8
HV10505	Havering College Fhe	257	8	392	185	20	38
HV10506	Coopers Coborn	46	10	41	21	3	4
HV10507	Sacred Heart Of Mary	49	3	29	24		5
HV10508	Citizens Advice Bureaux				5		
HV10509	Hav Mags Court Cttee			4	14	6	1
HV10510	Morrisons			7	35	2	
HV10511	Ppies						
HV10512	May Gurney				2	1	
HV10513	Almo		1	56	30	5	5
HV10514	Slm Food And Beverage Ltd			1			
HV10515	Slm Fitness And Health Ltd	4	10	4	2	2	
HV10516	Slm Community Leisure C T	45	16	13	12	1	1
HV10518	Catering For Education			1			
HV10519	The Chafford School	35	12	13	13		1
HV10520	Drapers Academy	50	4	32	4		3
HV10521	The Brittons Academy	62	4	43	21	2	3
HV10522	Campion School	68	12	46	13		3
HV10523	Hall Mead School	80	14	56	19	3	9
HV10524	St Edwards Snr Academy	49	6	49	17	1	1
HV10525	Emerson Park School	58	3	19	14		6
HV10526	Redden Court School	63	4	22	12		6
HV10527	The Royal Liberty School	1	10	12	4	3	2
HV10528	Volker				1		
HV10529	The Albany School	56	11	19	10	2	2
HV10530	Family Mosaic			32	42		
HV10531	Upminster Infant Academy	23		8	4		1

Employer Code	Employer Name	Status 1 Active	Status 2 Undecided Leaver	Status 4 Deferred Benefit	Status 5 Pensioner	Status 6 Dependant	Status 9 Frozen Refund
HV10532	Upminster Junior Academy	21	3	7	8		
HV10533	Bower Park Academy	51		17	8		5
HV10534	Drapers Brookside Jnr School	31	2	5	2	3	2
HV10535	Langtons Junior Academy	34		6	1	1	
HV10536	Oasis Academy Pinewood	39	11	11	1		6
HV10537	Breyer Group Repairs	7		3	3		
HV10538	Breyer Group Voids			1	1		
HV10539	Rise Park Infant Academy	32	2	11	1		
HV10540	Rise Park Junior Academy	50	1	12			6
HV10541	Elutec						
HV10542	Pyrgo Priory Primary School	77	6	8	1		7
HV10543	Dycorts School	50	9	14	5		1
HV10544	Caterlink			4			
HV10545	Drapers Maylands	18					3
HV10546	Ravensbourne Academy	63	11	12	6		3
HV10547	Drapers Brookside Infants	41		3	1		
HV10548	Sodexo			2			
HV10549	Benhurst Primary School	27		8			1
HV10550	Concordia Academy	8					
HV10551	Olive Academy Trust	4		4	2		1
HV10552	Marshalls Park Academy	52		12	4		3
HV10553	Royal Liberty Academy	41		7	3		1
HV10554	Accent Catering	6					
HV10555	Scargill Infant Academy	29					3
HV10556	Scargill Junior Academy	24		5	1		1
HV10557	Whybridge Junior Academy	19		1	1		1
HV10558	Parklands Junior School	33		4	2		1
HV10559	Harrow Lodge Primary School	55					2
HV10560	Harrison Catering	2			2		
HV10561	Gaynes Academy	23			5		
HV10562	Hacton Academy	55		2			
HV10563	Sanders Academy	39		3			
HV10564	Dame Tipping Academy	15					
HV10565	Lewis And Graves Partnr Ltd	6					
HV10568	Drapers Mat	5					

Employer Code	Employer Name	Status 1 Active	Status 2 Undecided Leaver	Status 4 Deferred Benefit	Status 5 Pensioner	Status 6 Dependant	Status 9 Frozen Refund
HV10809	Deleted Member	7					
	<b>Total</b>	6819	616	5988	5581	955	655

## 16. Membership Movements 2019- 2020

These are the year to date number of new statuses since 1 April 2019

Employer Code	Employer Name	Status 1 Active	Status 2 Undecided Leaver	Status 4 Deferred Benefit	Status 5 Pensioner	Status 6 Dependant	Status 9 Frozen Refund
HV08070	Combined Service						1
HV10500	L.b.of Havering	303		39	60	21	33
HV10501	Acit Services Ltd						
HV10502	Abbs Cross School				1		
HV10503	Frances Bardsley Academy	3		1			
HV10504	Sixth Form College						
HV10505	Havering College Fhe			2	4	1	2
HV10506	Coopers Coborn	2					1
HV10507	Sacred Heart Of Mary				1		1
HV10508	Citizens Advice Bureaux						
HV10509	Hav Mags Court Cttee						
HV10510	Morrisons						
HV10511	Ppies						
HV10512	May Gurney						
HV10513	Almo						
HV10514	Slm Food And Beverage Ltd						
HV10515	Slm Fitness And Health Ltd						
HV10516	Slm Community Leisure C T	1			1		
HV10518	Catering For Education						
HV10519	The Chafford School						
HV10520	Drapers Academy						
HV10521	The Brittons Academy	1					
HV10522	Campion School	1			1		
HV10523	Hall Mead School	1		3	1		1
HV10524	St Edwards Snr Academy						
HV10525	Emerson Park School	5			1		1
HV10526	Redden Court School	2		1	1		
HV10527	The Royal Liberty School						
HV10528	Volker						
HV10529	The Albany School	1			1		
HV10530	Family Mosaic				3		
HV10531	Upminster Infant Academy						

Employer Code	Employer Name	Status 1 Active	Status 2 Undecided Leaver	Status 4 Deferred Benefit	Status 5 Pensioner	Status 6 Dependant	Status 9 Frozen Refund
HV10532	Upminster Junior Academy				2		
HV10533	Bower Park Academy	1			1		
HV10534	Drapers Brookside Jnr School						
HV10535	Langtons Junior Academy	1			1		
HV10536	Oasis Academy Pinewood	1					
HV10537	Breyer Group Repairs						
HV10538	Breyer Group Voids			1	1		
HV10539	Rise Park Infant Academy						
HV10540	Rise Park Junior Academy	1					
HV10541	Elutec						
HV10542	Pyrgo Priory Primary School			1			
HV10543	Dycorts School	1		1			
HV10544	Caterlink						
HV10545	Drapers Maylands						
HV10546	Ravensbourne Academy	1		2	1		2
HV10547	Drapers Brookside Infants						
HV10548	Sodexo						
HV10549	Benhurst Primary School						
HV10550	Concordia Academy						
HV10551	Olive Academy Trust						
HV10552	Marshalls Park Academy	2					
HV10553	Royal Liberty Academy						
HV10554	Accent Catering						
HV10555	Scargill Infant Academy						
HV10556	Scargill Junior Academy						
HV10557	Whybridge Junior Academy						
HV10558	Parklands Junior School						
HV10559	Harrow Lodge Primary School						
HV10560	Harrison Catering				1		
HV10561	Gaynes Academy						
HV10562	Hacton Academy						
HV10563	Sanders Academy	1					1
HV10564	Dame Tipping Academy						
HV10565	Lewis And Graves Partnr Ltd						
HV10568	Drapers Mat						

Employer Code	Employer Name	Status 1 Active	Status 2 Undecided Leaver	Status 4 Deferred Benefit	Status 5 Pensioner	Status 6 Dependant	Status 9 Frozen Refund
HV10809	Deleted Member						
	<b>Total</b>	329		51	82	22	43

### 17. Year end Processing for period 2019- 2020

Employer	Employer Name	Return received	New Conts Return Received	Conts Posted	PR Posted	Queries uploaded to website
HV10500	L.B.OF HAVERING	10/05/2019	N/A			
HV10502	ABBS CROSS SCHOOL	14/06/2019	N/A			
HV10503	Frances Bardsley Academy	29/04/2019	N/A			
HV10504	SIXTH FORM COLLEGE		N/A			
HV10505	Havering College FHE	05/06/2019	N/A			
HV10506	COOPERS COBORN	09/04/2019	N/A			
HV10507	SACRED HEART OF MARY	10/05/2019	N/A			
HV10515	SLM Fitness and Health Ltd	17/04/2019	N/A			
HV10516	SLM Community Leisure C T	17/04/2019	N/A			
HV10519	THE CHAFFORD SCHOOL	01/05/2019	N/A			
HV10520	DRAPERS ACADEMY	01/05/2019	N/A			
HV10521	THE BRITTONS ACADEMY	11/05/2019	N/A			
HV10522	CAMPION SCHOOL	13/05/2019	N/A			
HV10523	HALL MEAD SCHOOL	16/05/2019	N/A			
HV10524	ST EDWARDS SNR ACADEMY	19/06/2019	N/A			
HV10525	EMERSON PARK SCHOOL	01/05/2019	N/A			
HV10526	REDDEN COURT SCHOOL	10/05/2019	N/A			
HV10529	THE ALBANY SCHOOL	24/04/2019	N/A			
HV10531	UPMINSTER INFANT ACADEMY	16/05/2019	N/A			
HV10532	UPMINSTER JUNIOR ACADEMY	10/05/2019	N/A			
HV10533	BOWER PARK ACADEMY	14/05/2019	N/A			
HV10534	DRAPERS BROOKSIDE JNR SCHOOL	01/05/2019	N/A			
HV10535	LANGTONS JUNIOR ACADEMY	13/05/2019	N/A			
HV10536	OASIS ACADEMY PINWOOD	13/05/2019	N/A			
HV10537	BREYER GROUP REPAIRS	29/04/2019	N/A			
HV10538	BREYER GROUP VOIDS	29/04/2019	N/A			
HV10539	RISE PARK INFANT ACADEMY	14/05/2019	N/A			
HV10540	RISE PARK JUNIOR ACADEMY	14/05/2019	N/A			
HV10542	PYRGO PRIORY PRIMARY SCHOOL	01/05/2019	N/A			

Employer	Employer Name	Return received	New Confs Return Received	Confs Posted	PR Posted	Queries uploaded to website
HV10543	DYCORTS SCHOOL	16/04/2019	N/A			
HV10545	DRAPERS MAYLANDS	01/05/2019	N/A			
HV10546	RAVENSBOURNE ACADEMY	24/05/2019	N/A			
HV10547	DRAPERS BROOKSIDE INFANTS	01/05/2019	N/A			
HV10549	BENHURST PRIMARY SCHOOL	29/04/2019	N/A			
HV10550	CONCORDIA ACADEMY	01/05/2019	N/A			
HV10551	OLIVE ACADEMY TRUST	16/04/2019	N/A			
HV10552	MARSHALLS PARK ACADEMY	01/05/2019	N/A			
HV10553	ROYAL LIBERTY ACADEMY	13/05/2019	N/A			
HV10554	ACCENT CATERING	10/05/2019	N/A			
HV10555	SCARGILL INFANT ACADEMY	14/05/2019	N/A			
HV10556	SCARGILL JUNIOR ACADEMY	14/05/2019	N/A			
HV10557	WHYBRIDGE JUNIOR ACADEMY	14/05/2019	N/A			
HV10558	Parklands Junior School	10/05/2019	N/A			
HV10559	Harrow Lodge Primary School	26/04/2019	N/A			
HV10560	Harrison Catering	12/04/2019	N/A			
HV10561	Gaynes Academy	14/05/2019	N/A			
HV10562	Hacton Academy	16/05/2019	N/A			
HV10563	Sanders Academy	14/05/2019	N/A			
HV10564	Dame Tipping Academy	16/05/2019	N/A			
HV10565	Lewis and Graves Partnr Ltd	30/05/2019	N/A			

# Agenda Item 6

## Summary Dashboard

A dashboard showing the summary of the results of the latest compliance checklist is shown below:

No.	Check	Compliant	Deadline
<b>Reporting Duties</b>			
A1			
A2			
A3			
<b>Knowledge and Understanding</b>			
B1			
B2			
B3			
B4			
B5			
B6			
B7			
B8			
B9			
B10			
B11			
B12			31/08/2019
<b>Conflicts of Interest</b>			
C1			
C2			
C3			
C4			
C5			
C6			
C7			31/10/2019
C8			
C9			
C10			
C11			
<b>Publishing Information</b>			
D1			
D2			31/08/2019
D3			
D4			
<b>Risk and Internal Controls</b>			
E1			31/03/2020
E2			31/03/2020
E3			
E4			31/03/2020
E5			

E6			
E7			31/03/2020
E8			31/03/2020
<b>Maintaining Accurate Member Data</b>			
F1			
F2			
F3			31/03/2021
F4			
F5			
F6			
F7			31/03/2020
F8			
F9			31/12/2019
F10			
F11			
<b>Maintaining Contributions</b>			
G1			
G2			
G3			
G4			
G5			
G6			
G7			
G8			
G9			
<b>Providing Information to Members and Others</b>			
H1			
H2			
H3			
H4			
H5			
H6			
H7			
H8			
H9			
H10			
H11			
H12			
<b>Internal Dispute Resolution</b>			
I1			
I2			
I3			
I4			31/12/2019

I5			
I6			
I7			
I8			
I9			
<b>Reporting Breaches</b>			
J1			
J2			
J3			

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## PENSIONS COMMITTEE

<b>Subject Heading:</b>	The Pensions Regulator In Depth Engagement Update
<b>SLT Lead:</b>	Jane West
<b>Report Author and contact details:</b>	Caroline Berry 01708 432185 Caroline.berry@onesource.co.uk
<b>Policy context:</b>	Local Government Pension Scheme Regulations 2013 and Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
<b>Financial summary:</b>	There is no financial impact of this report

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

**SUMMARY**

A report to the Pensions Committee in March informed that the Pensions Regulator (tPR) were conducting an in depth review with Havering as part of a nationwide review of the governance and administration of the Local Government Pension Scheme (LGPS). The review has now concluded and this report outlines the findings of the review along with the actions Havering Pension Fund Administration are taking. The tPR found numerous areas of good practice in the Havering Scheme and gave it a very positive review. On completion of their other engagements the tPR aim to publish a report in the autumn covering key learnings, good practice and suggest themes for Scheme Managers to focus on to help drive governance and administration standards.

