



City of Westminster

Committee Agenda

Title:

Pension Board

Meeting Date:

Thursday 6th July, 2017

Time:

7.00 pm

Venue:

Rooms 3.6 and 3.7, 3rd Floor, 5 Strand, London WC2 5HR

Members:

Councillors:

Angela Harvey (Vice-Chairman)
Adnan Mohammed

Employer Representative:

Marie Holmes

Scheme Member Representatives:

Dr Norman Perry (Chairman)
Susan Manning
Christopher Smith

Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Toby Howes, Senior Committee and Governance Officer.

**Tel: 020 7641 8470; Email: thowes@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations by Members and Officers of the existence and nature of any personal and prejudicial interests in matters on this agenda.

3. MINUTES

To approve the Minutes of the Pension Board meeting held on 9 May 2017.

(Pages 1 - 8)

4. SCHEME ADVISORY BOARD SURVEY ON LOCAL PENSION BOARDS

Report of the City Treasurer.

(Pages 9 - 14)

5. WEBSITE REVIEW

Report of the City Treasurer.

(Pages 15 - 34)

6. MEMBERS' PERSPECTIVE OF THE PENSION FUND ADMINISTRATION

Report of the Director of People Services.

(Pages 35 - 40)

7. REVIEW OF THE FUNDING STRATEGY STATEMENT

Report of the City Treasurer.

(Pages 41 - 62)

8. RISK REGISTER AND FORWARD PLAN

Report of the City Treasurer.

(Pages 63 - 86)

9. PENSIONS ADMINISTRATION KEY PERFORMANCE INDICATORS

Report of the Director of People Services.

(Pages 87 - 92)

10. TPR CODE COMPLIANCE

Report of the City Treasurer.

(Pages 93 -
112)

11. ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

**Charlie Parker
Chief Executive
28 June 2017**

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CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** held on **Tuesday 9th May, 2017**, Room 11 - 17th Floor, Westminster City Hall, 64 Victoria Street, London SW1E 6QP.

Members Present: Dr Norman Perry (Chairman and Scheme Member Representative), Councillor Angela Harvey (Vice-Chairman and Scheme Member Representative), Marie Holmes (Employer Representative), Susan Manning (Scheme Member Representative) and Christopher Smith (Scheme Member Representative).

Officers Present: Peter Carpenter (Interim Tri-Borough Director of Treasury and Pensions), Nikki Parsons (Pension Fund Officer), Lee Witham (Director of People Services), Sarah Hay (Pensions and Payroll Adviser) and Toby Howes (Senior Committee and Governance Officer).

Apology for Absence: Councillor Adnan Mohammed.

1 MEMBERSHIP/APPOINTMENT OF CHAIRMAN AND VICE CHAIRMAN

1.1 RESOLVED:

That Dr Norman Perry (Scheme Member Representative) be elected Chairman and Councillor Angela Harvey (Employer Representative) be elected Vice Chairman respectively for the meeting and for the municipal year 2017-2018.

1.2 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 Christopher Smith (Scheme Member Representative) declared that he was the Branch Secretary of Unison and had the interests of staff as a whole, however he did not consider this a prejudicial interest and remained present to consider all items on the agenda.

3 MINUTES

3.1 RESOLVED:

That the Minutes of the meeting held on 6 March 2017 be signed by the Chairman as a correct record of proceedings.

- 3.2 Members sought further clarification in respect of academies that were now classified as scheduled bodies, meaning their valuation periods would be extended beyond seven years. In reply, Peter Carpenter (Interim Tri-Borough Director of Treasury and Pensions) advised that the Directors of Finance present at the latest meeting of the London Collective Investment Vehicle (CIV) had advised that there would be a statement in respect of academies in June.

4 MINUTES OF PENSION FUND COMMITTEE

- 4.1 It was noted that the Minutes of the Pension Fund Committee meeting held on 21 March would be circulated separately.

5 REVIEW OF THE INVESTMENT STRATEGY STATEMENT

- 5.1 Peter Carpenter (Interim Tri-Borough Director of Treasury and Pensions) presented the report and stated that the Investment Strategy Statement (ISS) was one of the areas that had been identified by the Board to be scrutinised. Peter Carpenter advised that the ISS, which set out the Council's policy on ethical, social and corporate governance issues for both its own investments and those being managed through the London CIV, had replaced the Statement of Investment Principles. A draft ISS had been provided by the Pension Fund's actuary and the same draft had been issued to the other tri-boroughs, who also used the same actuary, to ensure standardisation. Members noted that around 70% of the Fund's assets would be under the CIV by the end of June.
- 5.2 Peter Carpenter advised that the advantages of having assets under the London CIV included the ability of the CIV to monitor assets on a daily basis, as well as having more resources to look at governance and voting issues. Peter Carpenter stated that every effort was being made to ensure that all 33 local authority members were in agreement in working closely together, and Westminster, as well as other boroughs such as Wandsworth, were well advanced in transferring assets to the CIV. There was a concern that the Government would want to use Funds for infrastructure in future and so it was important that the local authorities within the CIV worked closely together to enhance the level of engagement with both external managers and the underlying companies in which the CIV invests.
- 5.3 During Members' discussions, further information was asked in respect of the London CIV increasing its number of staff. A Member referred to voting rights being delegated to the CIV and commented that there may be some instances where this could potentially work against the interest of the Westminster Fund, such as determining the salary of a CIV Executive Director. He also asked

how and when CIV voting would be reported back to the Pension Fund Committee and the Board. Members enquired when CIV reports would be made available to the Pension Fund Committee and the Board.

- 5.4 Members then considered the ISS. It was asked when the £178m of assets already transferred from the Fund to the CIV had taken place. Questions were raised as to whether it was appropriate that the Pension Fund Committee delegates social, environmental and ethical policy to the investment managers. It was also queried whether it was prudent to incorporate a report on voting activity as part of the Pension Fund annual report. Another Member commented that it was desirable as it provided transparency.
- 5.5 In reply to issues raised by Members, Peter Carpenter advised that the London CIV was making active attempts to recruit additional staff, including placing advertisements with London Councils. Each participating London borough would be contributing an additional £75k to the CIV this year. Members were informed that all of the Westminster Fund's equities assets would be under the CIV and this was the case for the other two tri-boroughs. Peter Carpenter advised that the Council retained the right of veto for instance in voting for a fund manager and had the power to terminate the agreement with a fund manager if it felt necessary to do so. However, overall the Fund would be stronger under the CIV and the Council rarely voted against CIV motions. Peter Carpenter advised that the Board would be receiving some CIV reports on the performance of assets and also in respect of voting and environmental, social and governance issues in future.
- 5.6 Peter Carpenter undertook to confirm when £178m of assets was transferred from the Fund to the CIV. Peter Carpenter advised that it had been the Fund's policy to delegate social, environmental and ethical policy to the investment managers in the last few years and that this only applied to assets in the Westminster Fund and not those in the CIV. A breakdown of individual votes would be included in the Pension Fund annual report.
- 5.7 Members then considered the ISS and suggested some amendments as set out below:
- Page 1 of the ISS, section 1.3, 4th line, add "and guarantors of other scheme employers" be added after "council tax payers"
 - Page 4, section 2.4, third paragraph, 1st line, replace "takes the view" with "seeks to ensure" and replace "in" with "are" in the 2nd line
 - Page 6, section 4.9, 3rd line, replace "contributions" with "liabilities"
 - Page 7, section 6.1, last line, add "the London CIV's" before "principles."
- 5.8 The Chairman emphasised the importance of both the Pension Fund Committee and the Board in keeping a close eye on ensuring that the external investment managers were undertaking appropriate monitoring of investments, including in respect of environmental, social and governance issues. He requested that a report providing an update on the ISS be presented at a future meeting.

6 RISK REGISTER REVIEW - FOCUSING ON RISK 25

- 6.1 Peter Carpenter presented the report that focused on Risk 25, “BT unable to provide monthly or end of year interface files in a format suitable for Surrey County Council (SCC) to update service records and undertake day to day operations. Inaccuracies in service records held on the pensions administration system may impact on the triennial funding valuation at March 2016 and notifications to starters and leavers”, that had been requested at the last Board meeting. Members noted that this issue had also been discussed at the last Pension Fund Committee meeting on 21 March, where Board Members had also been present, and an eight stage plan had been put in place following this discussion. Every effort was being made to ensure that the interface would work correctly and accurately.
- 6.2 Lee Witham (Director of People Services) advised that BT were not meeting a number of deadlines set to resolve the issues. He stated that Sarah Hay (Pensions and Payroll Adviser) and People Services colleagues had visited the BT office in April to review actions being taken and had made some suggestions to BT.
- 6.3 During Members’ discussions, it was asked whether the P60s were correct and it was emphasised that every effort should be made to ensure that the pension payments were correct. Members sought clarification as to whether the problems were mainly attributable to BT and what steps were being taken with regard to those who had been due to draw their pensions whilst the interface was in the process of being put in place. The Board enquired whether first pension payments were still being made late. Members commented that it was difficult to track whether scheme members were being paid the correct amount. In respect of other organisations that were Fund members, it was asked if they were experiencing similar problems, including inaccurate Annual Benefit Statements.
- 6.4 Members commented that aspects of the pension scheme that were running well should be communicated to scheme members and the Board also expressed interest in hearing of the experiences of admitted bodies in the Fund. Members expressed their appreciation for the efforts undertaken by People Services to address the issues. It was remarked that pensions in respect of teaching assistants could become an issue, as some performed more than one role at their school and they may also be receiving various allowances which could complicate calculating their pensions. It was also possible that data for some teaching assistants would be lacking.
- 6.5 In reply to the issues raised, Lee Witham advised that although there were inaccuracies with P60s in previous years, they were now correct. In respect of those due to receive their first pension payments, he advised that People Services were completing leavers’ forms to ensure accuracy. Members heard that a number of issues raised were relatively minor, however a lot of attention had been drawn to the problems experienced. Lee Witham stated that it was intended to proactively seek the views of scheme members and for them to share their pension administration experiences. He also advised that other

organisations within the Fund had not experienced the same problems as the Council because they did not use BT as their payroll provider.

- 6.6 Sarah Hay added that the data of scheme members of other organisations was generally accurate, although there had been a couple of end of year return issues. Some payroll providers had not been quick in responding to requests for data, but this was not a large concern. Sarah Hay also informed the Board that People Services had provided training on pension matters and completion of forms to CityWest Homes.
- 6.7 Peter Carpenter advised that an additional 10,000 issues had been raised when the Royal Borough of Kensington and Chelsea (RKBC) and the London Borough of Hammersmith and Fulham (LBHF) had joined the SCC pension administration service agreement. Generally, the main cause of the problems had been BT's inability to produce an appropriate interface to collect accurate data. Peter Carpenter also emphasised the importance of problems being reported as otherwise they would not be corrected.

7 MONITORING OF DATA TO SURREY COUNTY COUNCIL

- 7.1 Lee Witham presented the report and confirmed that SCC was now providing monthly key performance indicators (KPIs). He advised that as of March 2017, five KPIs remained rated as 'red', however three of these were improving and moving in the right direction. Similarly, three of the four 'amber' rated KPIs were also improving. In terms of retirement options issued to scheme members, performance had improved to a rate of 89%, whilst performance for deferred benefits and payment of lump sum had also both improved. Lee Witham stated that this indicated that the measures put in place and the work undertaken were beginning to show results, although there was still further progress to be made.
- 7.2 Sarah Hay added that SCC's East Sussex Team were dealing with a number of Westminster Fund cases and they were able to respond more quickly as they were not dealing with RBKC and LBHF cases.
- 7.3 Members asked what key concerns remained in respect of performance and had communication between SCC and BT improved since officers had visited SCC. The Board also asked what timeline was in place by which all issues would be resolved.
- 7.4 In reply, Lee Witham explained that although the overall trend was positive, concerns remained in respect of the data being provided by BT and there was a pressing need for them to put in place the appropriate interface. In respect of BT's performance, he stressed that it was the Council's duty to hold them to account, although improved communications between SCC and BT was welcomed. BT had estimated that the data for the BT interfaces would be ready for use by 5 May and there would be a meeting on 2 May to confirm this. Officers were dubious as to whether BT would meet this commitment. Peter Carpenter added that it was hoped to have all issues largely resolved before the next Pensions Annual General Meeting.

- 7.5 Sarah Hay stated that SCC was making considerable efforts to resolve issues. It was anticipated that the end of year returns for 2015-16 would be finalised in the week commencing 15 May, whilst 2016-17 data was being moved onto the interface and it was anticipated that this would be completed by the end of June.
- 7.6 The Chairman thanked officers for their efforts to resolve the issues and noted that the Board would continue to receive updates on pension administration performance.

8 MEMBERS' PERSPECTIVE OF THE PENSION FUND ADMINISTRATION

- 8.1 Lee Witham introduced the report that had been produced following a request by the Pension Fund Committee on 21 March to update the Board on proposals to engage with scheme members. The report proposed that a survey be sent to all of the Fund's employers to distribute to their staff. It was also proposed that Surrey County Council include the link to the online survey in correspondence to retired staff and any other general correspondence. Lee Witham then welcomed the Board's views and suggestions on the proposals.
- 8.2 The Chairman stated that he had spoken to the Chairman of the Pension Fund Committee and it had been suggested that the Board could act as the 'eyes and ears' of the Fund, passing on views and comments from both active and retired scheme members. He suggested that a draft survey be circulated to Members for them to consider and make any suggestions. The Board agreed to the Chairman's suggestion that the survey should be flagged as being undertaken on behalf of the Board.
- 8.3 Members then made a number of suggestions about the proposed survey. Members felt that the survey should contain around five questions and that SCC could send the survey out to all leavers. Both retired and active members could also be written to and the survey could be promoted at the Pensions Annual General Meeting. It was noted that the Chairman of the Pension Fund Committee was willing to invest in communications to scheme members. Survey Monkey could also be used to obtain the views of scheme members. Members commented that the survey offered the opportunity to publicise the Pension Fund website. It was also suggested that research could be undertaken as to how the larger Funds communicated with their scheme members.
- 8.4 In response to Members' suggestions, Lee Witham commented that the survey could also include an introduction about the Board. Peter Carpenter agreed to look into what some of the larger funds did to communicate with their scheme members and he added that he would also approach the Pensions and Lifetime Savings Association.
- 8.5 Members then agreed that the survey be sent to active members initially and then a further report be provided at a future meeting outlining the next steps.

