

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Pensions and Investment Committee  
12<sup>th</sup> February 2015**

**REPORT BY:** Strategic Director of Resources

**SUBJECT:** The Pensions Regulator – Public Service Code

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**REPORT FOR:** Information

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**1 Introduction**

- 1.1 On 15<sup>th</sup> January the Pensions Regulator issued his Code of Practice No. 14 – Governance and Administration of Public Service Pension Schemes (“the Public Service Code”). The code provides pension schemes with a summary of their key governance and administration duties, standards of conduct and practice expected in relation to those duties, and practical guidance on how to comply.

**2 Governance- Knowledge and Understanding**

- 2.1 The code states that it is crucial that the people responsible for public service schemes know how to govern them as efficiently and effectively as possible. At the most basic level, pension committee and board members need to understand how the scheme works so that they can effectively assist the scheme manager.
- 2.2 Schemes should keep track of training and other learning activities undertaken by pension committee and board members and there should be someone responsible for ensuring that a training programme is developed and implemented.

**3 Governance – Conflicts of Interest**

- 3.1 It is important that pension schemes are aware of any potential conflicts of interest on a pension board. A conflict of interest occurs when an individual has another interest which is likely to prejudice the way they carry out their role as a pension board member.
- 3.2 The scheme manager of a public service scheme must be satisfied that no pension board member has a conflict of interest. Schemes should have an agreed and documented policy which includes identifying, monitoring and managing potential conflicts of interest.

## **4 Governance – Representation on Pension Boards**

- 4.1 Having a variety of people and representation on the pension board should help to ensure that pension board discussions take into account the views and interests of those involved in the scheme.
- 4.2 Pension boards must have an equal number of employer and scheme member representatives. It is also important for schemes to consider the mix of skills and experience needed on their pension boards so that they operate effectively.

## **5 Risk – Internal Controls**

- 5.1 Good internal controls are crucial. These are the arrangements, systems and procedures that the scheme has in place for scheme administration and management, overseeing that administration and management, and the security of scheme assets. Scheme managers must establish and operate controls which are adequate for ensuring that the scheme is administered and managed in line with the scheme rules.
- 5.2 Internal controls can help protect schemes from risks which could be detrimental to the scheme and the members if they are not addressed. Schemes should ensure that sufficient time and attention is spent identifying, evaluating and managing risks. This includes developing and monitoring the controls that they use to keep these risks in check.

## **6 Administration – Keeping Records**

- 6.1 Complete, accurate and up-to-date records are key to the effective administration of a public service scheme. Good records make it easier to communicate, allocate contributions and pay benefits to the right people at the right time, without making costly mistakes.
- 6.2 Scheme managers must keep the records set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014. To ensure that the appropriate records are kept, they should be discussed and reviewed regularly. If there are problems with scheme records, there should be a plan to resolve them.
- 6.3 It is important to regularly evaluate the accuracy of member records and that the scheme receives timely and accurate member updates from participating employers. Schemes should review records at least annually, which should include an assessment of the accuracy and completeness of the information held.

## **7 Administration – Maintaining Contributions**

- 7.1 Receiving accurate contributions on time is very important. Contributions that are late or go unpaid may need to be reported to the Pensions Regulator.

- 7.2 Where member contributions are deducted from their pay, the amount deducted must be paid to the scheme by the 19th day of the month following the deduction (or by the 22nd day if paid electronically). Employer contributions must be paid to the scheme in line with any requirements in the scheme regulations.
- 7.3 A public service scheme should have an effective process to identify and resolve payment failures with the employer. If scheme managers think that a payment failure is likely to be of material significance then it must be reported to the Pensions Regulator.

## **8 Administration – Providing Information to Scheme Members**

- 8.1 The information communicated to Scheme members will affect the decisions they make about their pension benefits. This, in turn, can have a major bearing on the value of their pension.
- 8.2 There is some specific information which must be provided to members (or prospective members), like basic scheme details when they join and annual statements showing the value of their benefits. Other information, for example about transfer credits or the constitution of the scheme, must be provided upon request from members.

## **9 Resolving Issues**

- 9.1 Whether it relates to a breach of the law or a complaint from a member, issues that arise in public service schemes should be dealt with promptly and effectively.
- 9.2 Schemes must have an internal dispute resolution procedure (IDRP) to help resolve issues raised by members and others with an interest in the scheme. The IDRP must state how someone can apply to have a pension dispute resolved (including any time limits), the details which must be included, and how and by when decisions are to be reached. Members and others who make a complaint must be given information about The Pensions Advisory Service when the complaint is received, and the Pensions Ombudsman, when the decision is given, who may be able to help them.
- 9.3 It is important that breaches of the law are identified and assessed quickly, and reported if necessary. Scheme managers and pension board members (amongst others) must report breaches which they consider likely to be of material significance to the Pensions Regulator, so there should be effective procedures to enable them to identify and assess breaches. These should include giving those involved with public service schemes the opportunity to raise concerns, consider risks, and where necessary submit a report within an appropriate timescale.

## 10 Recommendation

10.1 To note the contents of this report and that further work will be undertaken to ensure compliance.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To note the contents of the Pensions Regulator's public service code and that further work is to be undertaken to ensure compliance.		As per report	
<b>Person(s) To Action Decision:</b>	Pensions Manager		
<b>Date By When Decision To Be Actioned:</b>			
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
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<b>Relevant Portfolio Member(s):</b>	Councillor Dai Davies
<b>Relevant Local Member(s):</b>	N/A