

PENSIONS COMMITTEE

Subject Heading:

The Pensions Regulator In Depth
Engagement Update

SLT Lead:

Jane West

Report Author and contact details:

Caroline Berry
01708 432185
Caroline.berry@onesource.co.uk

Policy context:

Local Government Pension Scheme
Regulations 2013 and Public Service
Pensions (Record Keeping and
Miscellaneous Amendments) Regulations
2014

Financial summary:

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.

tPR Recommendation	LBH Action
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.