9 FUTURE WORK PLAN

- 9.1 The Chairman informed Members that he had been in discussions with the Chairman of the Pension Fund Committee concerning allocation of work between the two bodies, and agreement had been reached on areas the Board could focus on and he sought Members' views on this.
- 9.2 Peter Carpenter then informed Members of the areas of work agreed, including the Funding Strategy Statement (FFS), the Administration Strategy, the Admissions Policy, relations with the London CIV, compliance with the Pensions Regulator and the Scheme Advisory Board, the Board's role as the 'eyes and ears' of scheme members' experiences and the Pension Fund website. With regard to the website, research could be undertaken as to how it was used and how many hits it received.
- 9.3 Members acknowledged that scheme members needed to be prompted to use the Pension Fund website. It was suggested that the Pensions Annual General Meeting should also be promoted more and scheme members could be encouraged to attend by highlighting the opportunity to meet old colleagues and refreshments could also be provided. Marie Holmes (Employer Representative) and Susan Manning (Scheme Member Representative) indicated that their organisations could host the Pensions Annual General Meeting. Christopher Smith informed Members that he would circulate information on what the Scheme Advisory Board do to them. Members commented that legal compliance was one aspect Members could focus on, and the Board was to develop its "eyes and ears" function. Future areas of work could include addressing any concerns as pooling of assets to the London CIV continued, including governance issues. Members also enquired what work was being undertaken in respect of auto-enrolment and re-enrolment.
- 9.4 In reply to Members' comments, Peter Carpenter advised that the Admissions Policy and the promotion of scheme membership covered auto-enrolment and re-enrolment.
- 9.5 Members agreed that the FSS, scheme members' experiences and the Pension Fund website be considered at the next meeting.

9.6 RESOLVED:

That the contents of the paper and the verbal update be noted.

10 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

- 10.1 There was no other business to consider.

The Meeting ended at 8.35 pm.

CHAIRMAN: _____

DATE _____



City of Westminster

Pension Board

Date:	6 July 2017
Classification:	General Release
Title:	SCHEME ADVISORY BOARD SURVEY OF LGPS LOCAL PENSION BOARDS
Report of:	Steven Mair <i>City Treasurer</i>
Wards Involved:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1 Executive Summary

- 1.1 After two years of operation, the Scheme Advisory Board is conducting a survey of Local Government Pension Schemes to elicit their views on the implementation of Local Pension Boards.
- 1.2 This questionnaire, which is to be returned by mid July, sets out a series of pre-defined questions around Compliance and Administration, and Operation and Working Relationships for completion.
- 1.3 The Pension Board are asked for their views on the Survey to aid completion within the deadlines.

2 Recommendation

- 2.1 That the Board review the document (and the proposed responses) before return to the Scheme Advisory Body.

3 Background

The Legislation

- 3.1 Local Pension Boards were established under the 2013 Pensions Act. Each pension administering authority is required to establish a Board to assist with the effective and efficient governance and administration of the scheme. The Board is also tasked with ensuring compliance with the various legislative requirements and those of the pension's regulator, and this adds to the already well developed governance structure which underpins the Westminster pension scheme.
- 3.2 The Westminster Pension Board held its first meeting on 27th July 2015.
- 3.3 The Local Government Scheme Advisory Board has now issued a survey, which requires a response by mid July around views on the implementation of Local Pension Boards, their Compliance and Administration, and their Operation and Working Relationship.
- 3.4 The Local Government Pension Scheme Advisory Board is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113.
- 3.5 The purpose of the Board is to both reactive and proactive. It will seek to encourage best practice, increase transparency and coordinate technical and standards issues
- 3.6 It will consider items passed to it from the Department of Communities and Local Government ("DCLG"), the Board's sub-committees and other stakeholders as well as items formulated within the Board. Recommendations may be passed to the DCLG or other bodies. It is also likely that it will have a liaison role with the Pensions Regulator. Guidance and standards may be formulated for local scheme managers and pension boards
- 3.7 Regulation 106 of the Local Government Pension Scheme Regulations 2013 required LGPS administering authorities to establish local pension boards by 1st April 2015 to assist them in the effective administration and governance of the Scheme.
- 3.8 Given the passage of time since the establishment of local pension boards, the Scheme Advisory Board considers that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of local pension boards and interaction with their administering authority
- 3.9 The Survey consists of 40 Questions:

- 22 of the questions require Yes/No/Don't Know responses
- 4 of the questions have a wider set of alternatives
- The remainder of the questions require a "Fund Specific" response.

3.10 The draft response in Appendix 1 has been prepared by the Chair of the Westminster Pension Board, and is offered to the Board for discussion and Agreement, prior to being shared with the Chair of the Pension Fund Committee.

4. IMPLICATIONS FOR THE PENSION BOARD

4.1 The Board are requested to review and agree the draft response set out in Appendix 1 to the questionnaire in order for a consolidated version to be shared with the Chair of the Pension Fund Committee.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Pete Carpenter pcarpenter@westminster.gov.uk or 020 7641 2832

BACKGROUND PAPERS:

Scheme Advisory Board Questionnaire

Appendix 1 - SCHEME ADVISORY BOARD SURVEY OF LGPS LOCAL PENSION BOARDS

	Question	Alternatives	Response
1	When did the Board first meet?	(insert date DD/MM/Year)*	27 July 2015
2	How often a year is the Board required to meet?*		At Least twice a year, but has met 4 times a year since inception, mirroring the same frequency as the Pension Fund Committee.
3	How many meetings have been held to date?*		8
4	What is the number of employer representatives on the Board?*		3
5	What is the number of employee representatives on the Board?*		3
6	How was the Chair of the Board Appointed?	<ul style="list-style-type: none"> • Selected by the Scheme Manager • Selected by Board members • Recruited after competition • Other 	Appointed by the Board
7	Is the Chair of the Board remunerated?	<ul style="list-style-type: none"> • Yes • No • Don't 	No
8	Are any other members of the Board remunerated?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
9	Are expenses paid to Board members?	<ul style="list-style-type: none"> • Yes No Don't know • No • Don't Know 	Yes
10	Is facility time given by the scheme manager to employee representatives of the Board?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
11	Is there a written constitution for the Board?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
12	Does the Board have a terms of reference?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
13	Does the Board have a conflict of interest register?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	NO register as such but question asked and minuted at each meeting
14	Do you keep a register of breaches of the Law?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	
15	Is there a risk register?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
16	Is there a programme for Board members to acquire knowledge and understanding?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
17	Where "YES" has been given as the answer to Questions 11 to 16, on a scale of 1 (very poor) to 10 (very good), how would you evaluate: i) the constitution ii) the terms of reference iii) the conflict of interest		1 7 10

	<p>register</p> <p>iv) the register of breaches</p> <p>v) the risk register</p> <p>vi) the knowledge and understanding programme</p>		5 8 8
18	Is personal liability or indemnity insurance available to Board members?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
19	Is the Board compliant with guidance issued by the Scheme Advisory Board?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
20	If the answer to Question 19 is "No", give reasons below :-		N/a
21	Give up to three examples where you think the Board is working well:-		
22	Give up to three examples where you think the Board could improve what it does:-		
23	<p>On a scale of 1 (very poor) to 10 (very good), how would you evaluate :-</p> <p>i) the relationship between the administering authority and the board?</p> <p>ii) the relationship between the pensions' committee and the board?</p> <p>iii) the board's ability to identify non-compliance with legal requirements?</p> <p>iv) the board's ability to make recommendations to the administering authority when non compliance has been identified?</p> <p>v) the administering authority's response to any such recommendations?</p> <p>vi) the effectiveness of communication between the administering authority, pensions' committee and the board?</p> <p>vii) the knowledge and understanding programme available to the board?</p>		10 7 6 10 n/a 8 9
24	Has the administering authority in any capacity attended any local pension board meetings?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
25	In the last 12 months, have any breaches of the law been identified by the local pension board?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
26	Who is responsible for agreeing the agenda for local pension board meetings?		The Tri-Borough Director of Treasury and Pensions in liaison with the Chairman
27	Have any local pension board meetings not been quorate?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
28	Is voting a regular feature of local pension board meetings?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
29	Does the local pension board have a webpage on the administering authority's web site?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes

30	Does the local pension board have a workplan?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
31	Has the local pension board agreed any success measures/KPIs for its work?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
32	Has the local pension board produced an Annual Report?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
33	Are the local pension board's papers agenda, papers, etc, available on the board's webpage?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
34	Does the local pension board have control of a budget?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	No
35	If it has a budget, can it be used to access independent external advice?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	N/a
36	Does the local pension board have access to internal and external audit reports?	<ul style="list-style-type: none"> • Yes • No • Don't Know 	Yes
37	Describe below any ways in which you think the working relationship between the administering authority, pensions' committee and the board could be improved.		
38	Use the space below to comment on any other aspect of the new governance arrangements that you consider to be relevant.		
39	Please confirm the capacity in which you are completing this Survey?	<ul style="list-style-type: none"> • Local pension board employee representative • Local pension board employer representative • Local pension board chair Pension committee chair (Section 101) • Trade union member • other (please specify) 	
40	Please confirm the name of the organisation/pension board you represent		Westminster City Council Pension Fund Pension Board



City of Westminster

Pension Board

Date:	6 July 2017
Classification:	General Release
Title:	REVIEW OF THE WESTMINSTER CITY COUNCIL PENSION FUND
Report of:	Steven Mair <i>City Treasurer</i>
Wards Involved:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1 Executive Summary

- 1.1 All Council Pension Funds have Websites which allow all different types of Prospective Members of the Scheme (Prospective New Members, Active Members, Deferred Members, Pensioners, Next of Kin) access to the pertinent information relating to their requirements.
- 1.2 This paper reviews the present content of the Websites and asks the question if it is fit for purpose. It also sets out possible alternatives being used by other Funds (Local Government, Schools, Private Sector) for consideration by the Board. This Fund's Communication Strategy sets out how the fund should communicate with its stakeholders.

2 Recommendation

- 2.1 That the Board review the Website content, comparing to what is required in the Communications Strategy, and possible alternatives to come to a view on the future direction of communication to Stakeholders.

3 Background

The Present Website

- 3.1. Pension Funds must have a mechanism of communicating with their stakeholders. The Communications Strategy sets out the how this should take place.
- 3.2. The Westminster City Council Pension Fund has a very comprehensive website. High level content held on the site is attached in Appendix A.
- 3.3. There is clear signposting for Stakeholders depending on whether they are:
 - An Active Member;
 - A Deferred Member
 - A pensioner
 - Auto-Enrolment for new Members
- 3.4. This information is supplemented by information on the various Schemes that Members have been in, how to take benefits, dealing with changes in circumstances as well as a comprehensive section around “Understanding Pensions”.
- 3.5. The attached Appendix has 11 different ways in which information is presented for prospective users.
- 3.6. Present usage of the site is being obtained from the Websites for the Month of May was 276 visits. Of these:
 - 201 were unique visitors;
 - 181 were first time visitors;
 - The average duration for a visit was 2 minutes and 46 seconds;
 - 783 pages were viewed;
 - 257 of the Visits were from England;
 - 19 were from outside England.
- 3.7. To keep the site up to date with information is labour intensive and this needs to be taken into account with any planned changes.

Possible Alternatives

- 3.8. At the recent PLSA conference, there was substantial debate on communication with Members and how that could be done in the most effective way(for Members and Administrators).
- 3.9. Kerry Tate-Maskill, Head of Marketing & Engagement at Capital talked about her experiences. They have 8,500 employers and 1.9m Members in the TPA scheme. Their vision is digital although they do also do more traditional routes. They do a significant number of Customer Satisfaction Surveys on a weekly basis and see this as being vital to inform their

communication. They also use Social Media platforms. They have 396,000 active email addresses collected, had 3.2m web visits on 2016 (1.8m in 2013). They also have 533,352 My Pension Online Accounts.

- 3.10 Their view is that Employers must engage to employees, and Segmentation is key to directing their communications. They also make this very visual. They take account of where things are accessed as also this also informs the communication style.
- 3.11 Dawn Turner, the Chief Pensions Officer of the Environment Agency commented that Members did not understand what the scheme was and what it meant to them individually. They had set up focus groups for Members to understand how to communicate on key ideas. They have an automated communications channel that Members can sign up to.
- 3.12 They had started regular reviews and Email campaigns, looking at website statistics and they follow customer service excellence. They see new starter's communication as key so they clearly understand their benefits and plan for their future. As with Capita, they believe that targeted communications is key and also segment members to address this.

4 IMPLICATIONS FOR THE PENSION BOARD

- 4.1 That the Board review the Website content, comparing to what is required in the Communications Strategy, and possible alternatives to come to a view on the future direction of communication to Stakeholders.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Pete Carpenter pcarpenter@westminster.gov.uk or 020 7641 2832

BACKGROUND PAPERS:

- Appendix A – Present Content of the Westminster Pension Fund Website**
- Appendix B – Westminster Pension Fund Communications Strategy**

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Appendix A – Present Content of the Westminster Pension Fund Website



Welcome to the Westminster City Council Pension Fund

Find out more about your pension options

Choose an option that is right for you...

Active member
Currently working and paying into the Pension Scheme

[Tell me more...](#)

Deferred member
No longer paying into the Pension Scheme but not yet retired

[Tell me more...](#)

Pensioner
Currently getting a pension from the Pension Scheme

[Tell me more...](#)

Auto-enrolled
More about automatic enrolment and what it means for you

[Tell me more...](#)

Appendix A – Present Content of the Westminster Pension Fund Website

- Paying in
- How a CARE scheme works
- LGPS 2014 - Transitional Protections
- Membership and contributions
- Contracting Out
- The 50/50 section
- Retirement
- Leaving
- Survivor benefits
- Divorce
- How we keep in touch
- Pensions for councillors

The Westminster City Pension Fund

Find out more about your pension options

Choose an option that is right for you...

<p>Active member Currently working and paying into the Pension Scheme</p> <p>Tell me more...</p>	<p>Deferred member No longer paying into the Pension Scheme but not yet retired</p> <p>Tell me more...</p>	<p>Pensioner Currently getting a pension from the Pension Scheme</p> <p>Tell me more...</p>	<p>Auto-enrolled More about automatic enrolment and what it means for you</p> <p>Tell me more...</p>
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Appendix A – Present Content of the Westminster Pension Fund Website

The screenshot shows the Westminster Pension Fund website. At the top, there is a navigation bar with a home icon and links for 'Paying in', 'No longer paying in', 'Pensioners', 'Joining', 'Understanding pensions', 'About us', and 'News'. A search bar is located on the right. Below the navigation bar is a large banner image of the London skyline, featuring Big Ben and the London Eye. A dark blue overlay on the left side of the banner contains a 'Welcome' message and a list of links: 'No longer paying in', 'Membership', 'Taking my benefits', 'Survivor benefits', 'Divorce', and 'How we keep in touch'. The main content area has a heading 'Find out more about your pension options' and a sub-heading 'Choose an option that is right for you...'. Below this are four dark blue boxes, each representing a pension option: 'Active member' (Currently working and paying into the Pension Scheme), 'Deferred member' (No longer paying into the Pension Schemes but not yet retired), 'Pensioner' (Currently getting a pension from the Pension Scheme), and 'Auto-enrolled' (More about automatic enrolment and what it means for you). Each box has a 'Tell me more...' button.