**RECOMMENDATIONS**

It is recommended that the Committee note the conclusion of the review by tPR and the resulting actions.

**REPORT DETAIL**

1. tPR carry out an annual Governance and Administration Survey amongst all public service pension schemes and recent results showed that improvements in the LGPS had stalled. The LGPS is made up of approximately 100 individual funds and a 10% sample had been selected for review which included the London Borough of Havering.
2. The purpose of tPR's review is to understand the challenges that schemes are facing, to monitor how schemes are performing and suggest improvements and relevant actions.
3. Each meeting was attended by the Scheme Manager, Pensions Manager (Pensions & Treasury), and Pensions Projects and Contracts Manager to ensure relevant expertise was available to cover each topic and to give a consistent approach.

4. The relevant information including policies and procedures were supplied to tPR ahead of each meeting, together with links to documentation held on the Havering.Gov or Pension websites. The documents were either Pension Fund specific, corporate, or supplied by LPP, our third party pension administrators.
5. Across a series of meetings the following areas were covered:
  - Administrator Risk
  - Record Keeping
  - Member Communications
  - Internal Controls
  - Internal Disputes Resolution Procedure
  - Maintaining Contributions
  - Employer Non-Compliance
  - Affordability & Funding
  - Pension Board Members Knowledge and Understanding
  - Relationships between the Scheme Manager and the Pension Board
  - Conflicts of Interest
  - Fraud/Misappropriation of assets
  - Scams: and
  - Cyber Security.
6. tPR provided an observations letter after each meeting, summarising the discussions application of policies and processes culminating in some suggested actions for improvement.
7. Officers discussed and reviewed the actions at each stage and planned or completed a review of changes to procedures or policies to accommodate the suggestions. Below is a summary of tPR recommendations and Havering actions.

<b>tPR Recommendation</b>	<b>LBH Action</b>
Ensure procedures in place to check for compliance with disclosure timeframes	Monthly monitoring reports have been adapted to check SLA and disclosure timeframes
Align various risk registers and include timescales and owners	The Pension Fund Risk Register has been updated
Set out decision making and escalation points and develop a decision log or similar	Review to be planned and implemented
Develop a breach log and a regular monitoring mechanism.	Included as a standing item on the LPP client meeting agenda
Monitor due diligence activities carried out by LPP for scheme transfers	Included as a standing item on the LPP client meeting agenda
Promote the use of the online member portal	We do promote this whenever possible but will introduce a communications campaign to highlight its benefits

8. This was a very positive review for Havering and in the final letter the tPR stated:

*“We would like to thank you and your team for engaging with us in such an open and transparent way over the last 6 months and the time you have committed to this engagement. We consider that there has been mutual benefit from our close proactive working relationship with you over the period. In particular we have learnt a considerable amount about the operational challenges faced by you and other scheme managers in administering a LGPS fund and the solutions and processes adopted. We were glad to hear that you have found our feedback useful and that you feel the time was well spent engaging more closely with TPR.*

*We have provided detailed feedback on the specific items we have covered and as we explained in our last meeting, we do not rank funds that we have engaged with. However, it would be only fair to say that we are impressed by the level of efficiency, effectiveness and professionalism you have demonstrated, particularly considering the tiny size of the pensions team you have; LGPS Havering has numerous examples of good practice. We have noted your kind offer of sharing your experience and practices with other schemes as and when needed”.*

9. At the time of concluding the Havering review, tPR’s engagement with other Funds was ongoing. They aim to publish a report once all engagements are finalised in the autumn. This will cover key learnings, identify good practices and suggest themes for Fund Managers to focus on to help drive governance and administration standards.
10. The tPR report will not name individual funds without that Fund’s prior agreement. Havering have not been approached regarding being named.
11. This report will also be shared with the Local Pensions Board and we will work with them to ensure that the recommendations and learning taken from the review are used to identify any areas where Havering can make further improvements. This is in line with the Pension Regulators Code of Practice 14 work that the Board are already undertaking.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

There appear to be no financial implications or risks arising from this report

**Legal implications and risks:**

There are no apparent legal implications arising from consideration of this Report.

**Human Resources implications and risks:**

There appear to be no HR implications or risks arising that impact on the Council's workforce. However, there will be resources required from the Shared Service to implement the recommendations from tPR which will need to be drawn from existing resources.

**Equalities and Social Inclusion Implications and Risks**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.

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The  
Pensions  
Regulator

Making workplace pensions work

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# Governance and administration risks in public service pension schemes – an engagement report

September 2019

# Contents

- Overview
- About this report
- Glossary of terms
- Executive summary
- Conclusions
- TPR guidance on risks in this report

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## Key findings and associated case studies

- record-keeping
- Internal controls
- Administrators
- Member communications
- Internal Dispute Resolution Procedure
- pension boards
- Employers and contributions
- Cyber security
- Internal fraud and false claims
- Scams

# Overview

We are pleased to share our findings from our engagement with 10 local government funds. We engaged with 10 funds, selected from across the UK, to understand scheme managers' approaches to a number of key risks. As part of each engagement we fed back on good practice and suggested improvements that could be made.

The engagement took place between October 2018 and July 2019 following the results of our annual governance and administration survey, in which we identified that improvements being made across the Local Government Pension Scheme (LGPS) had slowed down.

We were pleased to note that scheme managers were already sharing good practice with their LGPS peers and hope that working with us offered scheme managers a new perspective on their funds.

We carried out this review at a high level based on meetings with scheme managers to understand the challenges they face. The meetings were supplemented by a review of some fund documentation and examples of communications sent to members, prospective members and beneficiaries. It is not a comprehensive evaluation of the funds' operations and is not intended to replace audit requirements, nor is it to be considered as regulatory assurance or an endorsement of the fund by TPR.

# About this report

This report summarises our findings for each of the governance and administration risk areas. In some cases several risk areas have been combined to give a clear overview of a particular risk area. We comment on both our findings and recommendations for each risk area we explored.

In this document we refer to 'funds'. LGPS England and Wales, as well as LGPS Scotland, are single schemes administrated as a series of local funds. The LGPS in Northern Ireland is a separate, single, scheme. We use the term 'fund' throughout to anonymise those we engaged with. On occasion we mention schemes where this is consistent with our code of practice and applies beyond Local Government.

Throughout our engagement we identified themes covering good practice along with areas for improvement. The purpose of this document is to share this information with the wider Public Service Pension Scheme (PSPS) community to help scheme managers and other interested parties drive up the standards of governance and administration of their schemes. We believe our findings apply to all PS schemes, not just the LGPS schemes and their funds.

Our aim is for scheme managers and other relevant parties reviewing this report to gain a better understanding of the standards we expect and what good practice looks like. While we recognise all funds are different, and will therefore require different approaches, we encourage scheme managers to consider our feedback and recommendations which we believe will help drive up the standards of governance and administration.

For clarity, we have included case studies for each risk area. These show either an example of good practice or how an LGPS scheme manager has made changes to improve the governance and administration of its fund. These case studies have not been given a ranking, as it is not our intention to hold the sample of funds we engaged with up for comparison with their peers by the wider market.

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# Glossary of terms

- CETV Cash Equivalent Transfer Value, a valuation of a members benefit entitlement that can be transferred to another scheme.
- FCA The Financial Conduct Authority, which regulates firms in the financial sector including IFAs
- Firm A business in the financial sector carrying out activities that require authorisation from the FCA
- Fund A locally administered element of a wider pension scheme
- IFA Independent Financial Adviser, a person with FCA authorisation to advise people about financial decisions
- Member A person who has paid into and expects to receive or is receiving a benefit from a pension scheme
- PAS Pension Administration Strategy, a document detailing roles and responsibilities as well as penalties for non-compliance with duties to the fund
- Pension board A body that supports and advises the scheme manager
- Pension committee A body running a pension scheme with the delegated authority of the scheme manager
- PSPS Public Service Pension Scheme
- Saver A potential beneficiary of a pension scheme, whether or not they are a member
- s.151 officer A senior member of staff at a Local Authority. Controls resourcing across the Authority, including for the running of the local element of the Local Government Pension Scheme
- Scheme A pension scheme which may have separate funds within it
- scheme manager The person or body legally responsible for the operation of a PSPS
- SLA Service Level Agreement, an agreed and measurable level of quality usually forming part of a contract

# Executive summary

Overall we found a number of common areas, some requiring improvement but others demonstrating good practice relating to the various risk areas we investigated. The key improvement areas are summarised below. These findings align with the findings from our annual public service governance and administration survey (<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-summary-2019.ashx>).

**Key person risk:** While most scheme managers demonstrated a good knowledge of what we expect, many funds have a lack of comprehensive documented policies and procedures. We also found an over-reliance on controls put in place by the Local Authority with little interaction between the scheme manager and Local Authority. This was particularly prevalent in relation to cyber security but this theme overlays several of the risk areas we explored.

**Pension boards:** Engagement levels varied, with concerns being raised about the frequency some pension boards meet and their appetite to build their knowledge and understanding. We saw evidence of some pension boards not wanting to review full documents, instead relying on much reduced summaries and leading us to question how they could fulfil their function. Others were well run and engaged.

**Fraud/scams:** We saw evidence of scheme managers learning from wider events and taking steps to secure scheme assets. However, not all were as vigilant when it came to protecting members from potential scams.

**Employers:** We saw considerable variance in the approaches taken to dealing with the risks surrounding employers, such as receiving contributions and employer insolvency. Generally this was connected to fund resourcing but also related to different philosophies related to taking security over assets.

The following sections detail our findings and recommendations, together with case studies we believe will be helpful to the PSPS community.

# Key findings

Area of focus: Record-keeping

## Code of Practice 14 – Governance and administration of public service pension schemes (pp 32-36)

Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and paying members incorrect benefits.

### Findings

Page 41  
Many scheme managers have moved from annual to monthly member data collection and found this enabled them to verify data at an earlier stage, with some funds providing monthly reports to employers highlighting the quality of data submitted and action points they need to complete.

Well-run funds are aware of the quality of the common and scheme specific data they hold. Where it is not entirely accurate robust and measurable, data improvement plans are in place. scheme managers of these funds consider a range of methods to improve data quality, including tracing exercises and improving contract management methods.

They also generally have a robust PAS in place which detail rights and obligations of all parties to the fund.

### Recommendations

- Scheme managers should be aware of how the member data they hold is measured. Data quality needs regular review. A robust data improvement plan should be implemented as appropriate.
- The quality of member data should be understood by the Scheme Manager and Pension Board. It should be recorded and tracked to ensure common and scheme specific data is of good quality. An action plan should be implemented to address any poor data found.
- Although not a legal requirement, a PAS could be implemented clearly setting out responsibilities and consequences of not complying with duties to the fund. The Pension Board should review the PAS and ensure it will stand up to challenges from employers.