Appendix A – Present Content of the Westminster Pension Fund Website



Welcome to the Westminster Council Pension

- Pensioners
- Frequently asked questions
- Pension payments
- Pension increases
- Death in retirement
- Divorce
- How we keep in touch

Find out more about your pension options

Choose an option that is right for you...

Active member

Currently working and paying into the Pension Scheme

Tell me more...

Deferred member

No longer paying into the Pension Scheme but not yet retired

Tell me more...

Pensioner

Currently getting a pension from the Pension Scheme

Tell me more...

Auto-enrolled

More about automatic enrolment and what it means for you

Tell me more...

Appendix A – Present Content of the Westminster Pension Fund Website

Joining

How much does it cost?

Who can join?

Auto enrolment/re-enrolment

Welcome to the Westminster City Council Pension Fund



Find out more about your pension options

Choose an option that is right for you...

Active member

Currently working and paying into the Pension Scheme

[Tell me more...](#)

Deferred member

No longer paying into the Pension Scheme but not yet retired

[Tell me more...](#)

Pensioner

Currently getting a pension from the Pension Scheme

[Tell me more...](#)

Auto-enrolled

More about automatic enrolment and what it means for you

[Tell me more...](#)

Appendix A – Present Content of the Westminster Pension Fund Website

Welcome to the Westminster City Council Pension Fund

- Understanding pensions
- Pension basics
- Your life, your pension
- Will you have enough?
- Boost your pension
- State pensions
- Tax and pensions
- Useful links
- Glossary

Find out more about your pension options

Choose an option that is right for you...

Active member

Currently working and paying into the Pension Scheme

[Tell me more...](#)

Deferred member

No longer paying into the Pension Scheme but not yet retired

[Tell me more...](#)

Pensioner

Currently getting a pension from the Pension Scheme

[Tell me more...](#)

Auto-enrolled

More about automatic enrolment and what it means for you

[Tell me more...](#)

Appendix A – Present Content of the Westminster Pension Fund Website

City of Westminster

Westminster City Council Teachers Pension Member Self-Service Westminster's Actuaries Search

Home Paying in No longer paying in Pensioners Joining Understanding pensions About us News

Welcome to the Westminster City Council Pension Fund

Find out more about your pension options

Choose an option that is right for you...

- Active member
Currently working and paying into the Pension Scheme
Tell me more...
- Deferred member
No longer paying into the Pension Scheme but not yet retired
Tell me more...
- Pensioner
Currently getting a pension from the Pension Scheme
Tell me more...
- Auto-enrolled
More about automatic enrolment and what it means for you
Tell me more...

About us
Who runs the pension fund
The Pension Committee
Contact details
Keeping you informed
Compliments, complaints and disputes
Employers
Forms and Publications
Local Pension Board
Freedom of Choice

Appendix A – Present Content of the Westminster Pension Fund Website

Paying in

Welcome to the section of the site for members who are currently paying in to the Pension Scheme.

Whether you've just joined or you are about to retire you can find out all about your pension scheme here. You can move around this part of the site by clicking the pages listed on the right.

Other useful links appear at the bottom of this page as well as any forms or documents that might be helpful. These links change on each page so they are relevant to the content you are reading.

Don't miss out on reading our latest newsletter from the Helpful Information section below.

Helpful information

Related Links

- [▶ How are my benefits worked out?](#)
- [▶ Transferring benefits](#)
- [▶ How much does it cost?](#)

Related Documents

- [▶ Brief Scheme Guide](#)
- [▶ Newsletter](#)

In this section

- [How a CARE scheme works](#)
- [LGPS 2014 - Transitional Protections](#)
- [Membership and contributions](#)
- [Contracting Out](#)
- [The 50/50 section](#)
- [Retirement](#)
- [Leaving](#)
- [Survivor benefits](#)
- [Divorce](#)
- [How we keep in touch](#)
- [Pensions for councillors](#)

Appendix A – Present Content of the Westminster Pension Fund Website

No longer paying in

Welcome to the section of the site for members who are no longer paying in to the Pension Scheme.

Whether you've just left or you are about to retire you can find out all about your benefits here. You can move around this part of the site by clicking the pages listed on the right.

Other useful links appear at the bottom of this page as well as any forms or documents that might be helpful. These links change on each page so they are relevant to the content you are reading.

Helpful information

Related Links

- [▶ Transferring benefits](#)
- [▶ When can I take my benefits?](#)

Related Documents

- [▶ Brief Scheme Guide](#)

In this section

- [Membership](#)
- [Taking my benefits](#)
- [Survivor benefits](#)
- [Divorce](#)
- [How we keep in touch](#)

Appendix A – Present Content of the Westminster Pension Fund Website

Pensioners

Welcome to the section of the site for members who are currently getting a pension from the Pension Scheme.

You can move around this part of the site by clicking the pages listed on the right.

Other useful links appear at the bottom of this page as well as any forms or documents that might be helpful. These links change on each page so they are relevant to the content you are reading.

Your pension is safe

Your pension scheme was created by statute and is backed by Government. This means that your pension is well protected and guaranteed.

The ups and downs in investment markets do not affect our ability to pay pensions. So you can rest assured that your pension is secure.

In this section

[Frequently asked questions](#)

[Pension payments](#)

[Pension increases](#)

[Death in retirement](#)

[Divorce](#)

[How we keep in touch](#)

Helpful information

Related Links

[Pension increases](#)

[Who will get my benefits?](#)

[Pension payments](#)

Auto enrolment/re-enrolment

To help people save for their retirement the Government requires all employers in the UK to automatically enrol their workers into a workplace pension if they meet certain requirements. This is known as automatic- enrolment and already happens in the LGPS, with most new employees automatically joining the Scheme when they commence employment. Scheme members are able to [opt-out](#) of the LGPS at any time if they want to.

Under automatic-enrolment if you are not already a member of the LGPS, you will automatically join the Scheme at the point in the future that you:

- have a contract of employment of three months or more;
- earn over £10,000 a year (or pro-rata pay period);
- are age 22 or over; and
- are under State Pension age.

If you are automatically enrolled, you can choose to leave the LGPS by [opting-out](#) at any time. You can also [View details of the different categories of worker and how they are impacted by automatic-enrolment](#)

Already a member?

If you are already a member of the LGPS automatic enrolment will not affect you as you are already a member of a qualifying pension scheme. However, you may be affected if you change jobs or take on another job in the future. Each employer will have its own date set for when it must comply with automatic enrolment. As a result you need to contact your own employer in order to find out the actual date when it must comply with the automatic enrolment requirements.

In this section

- [Auto enrolment Q&A](#)
- [Categories of worker](#)

Auto enrolment Q&A

Why are people being automatically enrolled into a pension scheme?

An employer has to apply automatic enrolment of workers into a workplace pension arrangement start from its 'staging date'. This is the date that has been allocated to them by the Pensions Regulator and is set according to the number of people it employs. As a result not all LGPS employers will have the same 'staging date'. You will need to contact your own employer to find out when it must comply with automatic enrolment.

The aim is to encourage people to save towards their retirement and have enough income to enjoy it. The full basic State Pension in 2016-17 is £155.65 a week for a single person. This is designed to be a foundation and is unlikely to be enough for most people when they retire.

Will I be put back into the Scheme even if I have previously opted out?

Assuming that you [meet the criteria](#) then the answer would be Yes.

The law requires all employers to automatically re-enrol their workers into a workplace pension every three years if they [meet certain requirements](#). All workers can join the pension scheme at any time if they want to. If you [meet the criteria](#) you may be put back into the LGPS even if you have previously decided that being a member is not right for you. If you are automatically enrolled, you can choose to leave the LGPS by opting-out at any time.

Can I join the LGPS if I am not automatically enrolled or re-enrolled?

Yes. If you would like to join the LGPS and you are under age 75, you can do so at any time, regardless of how much you earn or the length of your contract. Please contact your employer if you wish to join or re-join the LGPS.

Categories of worker

In the following table you can find out about the different categories of worker and how you may be affected under the automatic-enrolment rules.

Appendix A – Present Content of the Westminster Pension Fund Website

What type of worker are you?		How will automatic enrolment impact you?
<p>Age 22 or over; and</p> <p>You earn over £10,000* a year (or pro-rata in any pay period);</p> <p>Are under State Pension age.</p>	Eligible jobholder	You will be automatically enrolled in the LGPS.
<p>You are 22 years or over but</p> <p>Your earn between £5,876* and £10,000* a year (or pro rata in any pay period).</p>	Non eligible jobholder	<p>You will not be automatically enrolled into the LGPS, but you can still join by contacting your employer.</p> <p>If you do not join, you will be automatically enrolled in the LGPS if you become an 'eligible jobholder' in the future.</p>
<p>You do not meet any of the requirements above.</p>	Entitled worker	<p>You will not be automatically enrolled into the LGPS, but you can still join by contacting your employer.</p> <p>If you do not join, you will be automatically enrolled in the LGPS if you become an 'eligible jobholder' in the future.</p>

* These are the pay limits as at April 2016, they are subject to change each April. If you are unsure of the pay limits then you should contact your employer.

Helpful information

Appendix A – Present Content of the Westminster Pension Fund Website

Related Links

[LGPS](#)

Related Documents

[Opt-Out Form](#)

[Joining Form](#)

Communication Policy

BACKGROUND

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires administering authorities to prepare, publish and maintain a policy statement setting out its communication strategy for communicating with:

- Scheme Members
- Members' Representatives
- Prospective members
- Employers participating in the Fund

This document sets out the mechanisms that we use to meet our communication responsibilities. We aim to use the most appropriate communication method for the audiences receiving the information. This may involve using more than one medium of communication.

GENERAL COMMUNICATIONS

Correspondence:

Wherever possible we prefer to use electronic systems to receive and send correspondence and data, however hard copy postal services are also available.

Telephone:

Surrey County Council is our third party pension's administrator, their contact information is publicised in the scheme literature and on the website.

The telephone number for general enquiries and complaints: 0208 541 9293

Briefing Sessions and Pension Surgeries:-

The WCC HR Team will organise pension briefing sessions and pension surgeries on an annual basis to ensure staff have access to both personal and general scheme information.

During times of uncertainty including regulation amendments and reorganisation exercises additional briefing sessions and surgeries will be arranged to meet the demand.

Pension's Intranet site:

We have a website which has been designed to communicate and promote the benefits of the Local Government Pension Scheme, this is regularly updated.

It also contains:

- information to help potential members to understand the pension scheme,
- a link that allows current members to see their records online and calculate their own estimates
- online forms,
- advice on how to purchase additional membership,
- and, links to other useful websites

We also have information about recent scheme updates, provide fund investment information, and have a section for feedback.

We are committed to making this website as best as it can possibly be and therefore we have a section for feedback.

We consider this website to be one of our key methods of communication.

<http://www.wccpensionfund.co.uk/>

PROSPECTIVE SCHEME MEMBERS

Scheme Guides

Scheme guides are available on the website or can be requested from Surrey County Council.

We promote to all potential members the benefits of the LGPS via the website posters and new starter information.

We also publicise information regarding auto-enrolment to staff via the website and we will liaise with all other scheme employers to remind them of their responsibilities to members on Auto-enrolment periodically offering support as necessary.

OTHER EMPLOYERS

Other employers that form part of our fund are invited to Employer Forums meetings that are held periodically. In the recent past these have been used to as a mechanism for communicating major strategic issues, significant legislation changes, triennial valuation matters and the Funding Strategy Statement. Employers' are kept informed throughout the process of the tri-annual valuation which is carried out by the Councils actuaries. The employers' comments are always encouraged and welcomed and where appropriate taken into consideration.

OTHER BODIES

London Pensions Officer's Group:

Pensions Officers from London Boroughs meet regularly in order to share information and ensure uniform interpretation of Local Government Pension Scheme, and other prevailing regulations.

National Association of Pension Funds (NAPF):

All administering Authorities who are members of the NAPF are invited to attend, these meetings provide an opportunity to discuss issues of common interest and share best practice.

Seminars

Representatives of the Council regularly participate at seminars and conferences.

The table below shows the availability of Fund publications along with their publication frequency and review periods.

Communication Material	Paper Based	Electronic Form	Intranet for staff	When Published	When reviewed
Pension Scheme Guide	✓	✓	✓	Constantly available	Quarterly
Purchase of Additional Membership	✓	X	✓	Constantly available	Quarterly
Annual Benefit Statement	✓	X	✓	Annually	Annually
Statutory Notifications	✓	X	X	On Joining & ABS	Annually
Pensions Updates	✓	✓	✓	As required	After each Publication
Annual Pension Fund report	✓	X	✓	Annually	Annually
Early Leaver Information	✓	✓	✓	Sent with Deferred benefits statement	Annually
Retirement information	✓	✓	✓	Sent with retirement details	Annually
Pensions Increase Letters	✓	X	X	Annually	Annually
Actuarial Valuation Report	✓	X	X	Tri-annually	Tri-annually
Pension Fund Committee	✓	✓	✓	Quarterly	Quarterly
Communication Policy	✓	✓	✓	Upon request	Quarterly
Governance Policy	✓	✓	✓	Upon Request	Quarterly

FURTHER INFORMATION

If you need more information about the Scheme you should contact Surrey County Council at the following address:

SURREY COUNTY COUNCIL

Pension Services (WCC Team)

Surrey County Council

Room 243, County Hall

Penrhyn Road

Kingston upon Thames

Surrey KT1 2DN

Email: myhelpdeskpensions@surreycc.gov.uk **General enquiries and complaints:** Phone: 0300 200 1031



Pension Board

Date:	6th July 2017
Classification:	General Release
Title:	Members Perspective of the Pension Fund Administration
Report of:	Jo Meagher Head of Operational People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Limited

1. Executive Summary

- 1.1 Following the last meeting of the Pension Board on 9th of May 2017, the Board asked People Services to compile a survey to ask members their views on the current administration of the scheme. We are asking the board to approve the content of the survey so we can send out to members and feedback to the board at the next meeting.

2. Current Position

- 2.1 People Services have taken the feedback from the board, consulted with Unison and designed a Pension - Your Thoughts Survey attached as an appendix to this report.
- 2.2 You can find the survey in its current form by following the link below.
<https://www.surveymonkey.co.uk/r/K5SLHBB>
- 2.3 The questions are designed to identify any common issues or particular pattern of concern amongst members. We have asked members what they like and what could be improved in the administration of the scheme. Feedback will be used to develop an improvement plan.