## Record-keeping case study 1

One scheme manager we engaged with identified concerns with the accuracy of both the common and scheme specific data it held about the fund members. Following engagement with TPR, the scheme manager created and implemented a robust data improvement plan to drive up record-keeping standards.

One of the data areas of concern for the scheme manager was the number of missing member addresses - this resulted in data scores of 60-80% for common and scheme specific categories. After a review of available resources, the scheme manager undertook a tracing exercise and within a short period of time was able to locate and carry out existence checks on over 90% of the deferred members without known addresses. The exercise also involved reviewing the way active and pensioner members are communicated with to ensure the fund holds the correct contact details for them.

This is an example of a scheme manager taking a holistic approach to improving its record-keeping standards. It gave consideration to the resource available so the project achieved a positive result while providing good value for money. The scheme manager has established that having a data improvement plan which is regularly reviewed will improve oversight of the actions it needs to take and the associated deadlines.

## Record-keeping case study 2

The scheme manager of a fund we engaged with openly communicated with us about the challenges it faced in producing Annual Benefit Statements. We were told delays were caused by employers not providing member data to the scheme manager on time, and there were issues with the accuracy of some member data provided by employers.

Having considered its operational structure, and our expectations on governance and administration, the scheme manager reorganised itself internally. With the support of the s.151 officer, the scheme manager developed and implemented a robust data improvement plan which could be measured.

As well as creating a data improvement plan the scheme manager also strengthened its pension administration strategy, outlining responsibilities and the timeframes for action. This document made the consequences of non-compliance by employers clear, such as financial penalties. The scheme manager has also introduced regular employer forums to help further raise standards with employers.

As a result the scheme manager has seen a marked improvement in employer engagement and the quality of member data it holds. It continues to actively monitor both data quality and employer compliance.

## Area of focus: Internal controls

### Code of Practice 14 – Governance and administration of public service pension schemes (pp 27-31)

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

Findings	Recommendations
<p>Page 44</p> <p>There were a range of approaches to identifying, monitoring and mitigating risks to the funds we engaged with. Some funds had detailed risk management frameworks in place and clear defined procedural documents. Others lack detailed risk registers or do not review the risks to the fund on a frequent basis, with little oversight of work being done to identify or mitigate risks.</p> <p>We found evidence across a number of funds of key person risk, where a long serving member of staff has developed a high level of knowledge about their role and internal processes but this knowledge is not documented. This leaves these funds exposed to the risk of a sharp downturn in administration and governance standards should the key person unexpectedly leave their role.</p> <p>Funds with an engaged s.151 officer who has a good relationship with the scheme manager are more likely to have clear and robust internal controls.</p>	<ul style="list-style-type: none"><li>• A risk register should be in place and cover all potential risk areas. It should be regularly reviewed by the pension board.</li><li>• The scheme manager should take a holistic view to risks and understand how they are connected.</li><li>• The pension board should have good oversight of the risks and review these at each pension board meeting.</li><li>• Internal controls and processes should be recorded, avoiding an over reliance on a single person's knowledge levels.</li><li>• The scheme manager should ensure all processes are documented and reviewed on a regular basis.</li><li>• Decision and action logs covering all decisions provide a useful reference point as decisions recorded in minutes can be hard to locate.</li></ul>

## Internal controls case study 1

A scheme manager has reviewed the approach it takes to maintaining a risk register, having found the approach it was taking could be more effective.

The scheme manager developed a high level document which identifies a wide range of risks with all members of the senior leadership team having a role in the identification and scoring of potential risks.

This document is supported by detailed 'risk maps' which provide:

- (i) a description of the identified risks
- (ii) the person responsible for overseeing the risk
- (iii) how the risk is scored and
- (iv) details of the mitigating actions and controls in place.

Action points identified have clear timescales for completion with an identified person being responsible for delivery.

The full risk register is made available to the pension committee and pension board each time they meet and its review is a standing item on both agendas. This allows for constructive oversight and challenge, along with a clear process to act on feedback provided.

This is an example of a fund which is engaged at all levels of seniority to identify and mitigate risks to good saver outcomes. There are clear, identified processes in place along with strong oversight of the work being done. This approach was devised before TPR began to engage with the scheme manager and demonstrates a clear desire to improve.

## Internal controls case study 2

A scheme manager has developed two risk registers, one for the pension committee (which acts as delegated scheme manager) and a separate, shorter, register for the pension board.

The risk register for the pension board had been reduced in size and detail at the request of the pension board. We have concerns the reduced risk register will prevent the pension board members from having full oversight of all the fund's risk and applying their knowledge and understanding in an appropriate way as they will not be fully conversant with the facts surrounding each risk.

The pension board also only reviews the risk register twice a year. We believe the risk register should be a standing item on the agenda for both the pension committee and the pension board and reviewed at each meeting – ie it will be reviewed at least each four times a year by each body.

We gave feedback to the scheme manager about our concerns and recommendations, and would encourage funds that adopt similar practices to consider how they can make more effective use of the pension board and improve the engagement levels of its members.

## Area of focus: Administrators

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 24, 35-36)

Good administration is the bedrock of a well-run fund. A scheme manager should work well with its administrator or administration team, and ensure the right people and processes are in place to ensure members' benefits are administered to a high standard.

#### Findings

Page 47  
Better performing scheme managers have a close relationship with their administrator, whether they use a third party provider or an internal team. In these instances robust SLAs are in place which are routinely monitored by senior managers. These scheme managers are also willing to effectively challenge reports from administrators to ensure they fully understand the work being done.

Not all scheme managers have clear oversight of the work being done by administrators or question the information provided by them when it is appropriate to do so. This leads to the scheme manager not understanding how well the fund is performing and can act as a barrier between the scheme manager and both participating employers and members.

There is a variety of methods used to appoint third party administrators, and scheme managers generally carefully consider the best approach for the individual circumstances of their fund.

#### Recommendations

- Scheme managers must agree targets and have a strong understanding of what service providers are expected to achieve. The scheme manager should challenge and escalate as appropriate should agreed standards not be met.
- Contract lengths should be known and planned against to allow sufficient time to consider contract extensions or for the tender process, as appropriate. This mitigates risks in handing over to a new administrator.
- It is helpful for the administrator to attend and present to pension board meetings as pension board members can use their knowledge and understanding to effectively challenge reports being provided.
- Scheme managers should hold regular meetings with their service providers to monitor performance.

## Administrator case study 1

A scheme manager had entered into a outsourcing contract with an administrator. The administrator's performance over a period of time was unsatisfactory, and targets and SLAs were not consistently met. Despite the council's finance director personally intervening with the administrator, matters were not improved to acceptable levels and penalty clauses were invoked.

The scheme manager decided to terminate the contract and review alternative administrative options, with a key aim of including more visibility, which the previous contract type arrangement had not provided.

The scheme manager decided not to take the administration back in house, but to enter into a third option, a shared service partnership with another administrator. This is charged on a shared cost per member basis. The new administrator also provides administrative services for a few other public service funds. The scheme manager is now part of a collaborative board and engages regularly with other scheme managers, has better visibility and good reporting functionality which now enables easy monitoring of the administrator's performance.

Data quality improvements were recognised as a key focus for the new administrator on its appointment. The scheme manager developed and put in place a robust data improvement plan with the new administrator and has made considerable improvements in its data quality scores in a short period of time. They are now using the plan as a living document to continue to target the areas needing improvement.

## Administrator case study 2

One of the scheme managers had appointed a third party administrator using a partnership agreement, rather than a commercial contract. This demonstrates one of a number of approaches taken by scheme managers to secure administration services.

The scheme manager has established a clear set of objectives for the administrator and receives monthly reports about whether these are being met. The reports are shared with the pension board. Additionally, at each pension board meeting a representative of the administrator is present. This allows the pension board members to directly question the administrator about the work it is doing on behalf of the scheme manager and ensure that good saver outcomes are achieved.

Even when a scheme manager uses an outsourced administration service it remains liable for the work done on its behalf. This example demonstrates positive steps taken by a scheme manager to ensure it has effective oversight and can hold an administrator to account.

### Administrator case study 3

A scheme manager was informed that its third party administrator intended to restructure in order to improve the level of service it provided to its clients. The administrator was confident that the restructure would not affect its business as usual work and the scheme manager took comfort from this without seeking more detailed assurances.

The restructure did not go as planned, which led to delays in member data being processed and SLAs not being met for around six months. The scheme manager has since increased the number of both operational and strategic meetings it holds with the administrator to combat the declining performance of the administrator.

As part of this work the scheme manager has set clearly documented expectations and provided priorities to the administrator to minimise the number and impact of poor saver outcomes. The scheme manager has now developed new ways of working with the administrator to ensure it probes the administrator's plans in more detail in the future.

This is an example of a scheme manager placing excessive reliance on assurances from an administrator without seeking evidence that supported the assurances. Robust contract management is important and will help scheme managers to identify upcoming risks to savers and to build a strong understanding of the information being provided.

Area of focus: Member communication

## Code of Practice 14 – Governance and administration of public service pension schemes (pp. 44-50)

The law requires scheme managers to disclose information about benefits and scheme administration to scheme members and others. This allows savers to understand their entitlements and make informed financial decisions.

Findings	Recommendations
<p>Page 51</p> <p>A number of scheme managers are currently reviewing the documents they send to savers. It is widely appreciated that pensions and retirement provision is complicated, and communication with savers needs to be in plain English. A variety of methods are being used, with the strongest scheme managers in this area working closely with a technical team and also enlisting the assistance of non-technical staff to check readability and whether it is comprehensive.</p> <p>Not all scheme managers fully appreciate the extent of their duties to provide information to savers, with some not knowing about the legal duty to inform active members where employee contributions are deducted but not paid to the fund within the legislative timeframe.</p>	<ul style="list-style-type: none"><li>• Information sent to members should be clear, precise and free from jargon.</li><li>• There should be senior oversight of communications sent to members and prospective members.</li><li>• It is often helpful for scheme managers to measure the effectiveness of their communication with savers, eg measuring website traffic and running surveys.</li></ul>

## Member communication case study 1

A scheme manager had previously delegated responsibility for communication with members to its third party administrator. However, it had a number of concerns about the quality of the service being provided, which included how members were kept informed and the level of detail provided.

The scheme manager took the decision to change its administrator and has now taken greater control over the communication with members. This has led to the development of a new pension administration strategy, with clear expectations around member communications being set and monitored.

A new website is being developed and the scheme manager recognises that having a clear online presence is an important method of communicating with current and potential members.

It is important to communicate with members, potential members and other relevant savers in a clear way. The information provided by a scheme manager will be used by members to make important decisions about their financial affairs. This is an example of a scheme manager looking to improve the member experience through revising the way it communicates.

## Member communication case study 2

We engaged with a scheme manager that has developed a detailed communication strategy, which covers the content, frequency, format and methods of communicating. The scheme manager actively promotes the benefits of joining the fund to prospective members and through the participating employers.

Two people are responsible for different aspects of member communications, with all material being formally approved by the scheme manager before being used. The scheme manager has developed a wide range of accessible materials for savers, including a website, a wide range of information booklets, and newsletters.

Members are informed clearly of how they can raise any queries or concerns about the operation of the fund. This includes members being able to go to the scheme manager's offices in person to discuss any queries with a suitable member of staff.

The scheme manager conducts annual surveys of its members, publishing the outcomes on its website and in its annual report. It uses this information, together with complaint trends, to identify how it can provide a better service to savers.

## Area of focus: Internal Dispute Resolution Procedure (IDRP)

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 51-56)

Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law as set out in the Code to help resolve pensions disputes between the scheme manager and a person with an interest in the scheme.

Findings	Recommendations
<p data-bbox="100 502 1043 627">Some scheme managers have clear procedures in place for recording, and learning from, complaints and disputes they receive. They use this information to make changes to the way the fund is run in order to provide the best possible service to beneficiaries.</p> <p data-bbox="100 666 1043 824">Not all the complaints procedures and IDRPs we saw were clear about who was entitled to use them, and in some cases details of how to complain were not clearly published. This limits the ability of people with an interest in the funds to raise concerns and restricts a useful source of information for scheme managers.</p> <p data-bbox="100 862 1043 955">Not all scheme managers have a clear definition of a complaint. It is important for scheme managers to act in a consistent manner and if what a complaint looks like is not known this will affect its ability to put things right.</p>	<ul data-bbox="1091 502 1796 922" style="list-style-type: none"><li>• There should be a clear internal policy on how to handle complaints, including escalation to suitable senior members of staff.</li><li>• People entitled to use the IDRP should be given clear information about how it operates.</li><li>• This information should be easily available, eg on the fund website.</li><li>• The pension board and scheme manager should have oversight of all complaints and outcomes, including those not dealt with in-house.</li><li>• Complaints and compliments could be analysed to identify changes that can be made to improve the operation of the fund.</li></ul>

## IDRP case study 1

All the scheme managers we engaged with operate a two stage IDRP, where the first and second stages are looked at by people who are independent of each other.

Initially, one of the scheme managers we engaged with didn't have oversight of complaints entering the first stage of the IDRP. These complaints were dealt with by employers as they were not considered to be issues about the fund or an in-house administration matter. This meant the scheme manager did not have full oversight of the first stage complaints and therefore could not identify whether there were any trends or patterns that needed addressing, eg an employer training issue.

Following engagement as part of the cohort work, we recommended that the scheme manager develop greater oversight of the work being done on its behalf. The scheme manager now recognises this is an area where it should improve and has amended its processes to ensure it is aware of how member outcomes are being managed when first stage IDRP complaints are received.

## IDRP case study 2

Like all other funds we engaged with, this scheme manager operates a two tier IDRP. However, the scheme manager stood out in this instance for the detailed and methodical manner in which it records complaints that are raised.

All complaints are recorded in a single log which detail how it progresses, potentially from an initial concern through to a finding issued by the Pensions Ombudsman. This allows the scheme manager to analyse complaint trends and the learning points are used to improve the operation of the fund.

Additionally, all actions relating to complaints have a clear owner. This allows for strict quality control and helps ensure complaints are dealt with as soon as possible.

We would encourage all scheme managers, where they have not already done so, to adopt a detailed and auditable approach to monitor complaints and compliments received through all channels.

## Area of focus: pension boards (1)

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 12-24 and 34)

The role of the pension board is to assist the scheme manager with the operation of the scheme. Pension board members are required to have an appropriate level of knowledge and understanding in order to carry out their function.

#### Findings

Scheme managers have a variety of methods for appointing pension board members and the structure of these boards also varies between funds. In some cases board member rotation is staggered to help preserve knowledge levels. Additionally, some boards have independent chairs, depending on the needs of the individual pension board.

We also found a mix of engagement levels amongst pension board members. Some scheme managers are able to call on strong, committed pension boards to assist them with the operation of the fund. Other scheme managers face challenges around pension board members who routinely fail to attend meetings or complete the training they need to meet the required level of knowledge and understanding.

#### Recommendations

- The scheme manager should arrange training for pension board members and set clear expectations around meeting attendance.
- Individual pension board member training and training needs should be assessed and clearly recorded.
- The pension board should meet an appropriate number of times a year, at least quarterly.
- Processes should be in place to deal with an ineffective pension board member by either the chair of the pension board or the scheme manager.
- Scheme managers should be aware of the risk of pension board member turnover and ongoing training needs.

## Area of focus: pension boards (2)

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 12-24 and 34)

The role of the pension board is to assist the scheme manager with the operation of the scheme. Pension board members are required to have an appropriate level of knowledge and understanding in order to carry out their function.

Findings	Recommendations
<p>The relationships between pension boards and scheme managers varied - where the pension board had a strong relationship with the scheme manager, including a willingness to challenge, we found better-run funds.</p>	<ul style="list-style-type: none"><li>• Regular contact between the scheme manager and chair of the pension board is helpful. An open and auditable dialogue outside of formal meetings can help improve the governance and administration of the fund.</li><li>• The chairs of the pension board and pension committee should consider attending each other's meetings to observe as this leads to better transparency.</li><li>• Pension board members should be fully engaged and challenge parties where appropriate.</li></ul>

## Pension board case study 1

One scheme manager spoke to us about the challenge it has faced regarding attendance at pension board meetings, and ensuring the pension board has the required level of knowledge and understanding. At one time it had to reschedule a meeting of the pension board because so few people attended the meeting.

Since then the scheme manager has changed its policy on pension board meetings. One pension board member with a low attendance record has been removed and replaced with a more engaged representative.

The scheme manager is also reviewing how it records the training that pension board members attend. Currently, training is recorded at a high level and there is no clear method of identifying training needs, although informal discussions take place between the scheme manager and individual pension board members.

The scheme manager has recognised that it needs to better understand how pension board members are meeting their obligation to have an appropriate level of knowledge.

## Pension board case study 2

Another scheme manager we engaged with has reviewed how the pension board operates and decided to appoint an independent chair. While the chair does not have voting rights, this person lends their expertise to the running of the pension board to ensure meetings run effectively.

Having an independent chair is not compulsory but in this instance is a positive example of a scheme manager being aware of the needs of the local pension board and taking steps to ensure it operates effectively.

The scheme manager has also developed a strong working relationship with the chair, holding a number of informal meetings outside of the formal pension board meetings. This working practice allows the scheme manager to ensure the pension board receives all the information it needs and that the scheme manager can comprehensively answer any anticipated questions.

## Area of focus: Employers and contributions (1)

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 37-44 )

Contributions must be paid to the scheme in accordance with scheme regulations. Scheme managers are also reliant on employers to provide accurate and timely member data, which is required for the effective administration of the scheme.

Findings	Recommendations
<p>Scheme managers monitoring the payment of contributions often face the challenge of payroll providers making a single payment for several employers and delaying sending a breakdown of the amount paid. Some scheme managers have been working with participating employers to encourage them to provide training to payroll providers where the payroll company won't engage with a body it doesn't have a direct contractual relationship with. Changing a payroll provider can cause issues. Early engagement with the employer and provider is helpful to mitigate later problems.</p> <p>Scheme managers have a variety of ways of assessing the risk of employers failing to pay contributions or having a disorderly exit from the fund, depending on the fund's resources. Better resourced and funded scheme managers will carry out detailed covenant assessments of all participating employers, with other scheme managers only reviewing those they believe to pose the highest risk.</p>	<ul style="list-style-type: none"><li>• Scheme managers should understand the financial position of participating employers and take a risk-based and proportionate approach to identifying employers most at risk of failing to pay contributions. Red, Amber, Green reporting often provides extra focus.</li><li>• Employer solvency should be considered on an ongoing basis and not just at the time of each valuation.</li><li>• Where employers outsource the payroll function, early engagement with the employer on the potential risks will help them manage their supplier.</li><li>• Employers may exit the fund so it is helpful to have a principle based policy on how to manage this given that circumstances are likely to vary in individual situations.</li></ul>

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## Area of focus: Employers and contributions (2)

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 37-44 )

Contributions must be paid to the scheme in accordance with scheme regulations. Scheme managers are also reliant on employers to provide accurate and timely member data, which is required for the effective administration of the scheme.

Findings	Recommendations
<p>Page 62</p> <p>Most scheme managers seek security from employers to mitigate the risk of a failure to pay contributions. Some scheme managers rely on guarantees, particularly in relation to participating employers providing outsourced services. Others expect the majority of employers to set up a bond. Only a few scheme managers accepted a wide range of security types, generally those with larger funds.</p> <p>Decisions around what security to require are often based on previous ways of operating, rather than considering the best option in individual circumstances.</p>	<ul style="list-style-type: none"><li>• Scheme managers should develop an understanding of the risk and benefits of a range of security types, such as charges, bonds and guarantees.</li><li>• Scheme managers should consider whether accepting a range of security types will offer more effective protection to the fund, rather than focussing on a single form of security.</li><li>• Scheme managers should understand which employers have not provided any security for unpaid contributions and consider what appropriate steps can be taken to secure fund assets.</li><li>• Where security is in place, Scheme Managers should have a policy on when the security should be triggered.</li></ul>

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## Employer case study 1

Having a robust method for reviewing employer risk is a high priority for one of the scheme managers we engaged with. It has developed a process to maintain oversight of the various participating employers in the fund, covering a range of topics from the provision of member data to the strength of the employer covenant.

Each employer is risk rated and the risk levels are regularly monitored. This allows the scheme manager to gain advance notice of potential problems so it can take steps to mitigate the risks and to provide comfort that guarantors are in a position to pay additional amounts to the fund if a call on the guarantee is made.

This information is also used to inform employers of any failures to meet their obligations to the fund at an early stage, identifying action points they need to carry out.

## Employer case study 2

Scheme manager 1 has decided to incorporate a charging policy for seeking the reimbursement of costs caused by an employer's failure to comply with its obligations into admission agreements. This means the scheme manager has a clear policy in place that all employers will be aware of when they start to participate in the fund.

Not all scheme managers have approached the issue of employer compliance in the same way. Scheme manager 2 has a small portfolio of participating employers and relies on having a good relationship with them in order to achieve compliance. This scheme manager also considers that as most employers are supported by central government it need not be concerned with affordability.

We were concerned about the lack of formal processes to ensure compliance. While the scheme manager has not encountered difficulties to date, we have recommended that it makes some improvements. Additionally, all scheme managers should remember that, should a participating employer suffer an insolvency event, any missing payments due to the fund will need to be paid by someone and there should not be an over-reliance on the taxpayer and other employers.

## Area of focus: Cyber security

### Guidance: Cyber security principles for pension schemes

Pension schemes hold large amounts of personal data and assets which can make them a target for fraudsters and criminals. scheme managers need to take steps to protect their members and assets accordingly

#### Findings

Most scheme managers are heavily reliant on the security systems put in place the Local Authority, with some not engaging with how the procedures in place affect the fund. Scheme managers of well run funds have a good understanding of the IT systems in place, even where these are implemented by the Local Authority.

Some scheme managers have not given consideration to the risks posed by cyber crime. For these funds, cyber security did not appear on the risk register before our engagement with the scheme manager.

Scheme managers that are aware of the risks associated with cyber crime generally have robust procedures in place to test the effectiveness of both cyber security and resilience methods.

#### Recommendations

- Scheme managers and pension boards should understand the risk posed to data and assets held by the fund so steps can be taken to mitigate the risks. This should be reflected in the risk register.
- Regular, independent, penetration testing should be carried out. Scheme managers should consider physical security as well as protection against remote attacks.
- Where cyber security is maintained by the Local Authority rather than the scheme manager, the scheme manager should understand the procedure and ensure the fund's requirements are met.
- Scheme managers should be aware of the cyber security processes used by third party providers, such as the administrator or custodian, that handle fund assets or data. Guidance links are on page 43.

## Cyber security case study 1

A scheme manager we engaged with identified cyber security as one of the top risks to the fund. It demonstrated a good awareness of the processes put in place by the Local Authority and carries out testing of these processes.

The scheme manager had recently tested both its cyber defences and the wider business continuity plan. As a result it is confident it can provide a good service to savers in the event of a wide variety of disaster scenarios.

As part of our engagement we also found the scheme manager has processes in place to assess the adequacy of steps taken by its service providers to protect member data. This gives the scheme manager comfort that member data will be secure when being handled by other bodies.

Although the scheme manager has not implemented its own controls it has rigorously reviewed the process put in place by the Local Authority. It has satisfied itself that those processes are of a sufficient standard to protect the fund and its savers.

## Cyber security case study 2

A scheme manager had not considered the importance of cyber security until we engaged with them as part of this work. The scheme manager was reliant on the security measures put in place by the council but did not engage on the topic, so it was not clear how it was affected.

Cyber security did not appear on the fund's risk register and the scheme manager was not actively considering the dangers of a successful cyber attack on the fund.

Following our engagement, the scheme manager has developed its understanding of the risks surrounding cyber security. It now records the risk on its risk register and as part of the Local Authority's strategy all staff will receive mandatory training in cyber security.

The scheme manager has also started engaging with third party service providers to ensure they also have robust cyber security and data protection procedures in place. This gives the scheme manager better oversight of how member data is protected when not under the scheme manager's direct control and marks a significant improvement in how this risk is monitored and mitigated.

## Area of focus: Internal fraud and false claims

### Code of Practice 14 – Governance and administration of public service pension schemes (pp. 27 and 32)

Schemes without strong internal controls are at greater risk. This includes having a clear separation of responsibilities and procedures which prevent a single member of staff from having unfettered access to scheme assets. Strong internal controls, particularly over financial transactions, also help mitigate the risk of assets being misappropriated.