- 2.4 Since the last Board meeting, Tri- borough staff have been to South Shields and spent a number of days working closely with BT staff to resolve issues with approximately 250 individuals who had not received their ABS for 2015/16. There were an additional 500 individuals identified who had received inaccurate statements. It became clear that BT did not have staff available with the technical knowledge to deal with these issues and identify and resolve exceptions and discrepancies. This was a successful exercise and an accurate return was sent to Surrey CC at the end of May 2017. Surrey are currently working to send the 750 ABS's out by the first week of July at the latest. This was a key milestone to pass before it would be appropriate to launch the survey. We will time the survey to be launched a short while after ABSs have been received.
- 2.5 In addition the survey is informative about key areas of change. For example the 2016/2017 Annual Benefit Statements will only be available on line so we have asked about member's knowledge of the Self Service portal.
- 2.6 We have also asked about member awareness of some aspects of the scheme benefits so we can determine if those areas need to be more widely advertised. An example of this is the 50/50 scheme, which allows people to pay half the contribution sum for half the pension accrual but with full ill health and life cover.
- 2.7 Lastly we have asked members about the engagement methods that they would like for the fund to make available to them. The results of this feedback will be used going forward when we develop a new engagement plan with members.

3. Summary

- 3.1 People Services have drafted a "Pension Your Thoughts Survey" with the support of Unison. The board is asked to review the content of the survey and approval to send a link out to all scheme employers to disseminate to their staff so we get a broad range of feedback over a 30 day period.
- 3.2 Feedback on the results and any proposals for improvement will be presented at the next meeting.

WCC Pension Fund

Pension: Your Thoughts Survey

One of the roles of the Pension Board is to assist the Pension Fund with ensuring the effective and efficient governance and administration of the Pensions Scheme. We are keen to hear our members views of the pension service. If areas of concern are identified, the board can then support work to address the issues to improve members' overall experience. Please complete this questionnaire and let us know your experience of the Pensions Service.

1. Are you currently in the LGPS?

- Yes
- No
- Retired

2. Have you had any dealings/interactions with our pension teams?

- Yes, Surrey County Council
- Yes, BT SSC Pensions
- Yes, Both
- No

3. Have you ever had to escalate an incident to the Westminster Pensions Team?

- Yes
- No

4. How would you rate the quality of the service you received?

	Poor	Fair	Average	Good	Excellent	N/A
Surrey County Council	<input type="radio"/>					
BT SSC Pensions	<input type="radio"/> 					

	Poor	Fair	Average	Good	Excellent	N/A
Westminster Pensions Team	<input type="radio"/>					

Further details about your interactions

5. Did you know you can access your pension records and run pension benefit estimates through the Member Self Service portal? (From 16/17 Annual Benefit Statements will only be made available via the portal)

- Yes
- No

6. Have you tried the new Member Self Service portal?

- Yes
- No

What did you like and what could be improved?

7. Did you know the following:

Aware

Unaware



	Aware	Unaware
There is a 50/50 option where you only have to pay 50% of the full contributions and receive half of the benefits but retain full health and life cover.		
If unfortunately you were to die in service, your family or nominated beneficiary receives 3 times your annual salary.	<input type="radio"/>	<input type="radio"/>
You could receive an ill health pension if you were too ill and could not continue doing your own job.	<input type="radio"/>	<input type="radio"/>

8. Please rate your preference for each of the pensions engagement methods below.

	Not interested	Slightly interested	Very interested	Extremely interested	N/A
Pensions Surgery (One on one sessions with an advisor)	<input type="radio"/>				
Pension Workshop (Group workshop for general pensions knowledge)	<input type="radio"/>				
	<input type="radio"/> 				

	Not interested	Slightly interested	Very interested	Extremely interested	N/A
Pensions Drop In Sessions (For general queries)					
Pensions Online Services (Member Self Service, Westminster Pension Website)	<input type="radio"/>				

If there is any other method of engagement you would like to be made available, please let us know below:

9. How would you prefer to receive information about pensions?

- Email
- In person
- Telephone
- Post
- Other (please specify)

10. Which age group do you fall into?

- 18-30
- 31-40
- 41-54
- 55-64
- 65+





City of Westminster

Pension Board

Date:	6 July 2017
Classification:	General Release
Title:	Scrutiny of changes to Investment Regulations Implemented on the 1st April 2017 – The Funding Strategy Statement
Report of:	Steven Mair <i>City Treasurer</i>
Wards Involved:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1 Executive Summary

- 1.1 The Pension Fund Committee was required as of the 1st April 2017 to implement Investment Strategy Statements (ISS) and Funding Strategy Statements (FSS) to replace existing Funding Statements. The ISS and updated FSS were approved at the Pension Fund Committee on the 21st March 2017.
- 1.2 The investment environment under the new regulations is one of increased freedom but with more onerous justification of investment policy together with greater requirements to consult with interested parties and to report on the application of policy.
- 1.3 The Pension Fund Committee has not had to alter its current investment strategy. It has not had to consider the extent of diversification and the adequacy of risk management, following the actuarial review which has taken place over the last year.
- 1.4 The Pension Board must scrutinise the document and ensure that the document is compliant to the relevant legislation and fit for purpose.

2 Recommendation

- 2.1 That the Board scrutinise the new FSS to ensure that it is:
- Compliant with the legislative changes;
 - Fit for purpose;
 - Transparent and easy to understand.
- 2.2 That the Board reports back to the Pension Fund Committee on it's findings.

3 Background

The Legislation

- 3.1. The Government issued revised investment regulations in September 2016, to have effect from 1st November 2016. The centre piece of the regulations was the replacement of the Statement of Investment Principles (SIP) with a requirement to prepare and operate in accordance with an ISS and an FSS. Each scheme was required to have these in place by 1st April 2017.
- 3.2. The purpose of the FSS is to explain the funding objectives of the Fund and in particular:
- How the costs of the benefits provided under the Local Government Pension Scheme (the "Scheme") are met though the Fund in a prudent way;
 - The objectives in setting employer contribution rates and the desirability of maintaining stability in the primary contribution rate; and
 - Ensuring that the regulatory requirements to set contributions that will maintain the solvency and long term cost-efficiency of the Fund are met.
- 3.3 The FSS sets out:
- The aims and purpose of the Fund;
 - The responsibilities of key parties;
 - Solvency issues and target funding levels;
 - Valuation assumptions and the underlying funding model;
 - Deficit recovery/surplus amortisation periods;
 - Risks and their countermeasures;
 - Governance, Monitoring and Review requirements.

Construction of the FSS

- 3.4 A draft FSS was provided by the Pension Fund's Actuary Barnett Waddington. The same draft has been used across all three Councils to ensure standardisation.

- 3.5 The Aims and Purpose of the Fund are included in the Strategy as well as the responsibilities for all parties and the constraints with which the fund operates.

4 IMPLICATIONS FOR THE PENSION BOARD

- 4.1 The new investment regulations and guidance provide greater freedom to set strategy. The greater degree of explanation required in setting the investment strategy should be seen as best practice, although with an unwelcome degree of Government oversight
- 4.2 The FSS presented, sets out the requirements of the legislation in regards to the Westminster City Council's Pension Fund.
- 4.3 The Pension Board needs to be satisfied that the FSS implemented by the Pension meets legislative requirements and is fit for purpose.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Pete Carpenter pcarpenter@westminster.gov.uk or 020 7641 2832

BACKGROUND PAPERS:

Investment Regulations and Investment Strategy Statement, Pension Fund Committee 15th November 2016

Changes to Investment Regulations, Pension Fund Committee, 21st March 2017

Appendices

Appendix 1 - CITY OF WESTMINSTER PENSION FUND FUNDING STRATEGY STATEMENT 2016

Appendix 2 - Investment Regulations

APPENDIX 1

CITY OF WESTMINSTER PENSION FUND FUNDING STRATEGY STATEMENT 2016

1. Purpose of the Funding Strategy Statement

- 1.1 The purpose of this Funding Strategy Statement is to explain the funding objectives of the Fund and in particular:
- How the costs of the benefits provided under the Local Government Pension Scheme (the “Scheme”) are met through the Fund in a prudent way;
 - The objectives in setting employer contribution rates and the desirability of maintaining stability in the primary contribution rate; and
 - Ensuring that the regulatory requirements to set contributions that will maintain the solvency and long term cost-efficiency of the Fund are met.

2. Aims and Purpose of the Fund

- 2.1 The aims of the Fund are to:
- Manage employers’ liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
 - Enable primary contribution rates to be kept as nearly constant as possible; and
 - Seek returns on investment within reasonable risk parameters.
- 2.2 The purpose of the Fund is to:
- Pay pensions, lump sums and other benefits provided under the Regulations;
 - Meet the costs associated in administering the Fund; and
 - Receive contributions, transfer values and investment income.

3. Responsibilities of Key Parties

- 3.1 The key parties involved in the funding process and their responsibilities are as follows:

The Administering Authority

- 3.2 The Administering Authority for the Pension Fund is the Westminster City Council. The main responsibilities of the Administering Authority are to:
- Operate a pension fund;
 - Collect employee and employer contributions investment income and other amounts due to the Fund, as stipulated in the LGPS Regulations;
 - Invest the Fund’s assets in accordance with the LGPS regulations;
 - Pay the benefits due to Scheme members; as stipulated by the LGPS regulations;

- Ensure that cash is available to meet liabilities as and when they fall due;
- Take measures as set out in the regulations to safeguard the Fund against the consequences of employer default;
- Manage the actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain this Funding Strategy Statement (FSS), the Statement of Investment Principles (SIP) and Investment Strategy Statement (ISS) after consultation with other interested parties; and
- Monitor all aspects of the Fund's performance and funding, amending the FSS and ISS accordingly;
- Manage any potential conflicts of interest arising from the Borough's dual role as scheme employer and fund administrator
- Enable the Pension Board to review the valuation process as set out in their terms of reference.

Individual Employers

3.3 In addition to the administering authority, a number of scheduled and admitted bodies participate in the Fund.

The responsibilities of each individual employer that participates in the Fund, including the administering authority, are to:

- Deduct contributions from employees' salaries correctly and pay these, together with their own employer contributions as certified by the Fund Actuary, to the administering authority within the statutory timescales;
- Notify the administering authority of all changes in Scheme membership and any other membership changes promptly;
- Exercise any discretions permitted under the Regulations; and
- Meet the costs of any augmentations or other additional costs, such as early retirement strain, in accordance with agreed policies and procedures.

Fund Actuary

3.4 The Fund Actuary for the City of Westminster Pension Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the LGPS regulations;
- Prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc.
- Provide advice and valuations on the exiting of employers in the Fund
- Advise the administering authority on bonds and other forms of security against the financial effect on the Fund of employer default.

- Assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations.
- Ensure that the administering authority is aware of any professional guidance or other professional requirements that may be of relevance to the administrator's role in advising the fund; and
- Advise on other actuarial matters affecting the financial position of the Fund.

4. Solvency Issues and Target Funding Levels

- 4.1 Given the statutory position of the LGPS administering authorities and the tax-backed nature of employing authorities who make up the core of the scheme and the statutory basis of the scheme, the LGPS remains outside the solvency arrangements established for private sector occupational pension schemes.
- 4.2 LGPS regulations require each administering authority to secure fund solvency and long-term cost efficiency by means of employer contribution rates established by mandatory valuation exercises.
- 4.3 Maintaining as nearly a constant a primary employer contribution rate is a desirable outcome, but not a regulatory requirement. It is for LGPS administering authorities to seek to achieve a balance between the objectives in a prudent manner.
- 4.4 Solvency is defined as meaning that the rate of employer contributions should be set at such a level as to ensure that the scheme's liabilities can be met as they arise. This does not mean that the Fund should be 100% funded at all times, but that the rate of employer contributions should be set to target a funding level for the whole fund of 100% over an appropriate time period and using an appropriate set of actuarial assumptions.
- 4.5 Employers should collectively have the financial capacity to increase employer contributions and/or the Fund should be able to realise contingent assets if future circumstances require, in order to continue to target a funding level of 100%. If these conditions are met, it is anticipated that the Fund will be able to pay scheme benefits as they fall due.
- 4.6 The rate of employer contributions shall be deemed to be set at an appropriate level to ensure long-term cost efficiency if the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual, with an appropriate adjustment to the rate for any surplus or deficit in the Fund. The Government Actuary's Department (GAD) will assess whether this condition is met.

5. Primary rate of the employers' contribution

- 5.1 The primary rate for each employer is that employer's future service contribution rate which is the contribution rate required to meet the cost of the future accrual of benefits, expressed as a percentage of pensionable pay,

ignoring any past service surplus or deficit, but allowing for any specific employer circumstances.

- 5.2 The primary rate for the whole Fund is the weighted average, by payroll, of the individual employers' primary rates.
- 5.3 The secondary rate of the employer's contribution is an adjustment to the primary rate to arrive at the rate each employer is required to pay. It may be expressed either as a percentage adjustment to the primary rate and/or as a cash adjustment for each of the three years of the inter-valuation period. This will be set out in the rates and adjustments certificate. For any employer, the rate they are actually required to pay is the sum of the primary and secondary rates.
- 5.4 The actuary should disclose the secondary rates for the whole scheme in each of the three inter-valuation years. These should be calculated as a weighted average based on the whole scheme payroll. The purpose of this is to facilitate a single net rate of contributions expected to be received over each of the three years that can be readily compared with other rates and reconciled with actual receipts.

6 Solvency Issues and Non Local Authority Employers

- 6.1 The number and type of non local government bodies operating within the LGPS has grown considerably since 2004, when Funding Strategy Statements were first introduced. There are now many more private sector contractors, companies spun off from local authorities and academies which have employees who continue to qualify for membership by dint of transferred rights under the TUPE regulations. Employees in academies qualify for the scheme because of academies' scheduled body status. Key issues are:
 - The need to set appropriate employer contribution levels and deficit recovery periods for these employers which do not have tax-raising powers and therefore have weaker covenants than local authorities;
 - The underlying investment strategy of the assets backing the liabilities of these employers;
 - The financial standing of those employers (or their parent companies or guarantors) and their ability to meet the cost of current membership, fund any deficit and ability to ensure against default.
 - The long and short term effects of high contribution rates on non local authority employers in terms of their financial viability.
- 6.2 In the interests of transparency, the FSS should clearly set out the risk assessment methodology to assess the long term financial health of employers and how this will be monitored.
 - Having the correct Risk Assessments made when new Admitted and Scheduled bodies join the fund and security via a bond or equivalent guarantee is requested;
 - Admitted and Scheduled bodies being consulted on Triennial revaluation rates; and

- Pension contributions being monitored “in year” to ensure Admitted and Scheduled bodies are making the required payments

7. Valuation Assumptions and Funding Model

7.1 In completing the actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.

7.2 The assumptions adopted at the valuation can therefore be considered as:

- The statistical assumptions which are essentially estimates of the likelihood of benefits and contributions being paid, and
- The financial assumptions which will determine the estimates of the amount of benefits and contributions payable and their current or present value.