Findings	Recommendations
<p>8888</p> <p>Scheme managers generally appear to have an awareness of the risks of fraud against their fund, both from an internal and external source. We found scheme managers are generally aware of publicised fraudulent activity that have affected other pension schemes and have taken steps to review their own procedures.</p> <p>Scheme managers of well run funds typically take steps to regularly screen member existence. Their scheme managers are also aware that not all incorrectly claimed pension benefits are the result of an attempt to defraud the fund and can identify when to treat a situation with sensitivity.</p> <p>Most scheme managers have introduced multiple levels of sign offs, with more than one person being required to agree to a payment being made. The scheme managers were also aware of frauds involving other funds, where this had been made public. They had taken steps to reduce their own vulnerability to similar issues.</p>	<ul style="list-style-type: none"><li>• Scheme managers should regularly review their procedures to protect the fund's assets from potential fraud.</li><li>• A clearly auditable process should be in place for the authorising of payments. Ideally, this would require more than one person to provide authority to make the payment.</li><li>• A scheme manager should have a policy in place to differentiate between a potential fraud and a potential honest mistake by a saver.</li><li>• Where a fraud is detected in the scheme manager's fund, or another one, they should take steps to stop the fraud and analyse causes to prevent a recurrence.</li><li>• When paper records are being used they should be held securely to prevent the risk of loss or misappropriation.</li></ul>

## Fraud case study 1

A scheme manager has worked with its administrator to put in stringent measures to prevent fraudulent activity. In addition to participating in the National Fraud Initiative, it does regular life certificate exercises as part of the fund's policy, checking mortality and addresses. Where doubts are raised the scheme manager will suspend payments pending clarification.

Many of the members of the fund are now non-resident in the UK, which provides challenges to the scheme manager in locating members. The scheme manager has adopted an innovative use of technology for the foreign domiciled members by arranging video calls to speak to the member who must show their passports to provide their identity and confirm personal details.

The scheme manager demonstrated good awareness of the risk of internal fraud by connected persons, and there is clear segregation of duties. Additionally the workflow processes being system driven provide automatic checks with different people checking and authorising the processes. Suspicious payments are immediately reported to senior management to check.

Fraud reporting policies are clear, and internal auditors are involved whenever there is suspicion of a fraudulent activity. The fraud reporting goes immediately to directorship and chief executive level.

## Fraud case study 2

In this instance the scheme manager has strong controls in place to identify potential frauds against the fund assets.

The scheme manager works with the National Fraud Initiative to identify instances of possibly fraudulent claims for a benefit from the fund. The scheme manager's work in this area is supplemented by its involvement with the 'Tell Us Once' initiative and the use of a third party agency to help identify when beneficiaries have passed away.

The scheme manager also demonstrated an awareness of the risks associated with members and other potential beneficiaries being overseas. It carries out existence checks on these people as well as those residing in the United Kingdom.

When a payment is due to be made, the scheme manager has introduced a vigorous set of controls. This has led to a clear separation of duties and the requirement for payments to be independently authorised, reducing the risk of fund employees misappropriating fund assets.

## Area of focus: Scams

### Pensions Scams Industry Group (PSIG): Code of Good Practice

Pension scammers will do whatever they can to access people's retirement savings. Those involved in the management and administration of schemes should ensure they can identify the signs of a potential scam and know what steps they should take.

#### Findings

Scheme managers have a variety of methods of horizon scanning and this generally included a review of scam activity and methods. However, the amount of due diligence some scheme managers conduct on receipt of a transfer request could be more detailed. Some assumptions are made about the legitimacy of receiving schemes when further questions should be asked.

When dealing with members some scheme managers have adopted the Local Authority's vulnerable adult policy. We saw this being used to identify situations where a member was at risk of exploitation, allowing steps to be taken to protect the member from undue influence or abuse.

Some scheme managers lack oversight of the information being provided to members when they ask about transferring out. It is not always clear whether all members are provided with guidance about spotting a potential scam scheme.

#### Recommendations

- Scheme managers should consider how they balance the competing demands of doing appropriate due diligence and responding quickly to a CETV request.
- Steps should be taken to ensure members are aware of the risk of scams and how to spot potential scam activity.
- When a CETV request is received the scheme manager should check the permissions granted to any IFA involved by the FCA. The member's written permission to contact the IFA should also be obtained.
- A policy should be in place to identify, and protect, potentially vulnerable savers.
- Scheme managers should have regard to the wider reporting of scams, including, but not limited to, the reports by the Pensions Ombudsman.
- Scheme Managers should have regard to the Pension Scam Industry Group guidance.

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## Scams case study 1

When one of the scheme managers we engaged with receives a request from a member to transfer out of the fund it provides the member with standard information about scams. It also looks into whether the receiving scheme was registered with HM Revenue and Customs (HMRC).

We did not feel this scheme manager went far enough in its due diligence. A scheme might be registered with HMRC but it can still demonstrate a number of characteristics that would be a concern for a scheme manager, such as only being associated with dormant companies.

Scammers have also argued that because a scheme they have set up is registered with HMRC this means it is legitimate. This is not true and HMRC registration does not always mean a scheme is legitimate.

In this instance we referred the scheme manager to our guidance, a link to which can be found at the end of this report, which provides more information about the type of questions we would expect to be asked when a request for a CETV is received.

## Scams case study 2

A scheme manager demonstrated a clear procedure on dealing with requests from members to make changes to their records.

Where a request is made online by a member the scheme manager will contact them to ensure the member is both aware of the request and that it is authorised. This reduces the risk of a member being impersonated and also mitigates the risk that a member may have been coerced into making a request.

In this instance the scheme manager also has a robust policy for dealing with members who attend its offices to make requests for records to be changed, such as bank account details or a nominated beneficiary. In some cases the scheme manager has engaged with the council's social care team and the police when it has had concerns about potential scam activity.

# Conclusions (1)

We've outlined some areas of good practice in this report, and also some areas where we remain concerned and expect scheme managers to improve where appropriate. Overall, we noted:

- Not all funds are the same and there is a variety of equally valid approaches to mitigating risk used across funds in the LGPS.

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It is important that scheme managers recognise, and maintain, a separation between the fund and Local Authority to avoid an over-reliance on the Local Authority's policies and procedures. When establishing its own policies and procedures a scheme manager should be able to seek assistance from the pension board, meaning steps should also be taken to ensure the pension board is able to fulfil its role.

- There are clear benefits to the operation of the fund where there is an engaged s.151 officer who is directly involved.
- Good quality data and record-keeping standards underpin all aspects of successfully running a fund and these areas should be treated as a priority in order to drive good outcomes.
- Scheme managers that have developed and implemented a robust pension administration strategy have found them useful. While not a legal requirement, scheme managers should consider whether this type of document will be useful and look to introduce them where this is the case.

## Conclusions (2)

- A common risk is the unexpected departure of key members of the scheme manager's staff. Succession planning and clearly recorded processes help mitigate this risk.
- Measuring governance and administration is challenging and requires more than just an analysis of raw figures. Scheme managers should therefore put in place appropriate reporting measures that they believe capture both quantitative and qualitative assessments. This approach should be tailored to the specific circumstances of their fund.

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Scheme managers should take a holistic approach when considering the governance and administration risks to their fund. Most risks are connected to each other and a scheme manager should understand how a risk materialising will impact on other areas of governance and administration.

Risks to funds are constantly changing and evolving. For example, the methods used by scammers change over time. Scheme managers should be alert to the changing nature of risks and adapt their approaches accordingly.

- Many scheme managers have a clear understanding of how their funds operate and want to provide the best experience for savers. Where scheme managers liaise with each other to discuss common challenges and solutions to them, whether at formal events or through ad hoc engagement, often leads to improved governance standards. We encourage such action.

# TPR information – links to our website

## Record-keeping

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/record-keeping>

## Internal controls

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/internal-controls-and-managing-risks>

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-9-internal-controls>

## Reporting breaches of law

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-1-reporting-breaches-of-the-law>

## Administrators, Advisers and Service Providers

<https://www.thepensionsregulator.gov.uk/en/trustees/21st-century-trusteeship/6,-d,-,-advisers-and-service-providers>

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/managing-service-providers-statement-2018.ashx?la=en&hash=5EA658B7BA800B5786C4A1F5BD846A56E7F60ABF>

## Member communication

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/communicating-to-members>

# TPR information – links to our website



Internal Dispute Resolution Procedure

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/resolving-internal-disputes>

Pension boards

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/knowledge-and-understanding-duty-on-board-members>

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/pension-board-conflicts-of-interest-and-representation>

Employers and contributions

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/maintaining-contributions>

Cyber Security

<https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/cyber-security-principles-the-pensions-regulator>

# TPR information – links to our website

Scams

<https://www.thepensionsregulator.gov.uk/pension-scams>

Public service governance and administration survey

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-summary-2019.ashx>

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-2019.ashx>

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<b>Group</b>	<b>Subject</b>	<b>Method</b>	<b>Timeframe</b>
Members	LPP Contact Details		
Members	Member Self Service		
Members	Nomination Forms		
Members	The 50:50 Scheme		
Members	The Havering Pensions Website		
Members	Retirement Procedures		
Managers	Retirement Procedures		
Managers	Flexible Retirements		
Employers	Leavers Procedures		
Employers	Monthly Reporting		
Employers	The Havering Pensions Website		

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# Pension Fund Risk Register

## Havering

WIP

July 2019

Generic Pension Fund Risk Register

The pension fund uses a 4 x 6 matrix to plot risk likelihood and impact and has set its risk appetite. The green shaded area on the matrix shows the risks where there is good control and the Council is comfortable with the risk. Risks in the amber and red zones are those over which closer control is needed.

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Likelihood	A				
	B				
	C				
	D				
	E				
	F				
		4	3	2	1
	Impact				

**Risk Likelihood**  
 F = Very Unlikely  
 E = Unlikely  
 D = Possible  
 C = Likely  
 B = Very likely  
 A = Certainty

**Risk Impact**  
 4 = Negligible  
 3 = Moderate  
 2 = Serious  
 1 = Major

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
1	S151 Officer/ Director of Exchequer and Transational Services Lower Level: PM/CMO  PFM/CMO  CMO  PFM/CMO	<p><b>Risk of Inaccurate three yearly actuarial valuation</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Inappropriate assumptions used by actuary in calculations for valuation</li> <li>Poor quality data provided from LB of Havering</li> <li>Personal data not maintained to a high standard (gaps/incorrect)</li> <li>Actuary's own assumptions are not robust or reflective</li> </ul>	<ul style="list-style-type: none"> <li>Deficit position worsens</li> <li>Employers pay/ continue to pay inappropriate contribution percentages</li> <li>Increase in employer contributions</li> <li>Potential for Council Tax increases</li> <li>More investment risk may be taken to bridge a gap that doesn't actually exist</li> <li>Potential for a more risk adverse</li> </ul>	<ul style="list-style-type: none"> <li>Valuation completed by a qualified professional actuary – next valuation being completed in 2019.</li> <li>Robust, open procurement process in place for appointment of actuary</li> <li>Some assumptions for valuation are in compliance with regulation</li> <li>Actuarial assumptions are open to challenge by officers and GAD</li> <li>Valuation results are checked for</li> </ul>	D/3	None identified at this point	

Pension Fund Risk Register oneSource – Havering – (excluding **Bexley – Newham**) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 84			Investment Strategy when more risk is required.	consistency across LGPS funds by GAD via the S13 report <ul style="list-style-type: none"> <li>▪ Local Government benchmarking/comparisons of assumptions</li> <li>▪ Annual review of actuary performance undertaken by Pensions Committee</li> <li>▪ Internal controls in place to ensure accuracy and completeness of data.</li> <li>▪ Monitoring of contributions due and received</li> </ul>			

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
2 Page 85	S151 Officer/ Lower Level as follows:  PFM  PFM PFM PFM	<b>Risk of Incorrect / Inappropriate Investment Strategy</b> <b>Cause:</b> <ul style="list-style-type: none"> <li>▪ Lack or poor professional investment advice given</li> <li>▪ Poor governance</li> <li>▪ Investment advice is not taken</li> <li>▪ Lack of</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pension deficit not reduced</li> <li>▪ Potential for financial loss</li> <li>▪ Growth opportunities are not maximised</li> <li>▪ Could generate inefficiencies and unintended risks if not fully</li> </ul>	<ul style="list-style-type: none"> <li>▪ Robust, open procurement process in place for appointment of Investment Advisor</li> <li>▪ Investment Advisor performance is annually reviewed by the Pensions Committee</li> <li>▪ Close working relationship is</li> </ul>	D/2	<ul style="list-style-type: none"> <li>▪ Pensions Committee</li> <li>▪ Training / Awareness - working towards full compliance with CIPFA Knowledge and Skills framework</li> </ul>	<ul style="list-style-type: none"> <li>▪ Induction carried out for new Pension Fund Committee members July 18.</li> <li>▪ Knowledge and Skills Training is on-going for Pension Committee and Local Pension</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 86	PFM	understanding and awareness (Pension Committee)	understood.	encouraged between actuaries and investment advisor in the development of the investment strategy			Board members.
	PFM	<ul style="list-style-type: none"> <li>▪ Lack of clear risk appetite</li> <li>▪ Based upon inaccurate actuarial valuation</li> </ul>	<ul style="list-style-type: none"> <li>▪ More investment risk may be taken to bridge a gap that doesn't actually exist</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investment strategy continually assessed as part of the quarterly monitoring process by the Pensions Committee</li> </ul>		<ul style="list-style-type: none"> <li>▪ Consider using a further independent advisor for challenge to investment advice</li> </ul>	<ul style="list-style-type: none"> <li>▪ Independent advisor was appointed for a one off exercise following adoption of investment strategy in January 17 to undertake a health check and add robustness on the investment strategy.</li> </ul>
	PFM	Concentration risk by asset, region and sector	<ul style="list-style-type: none"> <li>▪ Potential for a more risk adverse Investment Strategy when more risk is required.</li> <li>▪ Potential for Council Tax increases</li> <li>▪ Loss of investment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Liabilities analysed during inter-valuation period</li> <li>▪ Knowledge and skills training of LPB and Committee Members</li> </ul>			

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
			<ul style="list-style-type: none"> <li>opportunities and adverse performance</li> </ul>				
<p>3</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 87</p>	<p>S151 Officer/ Lower Level as follows:</p> <p>PFM</p> <p>PFM</p> <p>PFM</p>	<p><b>Risk of failure of investments to perform in-line with growth expectations</b></p> <p><b>Cause</b></p> <ul style="list-style-type: none"> <li>▪ Poor Fund Manager selection</li> <li>▪ Underperformance by fund manager</li> <li>▪ Poor investment advice provided to LB of Havering or not taken</li> </ul>	<ul style="list-style-type: none"> <li>▪ Deficit reduction targets are not met</li> <li>▪ Potential for losses to be incurred</li> <li>▪ Increased employer contributions</li> <li>▪ Reputational risk from poor investments</li> <li>▪ The fund's assets are not</li> </ul>	<ul style="list-style-type: none"> <li>▪ Robust, Fund Manager selection process</li> <li>▪ Diverse portfolio to reduce negative effects from market volatility</li> <li>▪ Fund performance and asset class split is reviewed quarterly by investment advisor/Pensions Committee and officers.</li> <li>▪ Fund Managers (including LCIV) attend Pension Committee to</li> </ul>	<p>D/3</p>	<ul style="list-style-type: none"> <li>▪ Pensions Committee Training/Awareness – working towards full compliance with CIPFA Knowledge and Skills framework</li> </ul>	<ul style="list-style-type: none"> <li>▪ Induction carried out for new Pension Fund Committee members July 19.</li> <li>▪ CIPFA Knowledge and Skills Training is on-going.</li> <li>▪ Process in place to fund new illiquid</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 88	PFM	<ul style="list-style-type: none"> <li>Negative financial market impacts</li> </ul>	<ul style="list-style-type: none"> <li>sufficient to meet its long term liabilities</li> </ul>	<ul style="list-style-type: none"> <li>present quarterly performance reports and challenge by the Committee and Fund Advisor.</li> </ul>			<ul style="list-style-type: none"> <li>mandates. Officers working closely with investment advisor to ensure timings.</li> </ul>
	PFM	<ul style="list-style-type: none"> <li>External factors / increased market volatility (i.e. 2008), uncertainty of Brexit</li> </ul>	<ul style="list-style-type: none"> <li>Economy downturn could result in general fall in investment values</li> </ul>				
	PFM	<ul style="list-style-type: none"> <li>Delays in the implementation of the strategy will reduce the effectiveness of the strategy and may impact growth</li> </ul>					
	PFM	<ul style="list-style-type: none"> <li>Delays in compliance with capital calls on new illiquid mandates could result in penalty payments</li> </ul>					
							<p><b>Further Actions 2019</b></p> <ul style="list-style-type: none"> <li>Continued monitoring of the LCIV</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
4	<p>S151 Officer /Director of Exchequer and Transactional Services.</p> <p>Lower Level as follows:</p> <p>PFM/CMO</p> <p>PFM/CMO</p> <p>PFM/CMO</p> <p>PFM/CMO</p>	<p><b>Risk of failure to comply with legislative requirements</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Lack of appropriate skills/knowledge of The Pensions Regulator, (TPR), MHCLG and CIPFA Guidance, Financial Regulations and accounting standards</li> <li>Unaware of legislative changes</li> <li>key person dependency</li> <li>Poor/inaccurate interpretation of the</li> </ul>	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Potential for financial penalties from the TPR</li> <li>Potential for costly legal challenges</li> <li>Impact on employer contributions, delayed due to non-compliance.</li> <li>Adverse external audit report</li> </ul>	<ul style="list-style-type: none"> <li>Financial requirements are subject to external and internal audit. Favourable External audit reports since 2015. Internal audit took place in September 2018.</li> <li>Experienced personnel in place</li> <li>Continual personal development for all Committee/LPB members and Officers</li> <li>Induction carried out for new Pension Fund Committee and Local Pension Board members</li> </ul>	E/3	None identified at this point.	

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 90	PFM/CMO	regulations <ul style="list-style-type: none"> <li>▪ Failure/inability to administer the pension scheme appropriately</li> </ul>		<ul style="list-style-type: none"> <li>▪ Legislative changes are reported to the Pensions Committee where required</li> <li>▪ Local Pension Board in place to oversee adherence to the regulations</li> <li>▪ Active participation in Legislative Consultations where appropriate</li> <li>▪ External and in house training provided where required</li> <li>▪ Member of the CIPFA Pensions Network</li> <li>▪ Participate in the CIPFA Pensions</li> </ul>			

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 91				<p>Network/ Peer forums to share knowledge &amp; awareness</p> <ul style="list-style-type: none"> <li>▪ Statutory policy documents reviewed annually to ensure compliance with legislation</li> <li>▪ Access to specialist pension media sources.</li> </ul>			
5	<p>S151 Officer /Director of Exchequer and Transactional Services. Lower level as follows: PFM/CMO</p>	<p><b>Risk of inability to manage/govern the Pension Fund and associated services:</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>▪ Ineffective / lack of succession planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Negative impacts upon service provision</li> <li>▪ Time delays</li> <li>▪ Potential for breach of legislation</li> <li>▪ Financial</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bond or guarantee reviews in place and reviewed every three years as part of valuation process</li> <li>• Attendance at local forum meetings</li> <li>• Attendance at Annual</li> </ul>	D/3	<ul style="list-style-type: none"> <li>• Succession planning required for key personnel</li> <li>• Review / update procedure manuals</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning in progress</li> <li>• Contract Monitoring officer working to prepare procedure</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 92	PFM/CMO	<ul style="list-style-type: none"> <li>Loss of corporate knowledge/expertise</li> </ul>	<ul style="list-style-type: none"> <li>penalties/ other sanctions</li> </ul>	<ul style="list-style-type: none"> <li>Pension Managers conference</li> </ul>		<ul style="list-style-type: none"> <li>Option being assessed for joint administration with Newham to build resilience</li> </ul>	<ul style="list-style-type: none"> <li>manual.</li> <li>LPP appointed in Havering in November 17 (already in Newham) are working with Havering to provide seamless administration service.</li> </ul>
	PFM/CMO	<ul style="list-style-type: none"> <li>Long term sickness absence</li> </ul>	<ul style="list-style-type: none"> <li>Reputational Damage</li> </ul>	<ul style="list-style-type: none"> <li>Members of Local Authority Pensions Web</li> </ul>			
	PFM/CMO	<ul style="list-style-type: none"> <li>Increase in staff turnover</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs due to "buying in" external expertise</li> </ul>	<ul style="list-style-type: none"> <li>Participates in the CIPFA Pensions Network/ Peer forums to share knowledge &amp; awareness</li> </ul>			
	PFM	<ul style="list-style-type: none"> <li>LCIV monitoring and resourcing</li> </ul>	<ul style="list-style-type: none"> <li>Employer defaults</li> </ul>	<ul style="list-style-type: none"> <li>Attendance at accounting seminars/training</li> </ul>			
	PFM/CMO	<ul style="list-style-type: none"> <li>No knowledge base to store experiences/information</li> </ul>	<ul style="list-style-type: none"> <li>Qualified opinion on the accounts by external auditor</li> </ul>	<ul style="list-style-type: none"> <li>Guidance from external agencies (some will be at a cost)</li> </ul>			
	PFM/CMO	<ul style="list-style-type: none"> <li>Lack of resource (Staffing/financial)</li> </ul>	<ul style="list-style-type: none"> <li>Loss of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Pension Fund uses the service of an external</li> </ul>			
	PFM/CMO	<ul style="list-style-type: none"> <li>ICT failure/Disaster Recovery</li> </ul>					
	PFM/CMO	<ul style="list-style-type: none"> <li>Cyber Security Risk</li> </ul>					

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 93	PFM/CMO	<ul style="list-style-type: none"> <li>Implementation of Oracle Cloud causes system issues</li> </ul>	<ul style="list-style-type: none"> <li>Ransomware risk</li> <li>Failure of all ICT services</li> <li>Pension Fund Accounts system malfunction</li> </ul>	<ul style="list-style-type: none"> <li>custodian to verify asset values and performance</li> <li>ICT/ Disaster Recovery in place</li> <li>Constant security upgrades to computer systems. Internal Audit for oneSource Cyber Security carried out in Oct 2018.LPP have gained a certificate of Cyber Essentials from March 19 – March 20.</li> </ul>	High	<ul style="list-style-type: none"> <li>Use protected portals to send personal information</li> <li>Internal Firewalls recommended</li> <li>Pension Fund Staff to interact regarding the progress of the Oracle Cloud Implementation</li> </ul>	<p>reviews the administration work of LPP including the process for bonds and to ensure guarantees are in place.</p>
	PFM/CMO	<ul style="list-style-type: none"> <li>Poor pension fund administration including outsourced</li> </ul>	<ul style="list-style-type: none"> <li>Inaccurate data provided by the pension fund employers and payroll providers give rise to inaccurate data</li> </ul>	<ul style="list-style-type: none"> <li>Oracle expertise aware of Pension fund</li> </ul>		<ul style="list-style-type: none"> <li>Development of workflow/process</li> </ul>	<ul style="list-style-type: none"> <li>LPP works with the Contract Monitoring Officer to develop/improve workflow processes</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 94	CMO	service by LPP ▪ Poor administration by the employers, payroll providers in the fund	and financial reputational consequences such as actuary to set	system requirements. Systems tested at each stage of implementation.		management	<ul style="list-style-type: none"> <li>LPP also working to provide a quarterly risk report</li> </ul>
	CMO	▪ Poor monitoring of employer financial status	contribution rates with a high margin of error.	<ul style="list-style-type: none"> <li>Pension Fund accounts subject to external audit.</li> </ul>		<ul style="list-style-type: none"> <li>Establishment of a statutory Local Pension Board to assist the administering authority in effective and efficient governance of the Havering Pension Fund</li> </ul>	
	PFM/CMO	▪ Poor communications with stakeholders	▪ Higher employer contributions due to poor investment performance	<ul style="list-style-type: none"> <li>Service is subject to external auditor report of LPP processes</li> </ul>		<ul style="list-style-type: none"> <li>Development of Training Matrix</li> </ul>	
	PFM	▪ Inappropriate investment accounting – including reliance on third party providers.	▪ Employer failure to pay scheme contributions on time	<ul style="list-style-type: none"> <li>Formal agreement in place with administrator, including SLA's</li> </ul>			
	PFM/CMO	▪ Excessive charges by suppliers	▪ Poor Communication	<ul style="list-style-type: none"> <li>Authority levels clear</li> <li>The Council has in place a complaints system to address</li> </ul>			
	PFM/CMO	▪ Employer goes into default, deficit on					

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 95		<p>termination, change of status, financial risk.</p>	<p>with stakeholders giving rise to disaffection and actions against the Council</p> <ul style="list-style-type: none"> <li>▪ Insufficient assets to meet short term liabilities</li> </ul>	<p>complaints via the website</p> <ul style="list-style-type: none"> <li>• Continuous pension training for LPB, Pensions Committee members and staff</li> <li>• Contract Monitoring Officer in place to review the administration work of LPP</li> <li>• Monthly reconciliations to monitor cash flow carried out.</li> <li>• Ee’s and Er’s contributions reconciled monthly – late payments chased</li> <li>• Fee Invoices checked</li> </ul>			<ul style="list-style-type: none"> <li>• Local Pension Board established in 2014 and members are continuing with training and development</li> </ul> <div style="background-color: #FFDAB9; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>• Training matrix in place, however cannot be fully applied until all CIPFA K&amp;S questionnaires</li> </ul> </div>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 96				prior to payment <ul style="list-style-type: none"> <li>• Monitor audited accounts of third party providers to ensure consistent asset valuation.</li> <li>• Monitor investment managers performance – Fund Managers present at Pension Fund Committee meetings</li> <li>• Union Representative at the Committee</li> </ul>			are completed by Local Pension Board and Pensions Committee members.