Future Price Inflation

7.3 The base assumption in any valuation is the future level of price inflation over a period commensurate with the duration of the liabilities. This is derived by considering the average difference in yields over the appropriate period from conventional and index linked gilts during the six months straddling the valuation date to provide an estimate of future price inflation as measured by the Retail Price Index (or “RPI”).

Future Pay Inflation

7.4 As some of the benefits are linked to pay levels at retirement, it is necessary to make an assumption as to future levels of pay inflation. Historically, there has been a close link between price and pay inflation with pay increases exceeding price inflation in the longer term. However, in recent years, this model has broken down due to pay freezes in the public sector and continuing restraint to restrict salary growth across many sectors.

Future Pension Increases

7.5 Pension increases are linked to changes in the level of the Consumer Price Index (or “CPI”). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. An adjustment is therefore made to the RPI assumption to derive the CPI assumption.

Future Investment Returns/Discount Rate

7.6 To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.

- 7.7 The discount rate that is adopted will depend on the funding target adopted for each employer.
- 7.8 For open employers, the discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the underlying investment strategy by considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the “ongoing” discount rate.
- 7.9 For closed employers, an adjustment may be made to the discount rate in relation to the remaining liabilities, once all active members are assumed to have retired if at that time (the projected “termination date”), the employer either wishes to leave the Fund, or the terms of their admission require it.
- 7.10 The Fund Actuary will incorporate such an adjustment after consultation with the Administering Authority.
- 7.11 The adjustment to the discount rate for closed employers is to set a higher funding target at the projected termination date, so that there are sufficient assets to fund the remaining liabilities on a “minimum risk” rather than on an ongoing basis. The aim is to minimise the risk of deficits arising after the termination date.

Asset Valuation

- 7.12 For the purposes of the valuation, the asset value used is the market value of the accumulated Fund at the valuation date adjusted to reflect average market conditions during the six months straddling the valuation date.

Statistical Assumptions

- 7.13 The statistical assumptions incorporated into the valuation, such as future mortality rates, are based on national statistics. These are adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

8. Deficit Recovery/Surplus Amortisation Periods

- 8.1 Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities, depending on how the actual experience of the Fund differs to the actuarial assumptions. Accordingly the Fund will normally either be in surplus or in deficit.
- 8.2 Where the actuarial valuation discloses a significant surplus or deficit then the levels of required employers’ contributions will include an adjustment to either amortise the surplus or fund the deficit over a period of years.

- 8.3 The period that is adopted for any particular employer will depend on:
- The significance of the surplus or deficit relative to that employer's liabilities;
 - The covenant of the individual employer and any limited period of participation in the Fund; and
 - The implications in terms of stability of future levels of employers' contribution.

9. Pooling of Individual Employers

- 9.1 The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.
- 9.2 However, certain groups of individual employers can be pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.
- 9.3 The main purpose of pooling is to produce more stable employer contribution levels in the longer term whilst, recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

10. Cessation Valuations

- 10.1 On the cessation of an employer's participation in the Scheme, the Fund Actuary will be asked to make a termination assessment. Any deficit in the Fund in respect of the employer will be due to the Fund as a termination contribution, unless it is agreed by the Administering Authority and the other parties involved that the assets and liabilities relating to the employer will transfer within the Fund to another participating employer.
- 10.2 In assessing the deficit on termination, the Fund Actuary may adopt a discount rate based on gilt yields and adopt different assumptions to those used at the previous valuation in order to protect the other employers in the Fund from having to fund any future deficits which may arise from the liabilities that will remain in the Fund.

11. Links with the Investment Strategy Statement (ISS)

- 11.1 The main link between the Funding Strategy Statement (FSS) and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the underlying investment strategy as set out in the ISS.
- 11.2 As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the underlying investment strategy. This ensures consistency between the funding strategy and investment strategy.

12. Risks and Countermeasures

- 12.1 Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that there are risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.
- 12.2 The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

13. Financial Risks

- 13.1 The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.
- 13.2 The valuation results are most sensitive to the real discount rate. Broadly speaking an increase/decrease of 0.5% per annum in the real discount rate will decrease/increase the liabilities by ten%, and decrease/increase the required employer contribution by around 2.5% of payroll.
- 13.3 However, the Pension Fund Committee regularly monitors the investment returns achieved by the fund managers and receives advice from the independent advisers and officers on investment strategy.
- 13.4 The Committee may also seek advice from the Fund Actuary on valuation related matters.
- 13.5 In addition, the Fund Actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

14. Demographic Risks

- 14.1 Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will reduce the funding level by between 0.5 to 1%.
- 14.2 The actual mortality of pensioners in the Fund is monitored by the Fund Actuary at each actuarial valuation and assumptions are kept under review.
- 14.3 The liabilities of the Fund can also increase by more than has been planned as a result of early retirements.

14.4 However, the Administering Authority monitors the incidence of early retirements; and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

15. Regulatory Risks

15.1 The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by central government.

15.2 The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.

15.3 However, the Administering Authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

16. Governance

16.1 Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer-specific events could impact on the funding strategy including:

- Structural changes in an individual employer's membership;
- An individual employer deciding to close the Scheme to new employees; and
- An employer ceasing to exist without having fully funded their pension liabilities.

16.2 However, the Administering Authority monitors the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined, and takes advice from the Fund Actuary when required.

16.3 In addition, the Administering Authority keeps in close touch with all individual employers participating in the Fund to ensure that, as Administering Authority, it has the most up to date information available on individual employer situations. It also keeps individual employers briefed on funding and related issues.

17. Monitoring and Review

17.1 This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial actuarial valuation process.

17.2 The Administering Authority also monitors the financial position of the Fund between actuarial valuations and may review the FSS more frequently if necessary.

Appendix 2 - Investment Regulations



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	15 November 2016
Classification:	Public
Title:	Investment Regulations and Investment Strategy Statement
Wards Affected:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no financial implications arising from this report.
Report of:	Steven Mair <i>City Treasurer</i> smair@westminster.gov.uk 20 41 2904

1 EXECUTIVE SUMMARY

- 1.5 The Government has issued guidance on the preparation of Investment Strategy Statements (ISS) as required under the soon to be released revised investment regulations. This note summarises the anticipated investment regulations and the finalised guidance.
- 1.6 The investment environment under the new regulations will be one of increased freedom but with more onerous justification of investment policy together with greater requirements to consult with interested parties and to report on the application of policy. There will also be greater Government powers of intervention, mainly but not exclusively, aimed at pooling.
- 1.7 It is not anticipated that the Committee will have to alter its current investment strategy. It may well have to consider the extent of diversification and the adequacy of risk management, which was already anticipated post the actuarial review.

- 1.8 The Committee will be required to review its policy on ethical, social and corporate governance issues and in particular to discuss oversight of voting with the London CIV.

2 RECOMMENDATIONS

- 21 The Committee is invited:
- a. To note that a draft Investment Strategy Statement (ISS) prepared in accordance with the revised investment regulations and guidance will be presented to the March 2017 Committee meeting.
 - b. To discuss the requirement for greater detail on environmental, social and corporate governance (voting) matters including greater consultation with interested parties, including the Pension Board, which will have to be reflected in the ISS.

3. PROPOSALS AND ISSUES

- 3.1 The Government issued revised investment regulations in September 2016, to have effect from 1st November 2016. The centre piece of the regulations was the replacement of the Statement of Investment Principles (SIP) with a requirement to prepare and operate in accordance with an ISS. Guidance has recently been issued on the preparation of an ISS. Each scheme is required to have an ISS by 1st April 2017 and a draft will be presented to the 21st March 2017 meeting of the Committee.

Overview of the Investment Regulations

- 3.2 The revised investment regulations are quite short, running to only seven pages. The key deletion is the old schedule 1 that specified limits on the allocation to particular types of assets. The main sections in the investment Regulation are:
- a) Requirement to keep the assets of the pension fund separate from those of the administering authority, to collect contributions and income and to operate separate bank accounts for the fund.
 - b) No borrowing is permitted except temporary loans (90 days max) to allow the payment of pensions.
 - c) An authority must, after taking proper advice, formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State. The ISS must include:
 - a requirement to invest fund money in a wide variety of investments;
 - the authority's assessment of the suitability of particular investments and types of investments;

- the authority's approach to risk, including the ways in which risks are to be measured and managed;
- the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- the authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments;
- the authority's policy on the exercise of the rights (including voting rights) attaching to investments;
- the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment (a scheme specific replacement of the old schedule 1);
- The authority must consult such persons as it considers appropriate as to the contents of its investment strategy; and
- The ISS must be reviewed at least every three years and investments must be made in accordance with the ISS.

These requirements are discussed below (paragraph 3.8). The requirements to take 'proper advice' and to invest in a wide variety of investments may potentially lead to challenge and debate with the investment advisor.

d) The Government can give directions to the administering authority if it is satisfied that the authority is not having regard to the ISS guidance. Directions may include:

- A requirement to make changes to the ISS;
- How to invest particular assets; and
- Transfer of the investment functions to the Government or nominated person.

The guidance (paragraph 3.6 below) discussed the circumstances when the powers of direction will be used. The regulations require the Government to consult with the administering authority in advance of any direction and to consider evidence as to how the fund is being managed.

e) The authority must take proper advice before making investment manager appointments. This presumably includes transferring assets to the London CIV.

4.3 The ISS requires additional details compared with the SIP (in particular on risk management, pooling, ESG and voting), which are discussed below. As mentioned above, a draft ISS reflecting the current position of the fund will be prepared for the 21 March 2017 meeting.

- 4.4 The application of the Government's powers of direction is also discussed in the guidance. Such are the scope of the powers that it is anticipated that authorities who could not address the Government's concerns during the consultation period will take the required action in advance of a direction being issued.

ISS Guidance

- 4.5 The guidance is designed to assist in preparing the ISS. As highlighted above the ISS must be in accordance with the guidance. The guidance is summarised below.

Powers of Direction

- 4.6 The guidance refers to the new freedoms for administering authorities (no schedule 1 limitations) and the ISS being a 'prudential framework' and the powers of direction as a safeguard to ensure that this less prescriptive approach is used appropriately and in the best long term interests of scheme beneficiaries and taxpayers. The guidance refers to prior consultation and the general law principle to make investment decisions in the best long term interest of beneficiaries and tax payers.
- 4.7 The consultation previously indicated that powers of intervention were mainly aimed at authorities that did not participate in pooling. The guidance does not state this, but it presumably remains the main purpose. The Committee will need to consider the meaning of best long term interest, which presumably relates to solvency, cost and taking decisions based on long term returns. One view point is that a thoughtful Committee should not be concerned with the use of the powers. An alternative viewpoint is that future Governments may take a different (and issue specific) view of best long term interest. There is no way to prejudge how these powers will be applied by the current and future Governments. In preparing the ISS, the Committee will need to be diligent in addressing each of the bullet points in 3.2(c).

Contents of ISS

- 4.8 The guidance summarises the requirements when preparing an ISS as follows:
- Must take proper advice;
 - Must set out clearly the balance between different types of investments;
 - Must identify the risks associated with their overall investment strategy;
 - Must periodically review their policy to mitigate against any such risks;
 - Should ensure that their policy on asset allocation is compatible with achieving their locally determined solvency target;

- Must periodically review the suitability of their investment portfolio to ensure that returns, risk and volatility are all appropriately managed and are consistent with their overall investment strategy;
- Should clearly state their appetite for risk;
- Should be aware of the risks that may impact on their overall funding and investment strategies;
- Should take measures to counter those risks;
- Should periodically review the assumptions on which their investment strategy is based; and
- Should formulate contingency plans to limit the impact of risks that might materialise.

4.9 None of the above should cause any concern to the Committee. If not already explicitly stated in the SIP or elsewhere (e.g. funding strategy statement) it will be implicit in the current strategy and the actions taken by the Committee. Addressing these questions is good practice.

Pooling

4.10 The regulations require that each Fund must commit to a [singular] pool that meets the pooling criteria issued last year, or otherwise approved. Particular requirements within the guidance are:

- To notify the Scheme Advisory Board and the Secretary of State of any changes [in pool governance structures] which result in failure to meet the criteria;
- Set out the proportion of assets that will be invested through pooling;
- Set out the structure and governance arrangements of the pool and the mechanisms by which the authority can hold the pool to account;
- Set out the services that will be shared or jointly procured;
- Provide a summary of assets that the authority has determined are not suitable for investing through the pool along with its rationale for doing so, and how this demonstrates value for money;
- Regularly review any assets, and no less than every 3 years, that the authority has previously determined should be held outside of the pool, ensuring this continues to demonstrate value for money; and
- Submit an annual report on the progress of asset transfers to the Scheme Advisory Board.

4.11 In complying with aspects of these regulations e.g. pool governance arrangements, it is expected that the London CIV will prepare standardised content. The references to assets to be pooled or excluded should cause no concern if the Committee remains comfortable with the London CIV as the platform for fund manager appointments. The reference to pooling decisions being based on 'value for money' considerations may or may not imply that it is purely the cost of managing assets that should be considered and not potential returns.

Unless the Committee has issues with pooling, the exact definition of 'value for money' has no practical implications.

Social, Environmental or Corporate Governance Considerations

- 4.12 The first part of the guidance seeks to prevent 'boycotts, disinvestment and sanctions against foreign nations and the UK defence industries' other than Government sanctions by stating the legal basis on which investment decisions must be made. These include:
- Taking proper advice and act prudently;
 - Prudently being defined as a duty to discharge statutory responsibilities with care, skill, prudence and diligence;
 - To act in accordance with ordinary public law principles, in particular, the ordinary public law of reasonableness;
 - Schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors over the long term.
- 4.13 None of the above appears to be different from the basis on which the Committee currently operates and thus have no immediate consequences.
- 4.14 The guidance continues "Although schemes should make the pursuit of a financial return their predominant concern, they may also take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think that scheme members would support their decision." The use of non-financial considerations has to be quantified and explained in the ISS.
- 4.15 The above wording although consistent with the Committee's current approach is likely to be seen as an invitation to scheme members to express views on social and environmental aspects of investment policy. This is amplified in a discussion on social investments (where the social impact may be in addition or part substitution to the financial return) where it is stated that "these investments will also be compatible with the prudent approach providing administering authorities have good reason to think scheme members share the concern for social impact, and there is no risk of significant financial detriment to the fund." When presented with 'social investments' the Committee will have to consider whether any adverse financial consequences are 'significant' and balances by social benefits.
- 4.16 The guidance requires that when setting policy on social, environmental and corporate governance matters, the Committee should explain the extent to which the views of their local pension board and other interested parties who they consider may have an interest will be taken into account when making an investment decision based on non-financial factors. Although the Committee is at liberty to not have a process for seeking views of interested parties, they should be wary of

challenge and the Government's powers to amend the ISS. It is suggested that the policy of these issues is reconsidered from the standpoint of seeking to consult with the Pensions Board.