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
6	S151 Officer /Director of Exchequer and Transactional Services Lower Level as follows: PFM/CMO CMO PFM/CMO PFM/CMO CMO	<p><b>Risk of failure to on board or exit employers/members effectively</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Delays in internal processing of documentation</li> <li>Member data incomplete</li> <li>Poor communications with stakeholders</li> <li>Lack of understanding by employers with regard to their responsibilities</li> <li>Lack of signed admission</li> </ul>	<ul style="list-style-type: none"> <li>Delays in collection of contributions from the employers/members</li> <li>Impacts cash flow</li> <li>Potential for litigation</li> <li>Employer contribution assessment can become out of date</li> <li>Potential breach of regulations</li> <li>Incorrect records of new members</li> <li>External Audit</li> </ul>	<ul style="list-style-type: none"> <li>Escalation to Heads of Service</li> <li>Script in place to deliver to new Academy employers, with feedback process in place (minuted)</li> <li>Database maintained on all contact details for LGPS communications.</li> <li>Monthly schedules maintained by the Pensions Administration Team</li> <li>Tracing agencies used to locate pension fund members</li> <li>Electronic file of required documents forwarded to new employers</li> </ul>	D/2	<ul style="list-style-type: none"> <li>Review of internal processes (particularly legal input)</li> <li>Completion of TUPE Process Manual</li> <li>Completion of Admission Policy and an employer manual</li> <li>Template admission agreement awaiting legal clearance</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit for the Pension Fund requested – discussions in place</li> <li>TUPE manual completed in November 2017</li> <li>Admission policy and manual completed in November 2017 includes legal input</li> <li>Still in progress lead by the risk officer in LPP</li> </ul> <p><b>Further Actions 2018</b></p>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 98		agreements from Employers	<p>Opinion on internal controls</p> <ul style="list-style-type: none"> <li>Employer's liabilities may fall back onto other employers and ultimately local taxpayers.</li> </ul>	<ul style="list-style-type: none"> <li>Actuarial assessment completed for all new admission requests to assess the level of risk.</li> <li>Bonds and suitable guarantees put into place to protect the Fund in case of default.</li> <li>Funding level of each employer is assessed as part of the triennial valuation and contribution rates set accordingly.</li> </ul>			<ul style="list-style-type: none"> <li>To ensure appropriate admin controls are in place via the internal audit process,</li> <li>LPP to send a client friendly copy of their audit report once the version goes through their own audit committee before they will release anything to us. Sarah Hughes is aware.</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
7	<p>S151 Officer Director of Exchequer and Transactional Services. Lower Level as follows:</p> <p>CMO</p> <p>PFM/CMO PFM/CMO</p> <p>PFM/CMO</p>	<p><b>Risk of Pension Fund Payment Fraud</b></p> <p><b>Cause:</b></p> <ul style="list-style-type: none"> <li>Pension overpayments arising as a result of non-notification in change of circumstances</li> <li>Internal staff fraud</li> <li>Staff acting outside of their levels of authorisation</li> <li>Conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss</li> <li>Reputational damage of Pension Administration team and Council</li> <li>Litigation / investigation</li> <li>Internal disciplinary</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Participate in the National Fraud Initiative (bi-annually)</li> <li>Process is in place to investigate return of payment by banks.</li> <li>All pension calculations are peer checked and signed off by senior officer</li> <li>Segregation of duties within the Pensions Administration Team</li> <li>Segregation of duties between Payroll and Pensions Administration Team</li> <li>Address checked for deferred pensions prior to payment</li> <li>Internal audit checks carried out</li> </ul>	E/1	<ul style="list-style-type: none"> <li>Consider implementation of a monthly mortality check</li> <li>Investigating usage of external agencies (i.e. Western Union) (for overseas payments)</li> <li>Implement internal audit process to report on the effectiveness of the internal controls</li> </ul>	<ul style="list-style-type: none"> <li>We are registered for the "Tell us Once" service supersedes a monthly mortality check</li> <li>Upon review, the service has not been required to date</li> <li>Internal audit working on the scope of the audit at present.</li> </ul>

Pension Fund Risk Register oneSource – Havering – (excluding Bexley – Newham) - as at July 19 Appendix A

Risk No.	Risk Owner	Risk Title (Objectives)	Consequences of not achieving the objective (Effect)	Controls/Mitigations	Likelihood/ Impact	Actions/Recommendations	Review of Actions taken to date and further actions identified
Page 100				<ul style="list-style-type: none"> <li>▪ Signed up for DWP database Tell us Once – DWP inform Havering of deaths relating to contributors to the LGPS fund</li> <li>▪ Pension Fund bank account checked monthly</li> <li>▪ Register of interests completed at all board meetings</li> </ul>			<p><b>Further Actions 2018</b></p> <ul style="list-style-type: none"> <li>• LPP to investigate the cost/use of ATMOS – a mortality screening application.</li> <li>• To Review the usage of external agencies for overseas payments</li> </ul>

Acronyms

CIPFA	Chartered Institute of Public Finance and Accountancy
DWP	Department for Work and Pensions
GAD	Government Actuary’s Department
ICT	Information and Communications Technology
LCIV	London Collective Investment Vehicle
LGPS	Local Government Pension Scheme
LPB	Local Pension Board
MHCLG	Ministry of Housing, Communities and Local Government
PFM	Pension Fund Manager – Finance – Debbie Ford
CMO	Contract Monitoring Officer/Scheme Manager – Caroline Berry

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**Local Pension Board**

**1<sup>st</sup> October 2019**

**Subject Heading:**

**LGPS Code of Transparency**

**SLT Lead:**

Jane West,

**Report Author and contact details:**

*Lillian Thomas, Pensions Accountant  
Email:Lillian.Thomas@havering.gov.uk  
Tel:01708 431057*

**Policy context:**

*To Note the Havering Pension Fund Managers compliance with the code of Transparency.*

**Financial summary:**

*No immediate direct cost implications*

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

**SUMMARY**

The Local Pension Board is notified of the Local Government Pension Scheme (LGPS) Code of Transparency and Havering's Fund Managers compliance against the code.

**RECOMMENDATIONS**

The report is to notify members of the Local Pension Board of the LGPS Code of Transparency and compliance system and to update them on the number of Havering's Fund Managers that have signed up to the code (Appendix A refers).

**REPORT DETAIL**

**1. Background**

- 1.1. The move toward investment fee transparency and consistency is seen by the SAB as an important factor in the perception that LGPS is a value led and innovative scheme.
- 1.2. A voluntary Code of Transparency into investments management fees and costs was developed and approved by the Scheme Advisory Board (SAB) and launched in May 2017. Its purpose is to assist the LGPS in obtaining data required to report costs on a transparent basis.
- 1.3. The Financial Conduct Authority (FCA) launched the International Disclosure Working Group as part of the remedies package designed as a result of their asset management market study and noted the success of the LGPS code.
- 1.4. In order to see a more consistent and standardised disclosure of costs and charges for institutional investors, the FCA thought that a standardised disclosure template would provide institutional investors with a clearer understanding of the costs and charges for a given fund or mandate. This would allow investors to compare charges between providers and give them a clear expectation of the disclosure they can expect.
- 1.5. Fund Managers to the LGPS are being encouraged to sign up to this voluntary code and as at April 2019, there were over 110 signatories. Nine out of the eleven funds within Havering have confirmed they are Transparency compliant and 2 have yet to respond to our emails. (See Appendix A).

## **2 Code of Transparency Compliance and Reporting System**

- 2.1 Compliance with the Code will require managers to complete and submit the Template (See Appendix B) without request to their LGPS clients whether that be individual funds or pooled entities.
- 2.2 Since the introduction of the templates the SAB has appointed Byhiras to develop and host the Compliance and Reporting System. Once live in Q1 2020 the system will:
- Enable managers to evidence compliance with the Code via a single on line portal
  - Enable the uploading of template data in LGPS,CTI,CTI machine readable and ILPA formats
  - Provide LGPS clients with a range of reporting and comparison tools
  - Link to new CIPFA reporting formats
  - Provide facilities for LGPS pool companies as both received and provider of templates
  - In specifying the system the SAB has placed great emphasis on security and confidentiality. The template data held within the compliance system will be separate from any other database held by the service provider and cannot be shared by the service provider with any third parties for any purpose.

### **IMPLICATIONS AND RISKS**

#### **Financial implications and risks:**

It is common practice in pooled funds for fund management fees to be charged directly to the fund and deducted from the Net Asset Value, effectively through the redemption of units in the fund.

The value of the pooled fund is then reported at the end of the reporting period net of the units redeemed.

In such cases, the level of fees may not be readily identifiable and this lack of transparency has resulted in some funds failing to account for these fees in the correct manner.

If the fees are not extracted, the change in value of the fund, the reported disposals in the fund and the fund management fees are all understated.

As a result of the introduction of the Code of transparency and the completion of the transparency template, management costs are more easily identifiable. During the preparation of the accounts for 2018/19 this has resulted in an increased disclosure of management fees in the Pension Fund Accounts

The investment fees are reflected in the increase to the change in market value and the net effect on the Fund Account and the net asset statements is nil.

**Legal implications and risks:**

As this report is for information only there are no direct legal implications for the Pension Board to consider

**Human Resources implications and risks:**

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would directly, or indirectly, affect either the Council or its workforce.

**Equalities implications and risks:**

There are no equality implications regarding this report

Appendix A

Fund Manager		Transparency Compliance (Voluntary)
LCIV Baillie Gifford Global Alpha		Transparency Compliant
LCIV Baillie Gifford DGF		Transparency Compliant
LCIV Ruffer		only transparency compliant from 1st jan 19
UBS		Transparency Compliant
GMO		Transparency Compliant
Stafford		EMAILED 28.08.19 responded 11.09.19 - not yet compliant - discussions taking place
JP Morgan		Transparency Compliant
Churchill		EMAILED 28.08.19
CRBE		Transparency Compliant
LGIM		Transparency Compliant
Royal London		Transparency Compliant