The Exercise of Voting Rights

- 4.17 The final section of the guidance is concerned with ensuring the highest standards of corporate governance in the companies in which funds invest. Good governance is seen as enhancing shareholder value. Stewardship activities include monitoring and engaging with companies with the aim of exerting a positive influence on companies to promote strong governance, manage risk, increase accountability and drive improvements in the management of environmental, social and corporate governance issues.
- 4.18 The Committee's current policy is that corporate governance activity, including voting, is an essential part of the decision to buy and hold investments and should be undertaken by the appointed investment managers. The guidance 'encourages' (not the same as requires?) Funds' to consider the best way to engage with companies either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the Stewardship Code. The new requirement is that administering authorities should become Signatories to the Stewardship Code and state how they implement the seven principles and guidance of the Code, which apply on a "comply or explain" basis. A summary of the Stewardship Code is attached (Appendix 1).
- 4.19 The guidance requires a discussion within the ISS on the exercise of voting rights, including holding investment managers to account on voting records and stewardship in general. There is a suggestion on appointing an independent proxy voting agent to exercise their proxy voting and monitor the voting activity of the managers. Finally, a requirement to publish a report of voting activity as part of the pension fund annual report.
- 4.20 The current social, environmental and ethical policy as set out in the SIP is:
- "The Fund recognises that the neglect of corporate governance and corporate social responsibility may lead to poor or reduced shareholder returns. The Committee has considered how the Fund may best implement a corporate social responsibility policy, given the current resources available to the Fund. Accordingly, the Committee has delegated social, environmental and ethical policy to the investment managers. The Committee believes this is the most efficient approach whilst ensuring the implementation of policy by each manager is consistent with current best practice and there is appropriate disclosure and reporting of actions taken. To that extent, the Committee maintains a policy of non-interference with the day-to-day decision making of the investment managers."

- 4.21 The Committee went to considerable effort to establish a Stewardship Policy setting out the basis on which fund managers were expected to vote. In particular the policy identified common stewardship concerns (e.g. executive remuneration) and informed fund managers the issues that they should consider when voting. The policy was approved by the Committee in November 2014 and was subsequently circulated to fund managers. It includes a promise to publish annually a statement on these stewardship activities undertaken by the Committee. If the Committee follows through on the policy and signs up to the UK Stewardship Code itself, then it would be fully compliant with the guidance.
- 4.22 It is likely that the Committee's current approach of delegation to fund managers remains valid but will have to be explained. Also that the fund managers will be required to report on voting activity, in particular failures to vote. The requirement to comment on voting in the annual report is not onerous. However, it can be expected that there will be greater interest in voting.
- 4.23 All this is either made more complicated or potentially simplified by the London CIV. With the CIV appointing fund managers they will be expected to exercise the oversight discussed above. It will not be possible within pooled funds for the Committee to operate its own voting policy. Rather pressure will be brought on the London CIV if their policy is deemed inadequate.

5 IMPLICATIONS FOR THE PENSION FUND COMMITTEE

- 4.4 Looking from a high level the new investment regulations and guidance do provide greater freedom to set strategy. However, the regulations and guidance' requires that strategy be justified based as in the best long term interest of beneficiaries and tax payers and the management of risk explained. This should be seen as best practice, although with an unwelcome degree of Government oversight.
- 4.5 The requirements for ethical, social and corporate governance will require a review of the Committee's current approach to these issues, in particular a discussion with the London CIV in connection with the Stewardship Code, increased reporting and greater effort to take into account the views of the Pension Board and Scheme Members. These areas will be addressed in drafting the ISS in the next few months.
- 4.6 Overall, the regulations and guidance offer the opportunity to review current investment policy and ensure that justification is adequately documented.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

George Bruce pensionfund@westminster.gov.uk or 020 7641 6925

BACKGROUND PAPERS: None

APPENDICES:

Appendix 1 – Summary of UK Stewardship Code

UK Stewardship Code Summary

The Financial Reporting Council (FRC) published the UK Stewardship Code (the Code) in July 2010. The Code is designed to lay out the responsibilities of institutional investors as shareholders and provide guidance as to how those responsibilities might be met. Pension fund trustees and other investors are ‘strongly encouraged’ to ‘report if and how they have complied with the Code’

The Stewardship Code consists of seven key Principles:

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Principle 3: Institutional investors should monitor their investee companies.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.

Principle 7: Institutional investors should report periodically on their stewardship and voting activities.

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Pension Board

Date:	6 July 2017
Classification:	General Release
Title:	Pension Board Risk Register and Forward Plan
Report of:	Steven Mair <i>City Treasurer</i>
Wards Involved:	All
Policy Context:	Effective Control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1. Executive Summary

- 1.1 There has been no change to the risk register over the quarter. The forward plan has been updated to include a review of the Administration Strategy and Policy in the January 2018 meeting and a review of compliance with the Pension Regulators and Scheme Advisory Board requirements for the November meeting.

2. Recommendations

- 2.1 The Board is asked to note the risk register and the changes to the forward plan.

3. Risk Register Monitoring

- 3.1 There has been no change to the risk register from that presented at the last meeting. Risk number 25 (BT unable to provide monthly interface files) that was reviewed in detail at the last meeting remains high. An update on this has been provided under another agenda item.
- 3.2 Officers will continue to monitor and update the risk register for the approval of the Committee. The risk register is attached at appendix 2.

4. Forward Plan

- 4.1 The forward plan has been reviewed and amended to include a review of the Administration Strategy and Policy in the January 2018 meeting and a review of compliance with the Pension Regulators and Scheme Advisory Board requirements for the November meeting.
- 4.2 The updated forward plan is attached at appendix 3.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

**Yvonne Thompson- pensionfund@westminster.gov.uk Tel: 020 7641 6925
Hoyte**

BACKGROUND PAPERS: None

APPENDICES:

- Appendix 1 – Pension Fund Risk Register Scoring Matrix – June 2017
- Appendix 2 – Pension Fund Risk Register – June 2017
- Appendix 3 – Pension Board Forward Plan – July 2017
- Appendix 4 – Pension Committee Forward Plan – June 2017

Appendix 1 - Tri Borough Risk Management Scoring Matrix

Scoring (Impact)

Impact Description	Category
1 Very Low	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
2 Low	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
3 Medium	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
4 High	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
5 Very High	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery

Scoring (Likelihood)

Descriptor	
1. Improbable, extremely unlikely	
2. Remote possibility	
3. Occasional	
4. Probable	
5. Likely	

Description
£0 to £25,000
Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
Minor short term damage to local area of work.
Decrease in perception of service internally only – no local media attention
Failure to meet individual operational target – Integrity of data is corrupt no significant effect
£25,001 to £100,000
Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external)
Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community
Localised decrease in perception within service area – limited local media attention, short term recovery
Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
£100,001 to £400,000
Permanent disability or injury or illness
Damage contained to Ward or area inside the borough with medium term effect to immediate ecology or community
Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery
Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
£400,001 to £800,000
Individual Fatality
Borough wide damage with medium or long term effect to local ecology or community
Decrease in perception of public standing at Regional level – regional media coverage, medium term recovery
Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
£800,001 and over
Mass Fatalities
Major harm with long term effect to regional ecology or community
Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery
Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Likelihood Guide
Virtually impossible to occur 0 to 5% chance of occurrence.
Very unlikely to occur 6 to 20% chance of occurrence
Likely to occur 21 to 50% chance of occurrence
More likely to occur than not 51% to 80% chance of occurrence
Almost certain to occur 81% to 100% chance of occurrence

Appendix 2: Pension Fund Risk Register, June 2017

Changes to the risk register since previous quarter

Type	Ref	Risk	Rationale

Pension Fund risk register, June 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
1	STRATEGIC: INVESTMENT That the combination of assets in the investment portfolio fails to fund the liabilities in the long term.	<ul style="list-style-type: none"> Investment strategy in place and reviewed periodically. Performance is measured against a liability based benchmark. Fund performance is reviewed quarterly. 	2	5		Low 10 	City Treasurer	October 2017
2	STRATEGIC: INVESTMENT Fund managers fail to achieve the returns agreed in their management agreements.	<ul style="list-style-type: none"> Independent monitoring of fund manager performance by custodian against targets. Investment adviser retained to keep watching brief. Fund manager performance is reviewed quarterly. 	3	4		Medium 12 	City Treasurer	October 2017
3	STRATEGIC: INVESTMENT Failure of custodian or counterparty.	<ul style="list-style-type: none"> At time of appointment, ensure assets are separately registered and segregated by owner. Review of internal control reports on an annual basis. Credit rating kept under review. 	2	5		Low 10 	City Treasurer	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
4	STRATEGIC: FUNDING The level of inflation and interest rates assumed in the valuation may be inaccurate leading to higher than expected liabilities.	<ul style="list-style-type: none"> Review at each triennial valuation and challenge actuary as required. Growth assets and inflation linked assets in the portfolio should rise as inflation rises. 	3	4		Medium 12 	City Treasurer	October 2017
5	STRATEGIC: FUNDING There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments.	<ul style="list-style-type: none"> Cashflow forecast maintained and monitored. Cashflow position reported to sub-committee quarterly. Cashflow requirement is a factor in current investment strategy review. 	1	4		Low 4 	City Treasurer	October 2017
6	STRATEGIC: FUNDING Scheme members live longer than expected leading to higher than expected liabilities.	<ul style="list-style-type: none"> Review at each triennial valuation and challenge actuary as required. 	3	4		Medium 12 	City Treasurer	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
7	STRATEGIC: FUNDING Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	<ul style="list-style-type: none"> Review maturity of scheme at each triennial valuation. Deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions. Cashflow position monitored monthly. 	2		4	Low 8 	City Treasurer	October 2017
8	STRATEGIC: REGULATION Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	<ul style="list-style-type: none"> Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 	3	3		Low 9 	City Treasurer and Director of People Services	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
9	STRATEGIC: REGULATION Introduction of European Directive MiFID II results in a restriction of Fund's investment options and an increase in costs	<ul style="list-style-type: none"> Officers are engaging with Fund Managers to understand the position better Knowledge and Skills Policy in place for Officers and Members of the Committee Maintain links with central government and national bodies to keep abreast of national issues. 	3	5		Medium 15 	City Treasurer	October 2017
10	OPERATIONAL: GOVERNANCE Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage.	<ul style="list-style-type: none"> Officers maintain knowledge of legal framework for routine decisions. Eversheds retained for consultation on non-routine matters. 	2	4		Low 8 	City Treasurer	October 2017
11	OPERATIONAL: GOVERNANCE Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	<ul style="list-style-type: none"> External professional advice is sought where required Knowledge and skills policy in place (subject to Committee Approval) 	3	3		Low 9 	City Treasurer	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
12	<p>OPERATIONAL: GOVERNANCE Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.</p>	<ul style="list-style-type: none"> Person specifications are used at recruitment to appoint officers with relevant skills and experience. Training plans are in place for all officers as part of the performance appraisal arrangements. Shared service nature of the pensions team provides resilience and sharing of knowledge. 	3	3		<p>Low</p> <p>9</p> 	City Treasurer and Director of People Services	October 2017
13	<p>OPERATIONAL: GOVERNANCE Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.</p>	<ul style="list-style-type: none"> At time of appointment ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee and officers scrutinise and challenge advice provided. 	2	4		<p>Low</p> <p>8</p> 	City Treasurer	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
14	<p>OPERATIONAL: GOVERNANCE London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers.</p>	<ul style="list-style-type: none"> Pension Fund Committee Chair is a member of the Joint member Committee responsible for the oversight of the CIV and can monitor and challenge the level of resources through that forum. Tri-Borough Director of Treasury & Pensions is a member of the officer Investment Advisory Committee which gives the Fund influence over the work of the London CIV. 	2	4		<p>Low</p> <p>8</p> 	City Treasurer	October 2017
15	<p>OPERATIONAL: FUNDING Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.</p>	<ul style="list-style-type: none"> Transferee admission bodies required to have bonds in place at time of signing the admission agreement. Regular monitoring of employers and follow up of expiring bonds. 	3	4		<p>Medium</p> <p>12</p> 	City Treasurer and Director of People Services	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
16	OPERATIONAL: FUNDING Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	<ul style="list-style-type: none"> Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the Council and other large employers to address potential ill health issues early. 	2	2		Low 4 	City Treasurer and Director of People Services	October 2017
17	OPERATIONAL: FUNDING Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	<ul style="list-style-type: none"> Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values. 	2	1		Low 2 	City Treasurer and Director of People Services	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
18	OPERATIONAL: ADMINISTRATION Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	<ul style="list-style-type: none"> • Third parties regulated by the FCA and separation of duties and independent reconciliation procedures in place. • Review of third party internal control reports. • Regular reconciliations of pension payments undertaken by Pensions Finance Team. • Periodic internal audits of Pensions Finance and HR teams. 	4	4		High 16 	City Treasurer and Director of People Services	October 2017
19	OPERATIONAL: ADMINISTRATION Failure of fund manager or other service provider without notice resulting in a period of time without the service being provided or an alternative needing to be quickly identified and put in place.	<ul style="list-style-type: none"> • Contract monitoring in place with all providers. • Procurement team send alerts whenever credit scoring for any provider changes for follow up action. 	2	5		Low 10 	City Treasurer and Director of People Services	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
20	OPERATIONAL: ADMINISTRATION Failure of financial system leading to lump sum payments to scheme members and supplier payments not being made and Fund accounting not being possible.	<ul style="list-style-type: none"> Contract in place with BT to provide service enabling smooth processing of supplier payments Process in place for Surrey CC to generate lump sum payments to members as they are due. Officers undertaking additional testing and reconciliation work to verify accounting transactions 	2		5	Low 10 	City Treasurer	October 2017
21	OPERATIONAL: ADMINISTRATION Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	<ul style="list-style-type: none"> In the event of a pension payroll failure we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers. 	1		5	Low 5 	Director of People Services	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
22	OPERATIONAL: ADMINISTRATION Failure to pay pension benefits accurately leading to under or over payments.	<ul style="list-style-type: none"> There are occasional circumstances where under or over payments are identified. Where under payments occur arrears are paid as soon as possible usually in the next monthly pension payment. Where an overpayment occurs, the member is contacted and the pension corrected in the next month. Repayment is requested and sometimes we collect this over a number of months. 	2		3	Low 6 	Director of People Services	October 2017
23	OPERATIONAL: ADMINISTRATION Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	<ul style="list-style-type: none"> Pension administration records are stored on the surrey servers they have a disaster recovery system in place and records should be restored within 24 hours of any issue, files are backed up daily. 	1		5	Low 5 	Director of People Services	October 2017