as at 11/09/19

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<b>NOTES FOR COMPLETING THE COST COLLECTION TEMPLATES</b>	
<b>SEGREGATED MANDATE COST COLLECTION TEMPLATE</b>	
1	The <b>segregated mandate cost collection template</b> should be used for any segregated portfolio management mandate. It will include costs associated with holdings in any pooled funds selected by the asset manager.
2	The report will normally cover a <b>period of one year</b> ending on a date agreed with the client.
3	According to the GIPS Handbook "the <b>gross-of-fees return</b> is defined as the return on investments reduced by any trading expenses. Returns should be calculated net of non-reclaimable withholding taxes on dividends, interest, and capital gains. Reclaimable withholding taxes should be accrued. Because the gross-of-fees return includes only the return on investments and the associated trading expenses, it is the best measure of the firm's investment management ability and can be thought of as the 'investment return'." .... "These costs must be included because they must be incurred in order to implement the investment strategy."
4	According to the GIPS Handbook "the <b>net-of-fees return</b> is defined to be the gross-of-fees return reduced by the investment management fees incurred, which includes performance-based fees and carried interest. It is important to recognize that the net-of-fees return consists of two distinct components: the gross-of-fees return and the impact of the investment management fee."
5	<b>Investment returns</b> should be shown as annualised percentages.
6	<b>Investment activity</b> is included to give context to transaction costs. Figures are not given for derivatives and foreign exchange because there is no consideration paid when entering into a contract and their contribution to the value of the portfolio is the accrued profit or loss at the reporting date. The asset classes shown are the minimum required level of analysis. Each class can be sub-divided further where, in the opinion of the manager, this will provide more meaningful information.
7	<b>Total opening and closing assets</b> is the sum of all assets and liabilities including cash and accruals. Therefore it is not equal to the sum of the amounts invested in each of the specified asset classes.
8	<b>Turnover</b> is calculated as the lesser of purchases or sales divided by average assets over the period. Taking the lesser figure mitigates the effect of net inflows or outflows.
9	<b>Management fees</b> comprises all income derived by the manager and associates.
10	<b>Payments for research</b> are payments made from the client's assets to fund a Research Payment Account but excludes the research element of any bundled commission payment to a broker, which is included in transaction costs in accordance with 13 below. This item will be applicable only once MiFID II comes into effect on 3 January
11	<b>Indirect fees</b> comprise all payments deducted from the net asset values of any pooled funds held as part of the portfolio. The figure used should be the figure most recently published by the pooled fund although it is not necessary for the pooled fund to recalculate these figures for the period referred to in item 2 above. The pooled funds' costs can be assumed to emerge evenly throughout the year and may be pro-rated according to the value of the holding. Payments realised by cashing in clients' units in a pooled fund should also be included here.
12	<b>Transaction taxes</b> include stamp duty and any other financial transaction taxes.
13	<b>Broker commissions</b> comprises bundled payments for research and execution. However, when MiFID II comes into effect on 3 January 2018 it will not be permissible to pay for research using commissions generated in proportion to dealing volumes. From that date any research paid for by a client will be reported in accordance with item 10 above. Other levies, such as <b>exchange fees, settlement fees and clearing fees</b> are normally covered by broker commissions but if they are billed separately such amounts should be added to the broker commissions
14	<b>Implicit costs</b> represent the loss of value implied by the difference between the actual transaction price and the mid-market value of the asset. At the time of going to press the precise methodologies are being deliberated by regulators and it is not clear that a one-size-fits-all approach will be possible. Until such time as regulators finalise the methodologies, it is recommended that firms may calculate implicit costs by reference to appropriate measures of market spread and portfolio turnover.
15	<b>Entry/exit charges</b> may arise when a holding in a pooled fund is bought or sold. The amount reported should be the actual amount incurred for each transaction and should include any dilution levies made in addition to the price and any amounts representing the difference between the transaction price and the net asset value per unit calculated by reference to the mid-market portfolio valuation.

16	<b>Indirect transaction costs</b> are transaction costs incurred within pooled funds when they buy and sell their underlying investments. The figure used should be the figure most recently published by the pooled fund although it is not necessary for the pooled fund to recalculate these figures for the period referred to in item 2 above. The pooled funds' costs can be assumed to emerge evenly throughout the year and may be pro-rated according to the
17	<b>Other transaction costs</b> are items not included in any other category of transaction cost. For example, for real estate, this might include legal and valuation fees in respect of transactions, expenditure on repairs and maintenance, costs incurred in relation to aborted transactions and letting and lease renewal fees.
18	<b>Securities lending</b> generates an additional revenue stream for the client. Revenues are normally shared by the client and the asset manager or their appointed lending agent. The disclosure should enable the client to understand the total revenue generated and the proportion of the total they actually receive. The beneficiaries of the revenue sharing arrangements should be identified. Where lending arrangements exist between the client and custodian with no involvement of the manager, any reporting should be provided to the client directly by the custodian without involving the manager.
19	<b>Custody charges</b> and any other ancillary services should be disclosed only where the asset manager provides them or arranges them on behalf of the client. Where the client makes their own arrangements the service provider should account for their charges directly to the client.
<b>POOLED FUND COST COLLECTION TEMPLATE</b>	
1	The <b>pooled fund cost collection template</b> should be used when the client invests directly in the units of a pooled
2	The report will normally cover a <b>period of one year</b> , this being the annual reporting period of the pooled fund. It is not necessary to tailor the report to the client's reporting period.
3	<b>Investment return</b> should be reported net of all charges and costs. Where charges are invoiced outside the pooled fund or are realised by cashing in clients' units in a pooled fund the unit performance record should be adjusted to take account of these charges.
4	<b>Investment returns</b> should be shown as annualised percentages for the share class concerned.
5	<b>Investment activity</b> is included to give context to transaction costs. This information should be given for the fund as a whole and not for individual share classes. Figures are not given for derivatives and foreign exchange because there is no consideration paid when entering into a contract and their contribution to the value of the portfolio is the accrued profit or loss at the reporting date. The asset classes shown are the minimum required level of analysis. Each class can be sub-divided further where, in the opinion of the manager, this will provide more
6	<b>Total opening and closing assets</b> is the sum of all assets and liabilities including cash and accruals. Therefore it is not equal to the sum of the amounts invested in each of the specified asset classes.
7	<b>Turnover</b> is calculated as the lesser of purchases or sales divided by average assets over the period. Taking the lesser figure mitigates the effect of net inflows or outflows.
8	<b>Management fees</b> comprise all income derived by the manager and associates that is invoiced to the client and not deducted from the value of the pooled fund itself. Payments realised by cashing in clients' units in a pooled fund should also be included here. The figure given should be shown net of any rebates, including rebates in respect of the ongoing charges deducted from the pooled fund.
9	The <b>charges and costs</b> figures will be percentages for the share class in question and do not represent the actual experience of a particular client. Clients will be able to apply these percentages to their own holdings records to calculate the monetary amounts of costs incurred. It is for the client to determine their own average holding value for their period of account.
10	<b>Manager's fees</b> comprise all income derived by the manager and associates, except for a performance fee which is disclosed in accordance with 13 below.
11	<b>Other fees</b> comprise all payments made to parties providing services to the pooled fund other than the manager such as, but not limited to, the depositary, custodian, auditor, property related expenses to the extent these are not included in transaction costs in accordance with 14 below and any other fees or levies deducted from the
12	<b>Indirect fees</b> comprise all charges deducted from the net asset values of underlying holdings of other pooled funds such as, but not limited to, funds of funds structures.
13	<b>Performance fees</b> should be the amount incurred for the reporting period of the pooled fund.
14	<b>Transaction costs</b> should be calculated in the same way as for the segregated mandate template and expressed as a percentage of the average net asset value over the period.

15	<b>Anti-dilution offsets</b> should be the amounts collected in the period from dilution levies and dilution adjustments (in the case of swinging prices) or the equivalent amounts in relation to the issue and cancellation prices of dual
16	<b>Securities lending</b> should be disclosed consistently with the segregated mandate template.

# SEGREGATED MANDATE COST COLLECTION TEMPLATE

For use with segregated portfolio management mandates

All figures are monetary amounts unless specified

<b>Asset Manager</b>				
<b>Portfolio name</b>				
<b>Period of report</b>	Start:		End:	
<b>Currency of report</b>	GBP			

<b>Investment return</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>	<b>Since formation</b>
Gross return (% pa)					
Net return (% pa)					

<b>Investment activity</b>	<b>Total</b>	<b>Equity</b>	<b>Bonds</b>	<b>Property</b>	<b>Pooled funds</b>	<b>Other (specify)</b>
Opening assets						
Closing assets						
Purchases	0					
Sales	0					
Turnover (% pa)	%					

<b>Management fees</b>	<b>Total</b>
Invoiced fees (less rebates)	
VAT (if applicable)	
Payments for research	
Other charges (specify)	
Performance fees	
<b>Total</b>	<b>0</b>

<b>Indirect fees</b>	
Fees paid from NAV of pooled funds	

<b>Transaction costs</b>	<b>Total</b>	<b>Equity</b>	<b>Bonds</b>	<b>Property</b>	<b>Pooled funds</b>	<b>Derivatives</b>	<b>Foreign exchange</b>	<b>Other (specify)</b>
Transaction taxes	0							
Broker commission	0							
Implicit costs	0							
Entry/exit charges	0							
Indirect transaction costs	0							
Other transaction costs (specify)	0							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Transaction costs per value traded

<b>Stock lending (if applicable)</b>		
Value of stock on loan		%
Gross income		
Less: income shared (name recipients)		%
Income retained by client	<b>0</b>	%

<b>Ancillary services (if provided by manager)</b>	
Custody charges	
Collateral management	
Other (specify)	
<b>Total</b>	<b>0</b>

**POOLED FUND COST COLLECTION TEMPLATE**

*For use with investments in pooled funds*

*All figures in % of average NAV pa unless specified*

<b>Fund Manager</b>	
<b>Fund name</b>	
<b>Share class name</b>	
<b>Date of report</b>	
<b>Currency of report</b>	GBP

<b>Investment return (% pa)</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>	<b>Since formation</b>
Net return					

<b>Investment activity (GBP unless specified)</b>	<b>Total</b>	<b>Equity</b>	<b>Bonds</b>	<b>Property</b>	<b>Pooled funds</b>	<b>Other (specify)</b>
Opening assets						
Closing assets						
Purchases	0					
Sales	0					
Turnover (% pa)	%					

<b>Management fees</b>	<b>Total (GBP)</b>
Invoiced fees (less any rebates)	
VAT (if applicable)	
<b>Total</b>	<b>0</b>

**Client-specific data** **Client (GBP)** *To be completed by the investing client in order to calculate client-specific amounts*

<b>Ongoing charges</b>	<b>Client (GBP)</b>	<b>Total</b>
Manager's fees		
Other fees		
Indirect fees		
<b>Total ongoing charges figure</b>	<b>0</b>	<b>0.00%</b>

<b>Performance fees</b>	<b>Client (GBP)</b>	<b>Total</b>
Performance fees	<b>0</b>	

<b>Transaction costs</b>	<b>Client (GBP)</b>	<b>Total</b>	<b>Equity</b>	<b>Bonds</b>	<b>Property</b>	<b>Pooled funds</b>	<b>Derivatives</b>	<b>Foreign exchange</b>	<b>Other (specify)</b>
Transaction taxes		0.00%							
Broker commission		0.00%							
Implicit costs		0.00%							
Entry/exit charges		0.00%							
Indirect transaction costs		0.00%							
Other transaction costs (specify)		0.00%							
Anti-dilution offset		-0.01%							
<b>Total transaction costs</b>	<b>0</b>	<b>-0.01%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

<b>Stock lending (if applicable)</b>	<b>Total</b>	
Value of stock on loan		%
Gross income		
Less: income shared (name recipients)		%
Income retained by pooled fund	<b>0</b>	%

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## **LOCAL PENSION BOARD WORK PLAN 2019/20 AND 2020/21**

**Agreed at AGM: 5<sup>th</sup> June 2019**

The role of the Local Pension Board is to assist the scheme manager in ensuring that the scheme complies with legislation relating to its governance and administration and helping to ensure that the scheme is well managed.

In order to achieve this goal the board will set a forward work plan and prioritise the areas that will be investigated over the next 18/24 months.

1. To ensure that the pension regulator and scheme advisory board compliance checklist has been completed and is reviewed regularly.
2. To ensure that a process is in place to make any items that have been identified as being non-compliant or partially compliant from the pension regulator and scheme advisory board compliance checklist are made fully compliant within agreed and acceptable timescales. Any items that cannot be made fully compliant are added to the risk register with a clear explanation as to the reasons why.
3. To request that the scheme manager provide evidence that the Administering Authority is meeting the pension regulators requirements in any areas that we require further assurance.
4. To regularly review the key performance indicators and statistical information relating to the administration of the scheme and ensure an action plan is in place for indicators that are not meeting the agreed target.
5. To ensure that investment managers disclose all their fees and charges and are progressing towards the local government pension scheme code of transparency.
6. To monitor progress of service transition of Pensions Administration to Local Pensions Partnership (LPP) and ensure that any changes to scheme administration are well planned and documented.
7. To ensure that the scheme manager fully plans for any new legislation and we are compliant with all aspects of any new legislation.
8. Report regularly to the pensions committee on the work of the pension board and ensure that there is good communication between the two boards.

The Work Plan will be a live document and subject to change as necessary with a formal review at least every two years.

## **Local Pension Board - Meeting protocols**

In order for the board meeting to run as efficiently as possible the following protocols will be adhered to:

- Chair to ask board members for any agenda items three weeks before meeting.
- Agenda and all papers for board meeting to be issued two weeks in advance of the meeting for pre-reading.
- Email exchanges between board members and officers to clarify and resolve any issues before meeting.
- One page action plan list and draft minutes to be circulated one week after board meeting.
- Key performance indicators to be a standard item on all agendas.