Ref	Risk	Mitigating Actions	Residual risk score			Risk Rating	Officer responsible	Next Review Date
			Likelihood	Impact £'s	Impact No's			
24	<p>OPERATIONAL: ADMINISTRATION Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.</p>	<ul style="list-style-type: none"> Surrey CC administers pensions for Surrey, East Sussex and is taking on our Triborough partners. They have a number of very experienced administrators two of whom tupe to them from LPFA with our contract. Where issues arise the Pensions Liaison Officer reviews directly with the Pensions Manager at Surrey. More detailed performance reports are being developed. 	3		3	<p>Low</p> <p>9</p> 	Director of People Services	October 2017
25	<p>Operational: Administration BT unable to provide monthly or end of year interface files in a format suitable for Surrey CC to update service records and undertake day to day operations. Inaccuracies in service records held on the pensions administration system may impact on the triennial funding valuation at March 2016 and notifications to starters and leavers.</p>	<ul style="list-style-type: none"> Issue has been escalated by the Chief Executive for high level resolution with BT Test files are currently with SCC Actuary undertakes data cleansing on the service records and is confident this will mitigate the inaccuracies in service records 	4		5	<p>High</p> <p>20</p> 	Director of People Services	October 2017

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PENSION BOARD Forward Plan – July 2017

Area of work	6 July 2017	13 November 2017	29 January 2018	May (TBC) 2018
Standing Items	Pension Fund Committee minutes Risk Register Review Pensions Administration Key Performance Indicators Forward Plan	Pension Fund Committee minutes Risk Register Review Pensions Administration Key Performance Indicators Forward Plan	Pension Fund Committee minutes Risk Register Review Pensions Administration Key Performance Indicators Forward Plan	Pension Fund Committee minutes Risk Register Review Pensions Administration Key Performance Indicators Forward Plan
Governance	Annual Report on Pension Board Activities TPR code of practice compliance Website Review	2018/19 Meeting Dates Knowledge & Skills Policy and Training Needs Annual Review Scheme Advisory Board Compliance	Contracts Monitoring	Appointment of the Chair / Vice Chair Training Update
Pensions Administration	Promotion of Scheme Membership Annual Benefit Statement Timeline	Admissions Policy Review Pensions Administration Strategy Review Discretionary Policies Review	Pensions Administration Strategy Admission Policy Review	

Area of work	6 July 2017	13 November 2017	29 January 2018	May (TBC) 2018
Finance	Funding Strategy Statement Review	Asset Pooling Progress and Review/ Relationship with the CIV Pension Fund Fees and Costs Pension Fund Annual Accounts and Audit Findings		Asset Pooling Progress and Review

PENSION FUND COMMITTEE

Forward Plan – March 2017

Area of work	22 Jun 2017	12 Oct 2017	7 Dec 2017	8 Mar 2018
Standing Items	Pension Board minutes Quarterly Performance Reports Quarterly Fund Financial Management Update Pensions Administration Key Performance Indicators Forward Plan	Pension Board minutes Quarterly Performance Reports Quarterly Fund Financial Management Update Pensions Administration Key Performance Indicators Forward Plan	Pension Board minutes Quarterly Performance Reports Quarterly Fund Financial Management Update Pensions Administration Key Performance Indicators Forward Plan	Pension Board minutes Quarterly Performance Reports Quarterly Fund Financial Management Update Pensions Administration Key Performance Indicators Forward Plan
Governance	Pension Fund Annual Report and Accounts 2016/17 Progress on compliance with TPR Code of Practice Review of Governance Compliance Statement Business Plan	Annual report of Pension Board activities Review of Pension Fund expenses		Investment Strategy Statement Review
Investments	Pooling and CIV update Investment Strategy Review Annual report to Scheme Advisory Board re pooling arrangements	Pooling and CIV update Investment Strategy Review Update on fixed income tender	Pooling and CIV update Investment Strategy Review Fund Manager Monitoring Arrangements Award fixed income manager.	Pooling and CIV update Investment Strategy Review Feedback from Annual fund manager monitoring day



City of Westminster

Pension Board

Date:	6th July 2017
Classification:	General Release
Title:	Pensions Administration Key Performance Indicators
Report of:	Lee Witham, Director of People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Limited

1. Executive Summary

- 1.1 The purpose of this paper is to provide the Board with an update on the Key Performance Indicators (KPIs) showing Surrey County Council's (SCC's) performance for the period April to May 2017. The detailed KPIs are shown in appendix 1.
- 1.2 The report also updates the Board on the internal audit on pensions administration that was carried out in April 2017.

2. Current Position

- 2.1 The Pension Fund Board has been advised over the last few meetings that there are concerns over the performance of SCC in the provision of administration services to WCC Fund members.
- 2.2 Appendix 1 shows the KPI's for February/March 2017 and April/May 2017.
- 2.3 People services met with representatives from SCC's pension team on 15th June 2017 to discuss the KPIs and review on-going performance concerns highlighted within the KPIs. It should be noted that there has been a steady improvement in KPIs over the last 6 months. At the end of March there were five red measures and four amber measures. Currently this has reduced to three red measures and one amber. Nine of the measures that were of concern at the end of January

show an upward trend. There is one measure with a downward trend which continues to be impacted by BT performance.

2.4 People services addressed with SCC the need to improve KPI performance levels in the following red measures:

2.4.1 **Deferred benefits sent to members following receipt of leaver notification** – This area remains a serious cause for concern with only 17/30 on time within the April/May reporting periods. It is noted that this is in large part due to the late provision by the payroll providers of the necessary data. Jason Bailey has already placed more resources in this area and WCC continue to manage BT to provide the data required. In the meanwhile the retained team within People Services are providing data to SCC where possible.

2.4.2 **Transfers out of non LGPS schemes** - as on the previous report these show 86% but it should be noted that the payments remain at 100%.

2.4.3 **Responding to members' correspondence** - the performance in this area is slowly improving but falls below the required level despite the extra resources acquired. We will continue to work with SCC to improve this measure.

3. Internal Audit Update

3.1 A pensions administration audit was carried out in April 2017. This audit focused on the operations undertaken by Surrey County Council (SCC) who provide the pensions administration service to the London Borough of Hammersmith & Fulham, the Royal Borough of Kensington & Chelsea and Westminster City Council. Pension information is highly dependent on information provided by the Council's HR/Payroll provider (BT) and admitted bodies payroll providers. As such a number of the audit tests that would provide assurance on the accuracy and completeness of the pensions administration system could not be undertaken due to issues regarding the accuracy of reporting from BT which are well known to all three councils and are being actively managed.

3.2 Although the audit identified that a number of the controls in place for calculating, processing and maintaining the scheme as operated by SCC are appropriate, the weaknesses in the information being provided by BT has impacted on the assurance opinion given to this review. In their opinion, Limited Assurance can be given to Members, the Chief Executives, the Town Clerk and other senior officers that the controls relied upon at the time of the audit were suitably designed, consistently applied and effective in their application. This will be

reported to the Council's Audit & Performance Committee in September. A number of the recommendations in the audit rely on the performance of BT and the commercial discussions that are on-going, so we are dependent on these having a successful outcome.

4. Summary

- 4.1 These KPI's show an improvement over previously reported figures and WCC will continue to work with SCC to ensure that this continues.
- 4.2 SCC has acknowledged the need for a tighter control of case management in order to improve the KPIs. They have reorganised the pension administration team with two new team managers overseeing the running of our service. We will expect to see an ongoing improvement in our KPIs moving forward and SCC has committed to this aim.
- 4.3 It is recognised that due to BT's continuing inability to supply the required data, in particular with regards leavers, that SCC should not be held to account over these issues if it is clearly a BT error. WCC continue to work with BT to ensure that this information is forthcoming in the near future. In the meantime the retained pension team within People Services are working with SCC to provide this data.

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City of Westminster

Pension Board

Date:	6 July 2017
Classification:	General Release
Title:	Compliance with the Pensions Regulator's Code of Practice no. 14 (TPR code)
Report of:	Steven Mair <i>City Treasurer</i>
Wards Involved:	All
Policy Context:	Effective Control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1. Executive Summary

1.1 This report outlines how the Westminster City Council (WCC) Pension Fund complies with the Pensions Regulator's (TPR) Code of Practice 14 on the Governance and administration of public service pension schemes (TPR Code14').

2. Recommendations

2.1 The Board is asked to note this report and summary TPR compliance checklist.

3. Background

3.1 In April 2015 the Pensions Regulator's powers were extended to include oversight of some aspects of the governance and administration of public services pension schemes. The Local Government Pension Scheme (LGPS) falls within this group. The Pensions Regulators oversight does not include the funding and investments of the scheme.

3.2 Code of Practice no. 14 was issued by TPR in April 2015, to provide practical guidance and to set out the standards of conduct and practice

expected from Authorities that manage public service pension schemes (WCC manages the LGPS), pensions committees, pensions boards and officers involved in administering the schemes. The code states that it is particularly aimed at Scheme Managers (Westminster County Council) and members of the pension boards.

4. The Compliance Checklist

4.1 The compliance checklist considers each section of TPR code of practice no 14 and responses indicate how Westminster Council complies as shown in the table below. This provides a useful tool supporting the board in its function of assisting the administering authority to comply with relevant rules and legislation.

4.2 The checklist focuses on four broad headings, broken down into sub-headings, with detail requirements under each sub heading. The table below provides a list of headings and sub-headings.

	Heading	Sub Headings
1	Governing your Scheme	<ul style="list-style-type: none"> • Knowledge and understanding • Conflicts of Interest • Publishing information about the scheme
2	Managing Risks	<ul style="list-style-type: none"> • Internal Controls
3	Administration	<ul style="list-style-type: none"> • Scheme Recordkeeping • Maintaining contributions • Providing information to members
4	Resolving issues	<ul style="list-style-type: none"> • Internal Dispute Resolution • Reporting Breaches of Law

4.3 A summary compliance checklist for each of the sub headings in the table above is attached at Appendix 1. An extended compliance checklist will be prepared for the meeting in October. A sample of the detailed compliance checklist is attached at Appendix 2.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

Yvonne Thompson- pensionfund@westminster.gov.uk Tel: 020 7641 6925

Hoyte

BACKGROUND PAPERS: The Pensions Regulator – Code of Practice no. 14 – Governance and Administration of Public Service Pension Schemes

APPENDICES:

Appendix 1 – Summary TPR Code of Practice Compliance Checklist

Appendix 2 – Sample of Detailed Code of Practice Compliance Checklist

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The Pension Regulator’s Code of Practice Summary Compliance Checklist

Date of Completion:

Introduction

This document outlines how Westminster City Council complies with the Pensions Regulator’s (TPR) Code of Practice No 14 Governance and administration of public service pension schemes (‘the TPR Code’) in relation to the management of the Council’s Pension Fund which is part of the Local Government Pension Scheme (LGPS). It will be updated regularly by officers of the Fund and reported annually to the Pensions Committee and Pension Board.

This document provides a summary of key elements of the TPR Code and then evidences whether Westminster City Council meets these areas of best practice. As part of this evidence it shows when the element was last checked and whether, at that point, it was considered fully, partially or not compliant. Where they are partially or not compliant, it also highlights whether Westminster Council have identified actions to be carried out to improve their current practices. Where an element is not yet active, the commentary will generally still highlight where advanced progress is being made.

Those reading this document should be mindful that the TPR Code applies equally to all public service pension schemes and therefore it is generic in nature. There may be a number of elements that are more specifically stipulated within LGPS legislation and it is not the purpose of this compliance checklist to consider that level of detail.

Further, Westminster City Council may also incorporate key elements of national guidance from the LGPS Scheme Advisory Board into this compliance checklist. This version contains the checklists included as part of the Shadow Scheme Advisory Boards “Guidance on the creation and operation of Local Pension Boards in England and Wales”.

The national LGPS Scheme Advisory Board

Pensions Committee

Local Pension Board

The Pensions Regulator’s Code of Practice No 14 Governance and administration of public service pension schemes

Frequency of review and last review date: Where a process, policy or practice is officially reviewed at a set interval, the actual interval will be shown as well as the last interval date. However, in many circumstances processes and procedures are ongoing and part of the day – to - day operation of the Fund. In these circumstances, an annual check will be carried out to ensure that the ongoing process meets the TPR Code expectations and therefore the date shown will be the date that annual check was carried out and the frequency will be shown as “ongoing (annual check)”.

Ref	Legal Requirement	Code Ref	Westminster City Councils response	Frequency of Review	Last Review Date	Compliant	Action
Knowledge and Understanding	<p>A member of the pension board of a public service pension scheme must be conversant with:</p> <ul style="list-style-type: none"> the rules of the scheme, and any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme. <p>A member of a pension board must have knowledge and understanding of:</p> <ul style="list-style-type: none"> the law relating to pensions, and any other matters which are prescribed in regulations. <p>The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.</p>		<p>There is a knowledge and skills policy in place for the Pension Board that covers the areas that members are legally required to have knowledge of.</p> <p>On appointment each board member is required complete a self-assessment/training needs analysis based on the CIPFA knowledge and skills framework to identify areas where training may be required. This is repeated annually.</p> <p>Extensive area was provided in this area as part of the induction programme and follow up training under the pension board contracted training programme.</p> <p>Records of training sessions are also maintained along with access to an internal portal for board members to record other activities undertaken.</p>			compliant	
Conflicts of Interest	<p>The Public Service Pensions Act 2013 sets out the legal requirements for scheme managers and pension boards for conflicts of interest. In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:</p> <p>Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.</p> <p>Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers.</p> <ul style="list-style-type: none"> that a person to be appointed as a member of the pension board does not have a conflict of interest and from time to time, that none of the members of the pension board has a conflict of interest. 		<p>There is a comprehensive conflict of interest policy that covers the role of the Board and the role of the Authority in identifying, monitoring and managing conflicts of interest.</p> <p>There is a standing item for declaration of interests on the pension board agenda.</p> <p>There are equal numbers of employer and employee representative from different backgrounds. Councillors, admitted bodies and members of the scheme from the Council or admitted bodies.</p> <p>The Conflict of interest policy is reviewed annually.</p>			Partially compliant	Checks need to be done to ensure that the method for recording risk is sufficient.
Publishing information about schemes	<p>The scheme manager for public service scheme must publish information about the pension board for the scheme(s) and keep that information up to date</p> <p>The information must include:</p> <ul style="list-style-type: none"> who the members of the pension board are representation on the board of members of the scheme(s), and the matters falling within the pension board's responsibility 		<p>Information regarding the role and membership of the board along with key documents – Terms of Reference, Code of Conduct, Conflicts of Interest Policy, Knowledge and Skills policy are published on the Council's website along with the agenda and minutes of the meetings</p> <p>The annual report and accounts that are published also provide a key source of information</p>			compliant	

Managing Risk	<p>The scheme manager must establish and operate internal controls that adequately ensure the scheme is administered and managed in accordance with the requirements of the law.</p> <p>Internal controls are defined in the legislation as:</p> <ul style="list-style-type: none"> · arrangements and procedures to be followed in the administration and management of the scheme · systems and arrangements for monitoring that administration and management · arrangements and procedures to be followed for the safe custody and security of the assets of the scheme <p>The legal requirements apply equally where a scheme outsources services connected with the running of the scheme.</p>		<p>Westminster City Council as part of the tri-borough shared service arrangement operates a comprehensive risk management strategy that ties into internal audits assessment of internal controls.</p> <p>The Council's approach to risk management and internal controls extends to the pension fund.</p> <p>There is a risk register specifically for the pension fund that identifies, and evaluates risk. This is reviewed quarterly at the pensions committee and the pension board meeting.</p>			compliant	
Scheme Record-keeping	<p>Scheme managers must keep records of information relating to:</p> <ul style="list-style-type: none"> • member information • transactions, and • pension board meetings and decisions. <p>The legal requirements are set out in the Public Service Pensions (record keeping and Miscellaneous Amendments) Regulations 2014.</p>		<p>Member information is stored by the appointed pension administrators Surrey CC on the Altair data base and calculation system. In addition all paper forms are stored on a linked document imaging system the records of which go back to the early 2000's.</p> <p>The Altair data base stores pension payroll records.</p> <p>Transfers in and out are recorded on altar and then matched to bank records on a quarterly basis.</p> <p>Pension Board decisions will be stored by the committee section. People Services will maintain a record of papers submitted by the department. Finance will maintain a record of the papers it submits.</p>			compliant	
Maintaining Contributions	<p>Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations. Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable</p> <p>Where employee contributions are deducted from a member's pay, the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically (the 'prescribed period') or earlier if required by scheme</p>		<p>Westminster monitors pension contributions paid into the pension fund from all the fund employers. All employers are advised to make payment by the 19th day of the month following deduction by the latest.</p> <p>As of June 2017 no report has been made to the regulator because no material breach has been identified.</p>			compliant	

	regulations. References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.						
Providing Information to Members and Others	The law requires schemes to disclose information about benefits and scheme administration to scheme members and others. This includes requirements relating to benefit statements and certain other information which must be provided under the requirements of the 2013 Act, HM Treasury directions and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation.		The Annual Benefit Statements (ABS) for 2015/ 2016 were sent late. Approximately 500 revised ABS plus some 250 withheld ABS are being sent to members in the 1 st week of July 2017. The regulator was informed of their late release.			Partially compliant	Remedial action is being taken to rectify those statements that were not delivered on time and to ensure going forward this will be done
Internal Dispute Resolution	Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pension disputes between the scheme manager and a person with an interest in the scheme. The act states that a person has an interest in the scheme if they: <ul style="list-style-type: none"> · are a member or beneficiary · are a prospective member · have ceased to be a member, beneficiary or prospective member · claim to be any of the above and the dispute relates to this claim. 		People services have an IDR procedure in place. Where a complaint cannot be resolved informally the individual is requested to put full details of their complaint in writing to the Payroll, Pension and Establishment Officer, Kim Edwards. Kim will liaise with the Director of People Services to review the complaint. The Director of People Services is the nominated officer to review a case, seek professional input where required and make a final determination on behalf of the administering authority.			compliant	
Reporting Breaches of Law	Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that: <ul style="list-style-type: none"> • a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with • the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions. 		Duty for reporting breaches and how to report formed part of the induction training that was given by the fund actuary Barnett Waddingham. Where a material breach is identified , for example a fund employer not making payments regularly on time or the ABS being sent late. The Payroll, Pensions and Establishment Officer will advise the TPR. The Pensions Committee and The Pensions Board will also be updated on the issue and the planned remedial action.			compliant	

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The Pension Regulator’s Code of Practice Compliance Checklist

Date of Completion:

Introduction

This document outlines how Westminster City Council complies with the Pensions Regulator’s (TPR) Code of Practice No 14 Governance and administration of public service pension schemes (‘the TPR Code’) in relation to the management of the Council’s Pension Fund which is part of the Local Government Pension Scheme (LGPS). It will be updated regularly by officers of the Fund and reported annually to the Pensions Committee and Pension Board.

This document highlights all the key elements of the TPR Code and then evidences whether Westminster City Council meets these areas of best practice. As part of this evidence it shows when the element was last checked and whether, at that point, it was considered fully, partially or not compliant. Where they are partially or not compliant, it also highlights whether Westminster Council have identified actions to be carried out to improve their current practices. Where an element is not yet active, the commentary will generally still highlight where advanced progress is being made.

Those reading this document should be mindful that the TPR Code applies equally to all public service pension schemes and therefore it is generic in nature. There may be a number of elements that are more specifically stipulated within LGPS legislation and it is not the purpose of this compliance checklist to consider that level of detail.

Further, Westminster City Council may also incorporate key elements of national guidance from the LGPS Scheme Advisory Board into this compliance checklist. This version contains the checklists included as part of the Shadow Scheme Advisory Boards “Guidance on the creation and operation of Local Pension Boards in England and Wales”.

The national LGPS Scheme Advisory Board

Pensions Committee

Local Pension Board

The Pensions Regulator’s Code of Practice No 14 Governance and administration of public service pension schemes

Frequency of review and last review date: Where a process, policy or practice is officially reviewed at a set interval, the actual interval will be shown as well as the last interval date. However, in many circumstances processes and procedures are ongoing and part of the day – to - day operation of the Fund. In these circumstances, an annual check will be carried out to ensure that the ongoing process meets the TPR Code expectations and therefore the date shown will be the date that annual check was carried out and the frequency will be shown as “ongoing (annual check)”.

GOVERNING YOUR SCHEME

A – Knowledge and Understanding

Legal Requirement

A member of the pension board of a public service pension scheme must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a pension board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
A1	Are there policies and arrangements in place to support pension board members in acquiring and retaining knowledge and understanding?						
A2	Has a person been designated to take responsibility for ensuring that a framework is developed and implemented?						
A3	Is WCC providing assistance to pension board members to determine the degree of knowledge and understanding?						
A4	Are the roles and responsibilities of pension boards and members of the board clearly set out in scheme documentation?						
A5	Are pension board members aware of their legal responsibility in terms of knowledge and understanding?						
A6	Have pension board members got access to copies of the scheme rules and relevant scheme documentation?						
A7	Is there an updated list of fund specific documents with which the Is there an up-to-date list of the Fund specific documents with which pension board members need to be conversant in?						
A8	Are all pension board members investing sufficient time in their learning and development?						
A9	Does the Fund offer pre-appointment training for new pension board members or mentoring by existing members?						
A10	Is there a process in place for regularly assessing the pension board members' level of knowledge and understanding is sufficient for their role, responsibilities and duties?						
A11	Are records of learning activities being maintained?						
A12	Have the pension board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?						

B – Conflicts of Interest

Legal Requirement

The Public Service Pensions Act 2013 sets out the legal requirements for scheme managers and pension boards for conflicts of interest.

In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:

Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.

Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers.

- that a person to be appointed as a member of the pension board does not have a conflict of interest and
- from time to time, that none of the members of the pension board has a conflict of interest.

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
B1	Does the Fund have a conflict of interest policy and procedure, which include identifying, monitoring and managing potential conflicts of interest?						
B2	Do pension board members have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how to manage potential conflicts?						
B3	Have all Pension Board members provided appropriate information for the Administering Authority to determine whether a conflict exists (on appointment and from time to time)?						
B4	Does the appointment process for pension board members require disclosure of interests and responsibilities which could become conflicts of interest?						
B5	Is the conflicts policy regularly reviewed?						
B6	Does the Fund have a conflicts register and it is circulated for ongoing review and published?						
B7	Is appropriate information included in the register?						
B8	Is there a standing item on the agenda for declaring conflicts of interest?						
B9	Do those involved know how to report a conflict of interest?						
B10	Is the number of employer and member representatives on the board in line with legal requirements?						
B11	Is the board made up of the appropriate mix of representatives in order to minimise potential conflicts?						

C - Publishing information about schemes

Legal Requirement

The scheme manager for public service scheme must publish information about the pension board for the scheme(s) and keep that information up to date

The information must include:

- who the members of the pension board are
- representation on the board of members of the scheme(s), and
- the matters falling within the pension board's responsibility

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
C1	Does the Administering Authority publish information about the pension board?			Annually			
C2	Does the Administering Authority publish other useful related information about the pension board?			Annually			
C3	Is all the information about the Pension Board kept up-to-date?			On-going			
C4	Does the Administering Authority publish information about pension board business?			quarterly			

MANAGING RISK

D – Managing Risk

Legal Requirement

The scheme manager must establish and operate internal controls that adequately ensure the scheme is administered and managed in accordance with the requirements of the law.

Internal controls are defined in the legislation as:

- arrangements and procedures to be followed in the administration and management of the scheme
- systems and arrangements for monitoring that administration and management
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme

The legal requirements apply equally where a scheme outsources services connected with the running of the scheme.

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
D1	Is there an agreed process for identifying and recording scheme risks?						
D2	Does the Fund have an adequate process to evaluate risks and establish internal controls?			quarterly			
D3	Does the Administering Authority have a risk register to record all risks identified and action taken?						
D4	Does the Administering Authority review the effectiveness of the risk management and internal control systems of the Fund?						
D5	Does the Administering Authority regularly review the risk register?						
D6	Is there a standing item on the Pension Board agenda to review scheme risks?						
D7	Does the Administering Authority have adequate systems, arrangements and procedures (internal controls) in place for the administration and management of the Fund and are they documented ?						
D8	Do these procedures apply equally to outsourced services, are internal controls reflected in contracts with third party providers and is there adequate reporting in relation to those controls?						

ADMINISTRATION

E – Scheme Record-keeping

Legal Requirement

Scheme managers must keep records of information relating to:

member information

transactions, and

pension board meetings and decisions.

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Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
E1	Do member records record the information required as defined in the Record Keeping Regulations and is it accurate?						
E2	Does the Fund have the appropriate processes in place so employers can provide timely and accurate information?						
E3	Does the Fund keep records of and reconcile transactions as required by the Record Keeping Regulations?						
E4	Are records kept of pension board meetings as required by the Record Keeping Regulations?						
E5	Are records kept of decisions made by the pension board, outside of meetings as required by the Record Keeping Regulations?						
E6	Are records retained for as long as they are needed?						
E7	Does the Administering Authority have policies and processes to monitor data on an ongoing basis?						
E8	Does the Administering Authority carry out a data review at least annually?						
E9	Is a data improvement plan in place which is being monitored with a defined end date?						
E10	Are processes and policies in place to reconcile scheme data with employer data?						
E11	Do the Administering Authority's member data processes meet the requirements of the Data Protection Act 1998 and the data protection principles?						

F – Maintaining Contributions

Legal Requirement

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
F1	Does the Fund have procedures and processes in place to identify payment failures?						
F2	Do those processes and procedures include a contributions monitoring record to determine whether contributions are paid on time and in full?						
F3	Do those processes and procedures include monitoring payments against the contributions monitoring record on an ongoing basis?						
F4	Are these procedures regularly reviewed to ensure they are effective?						
F5	Do the Administering Authority's processes include managing overdue contributions in line with TPR's suggested approach?						
F6	Does the Fund maintain a record of any investigations and communications with employers?						
F7	Do employers provide sufficient information to monitor contributions and is this in accordance with the LGPS regulations?						
F8	Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period?						
F9	If the administration of contributions outsourced to a service provider, is there a process in place to obtain regular information on the payment of contributions to the scheme?						

G – Providing Information to Members and Others

Legal Requirement

The law requires schemes to disclose information about benefits and scheme administration to scheme members and others. This includes requirements relating to benefit statements and certain other information which must be provided under the requirements of the 2013 Act, HM Treasury directions and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation.

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
G1	Has an annual benefit statement been provided to all active members within the required timescales?						
G2	Do these meet the legal requirements in relation to format?						
G3	Has a benefit statement been provided to all active, deferred and pension credit members who have requested one within the required timescales?						
G4	Does this meet the legal requirements in relation to format?						
G5	Has an annual benefit statement been provided to all members with AVCs within the required timescales?						
G6	Do these meet the legal requirements in relation to format?						
G7	Is basic scheme information provided to all new and prospective members within the required timescales?						
G8	Does this meet the legal requirements in relation to format?						
G9	Is all other information provided in accordance with the legal timescales?						
G10	Is all other information provided in the format and methods required by law?						
G11	Where any information is only provided electronically (i.e. instead of any hard copy) does it comply with the legal requirements?						
G12	Does the Administering Authority aim to design and deliver communications in a way that ensures scheme members are able to engage with their pension provision?						
G13	Does the Administering Authority use a tracing service?						

RESOLVING ISSUES

H – Internal Dispute Resolution

Legal Requirement

Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pension disputes between the scheme manager and a person with an interest in the scheme. The act states that a person has an interest in the scheme if they:

- are a member or beneficiary
- are a prospective member
- have ceased to be a member, beneficiary or prospective member
- claim to be any of the above and the dispute relates to this claim.

The Act also states that the procedure must include:

- how an application is to be made
- what must be included in an application
- how decisions are to be reached and notified
- a specified period (which is reasonable) within which applications must be made.

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Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
H1	Has the Administering Authority put in place an internal dispute resolution procedure?						
H2	Does the Administering Authority's process highlight or consider whether a dispute is exempt?						
H3	Does the information made available to applicants about the procedure clearly state the procedure and process to apply for a dispute to be resolved including:- who it applies to- who the specified person (stage 1) is - the timescales for making applications- who to contact with a dispute- the information that an applicant must include- the process by which decisions are reached?						
H4	Has the Administering Authority ensured that employers who make first stage decisions also have IDR in place?						
H5	Are the timescales in the procedure adhered to including sending an acknowledgment on receipt of an application?						
H6	Does the Administering Authority notify and advertise the procedure appropriately?						
H7	Are the notification requirements in relation to TPAS and the Pensions Ombudsman being adhered to?						
H8	Does the Administering Authority regularly assess the effectiveness of its arrangements?						
H9	Does the Administering Authority regularly assess the effectiveness where employers carry out a stage one process?						

I – Reporting Breaches of Law

Legal Requirement

Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

Ref	Code Requirement	Code Ref	Response	Frequency of Review	Last Review Date	Compliant	Action
I1	Is the Administering Authority satisfied that those responsible for reporting reaches under the legal requirements and TPR guidance understand the requirements?						
I2	Does the Administering Authority have appropriate procedures in place to meet their legal obligations for identifying and assessing breaches?						
I3	Are breaches being recorded in accordance with the agreed procedures?						