

CYNGOR SIR POWYS COUNTY COUNCIL

**Pensions and Investment Committee
17th December 2021**

REPORT BY: Head of Finance

SUBJECT: Governance and Administration Update

REPORT FOR: Information

1 Introduction

- 1.1 This report has been produced to provide Committee with an update on the LGPS governance and administration matters and the potential impact of these on the Powys Pension Fund.
- 1.2 It is provided in addition to and supplements, where appropriate, the executive summary presented by the Powys Pension Board Chair and will provide updates on:
- Scheme Advisory Board (SAB) and the Local Government Association (LGA)
 - The Pension Regulator (TPR)
 - Update on the Fund's risk register
 - Updates on the Fund's breaches register

2. Key points for information

2.1 SAB cost management result published

On 15 October 2021, SAB published the result of its [cost management process](#) for the 2016 scheme valuation. Although the Board reached agreement on how to include McCloud costs previously, it was not able to publish the outcome until HM Treasury (HMT) published the Cost Cap Directions 2021 (See paragraph 2.2).

In conclusion, the SAB will not be recommending any scheme changes.

2.2 HMT publishes consultation response on the cost control mechanism

The response confirms it will proceed with all three proposed reforms to the mechanism:

- moving to a reformed scheme only design so that the mechanism only considers past and future service in the reformed schemes.
- the cost corridor will be widened from two per cent to three per cent of pensionable pay
- introducing an economic check so that a breach of the mechanism will only be implemented if it still would have occurred had the long-term economic assumptions been considered.

The Government is aiming to implement all three proposals in time for the next valuation. It will work with the Department for Levelling Up, Housing and Communities (DLUHC) and LGPS stakeholders to consider:

- the most appropriate way to implement the reformed scheme only design in the LGPS (including how to treat the underpin)
- whether it is desirable for the SAB process to be adapted in line with the principles of the economic check.

3. Other Updates

3.1 The Pensions Ombudsman

In October 2021, the Pensions Ombudsman (TPO) launched a new [page](#) on its website called 'How to avoid the Ombudsman'. It contains 'top tips', links to case studies, key determinations and new frequently asked questions.

TPO also published a [guidance note](#) on communicating with pension scheme members. The note sets out simple steps that can be taken to resolve pension disputes and complaints without the need for TPO to be involved.

3.2 Pension scams: new restrictions on transfers

On 8 November 2021;

- the Government [published](#) its Response to Pension scams: empowering trustees and protecting members consultation
- [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) [SI 2021/1237] were laid
- the Pensions Regulator (TPR) published TPR [guidance](#) on dealing with transfer requests.

The regulations take effect from 30 November 2021. They introduce further legal restrictions on a member's statutory right to transfer. The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances.

The Pensions Section is reviewing the documentation and amending processes accordingly.

4. The Pensions Regulator (TPR)

4.1 Dealing with Transfer Requests guidance

the Pensions Regulator (TPR) published [guidance](#) on dealing with transfer requests

4.2 Scheme return

TPR sent out scheme return notices to managers of public service pension schemes in September advising of the need to complete in November. The return for Powys County Council was submitted ahead of the deadline.

5 Risk Register

5.1 The latest Risk register is enclosed for Committee's review.

5.2 The Pension Fund Manager will be working with the Council's Risk and Planning Team in early 2022, to perform a complete review of all risks identified in the risk register. The findings will be presented to Committee in due course.

6 Breaches Register

6.1 Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Pensions Regulator Code of Practice no 14, published in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a 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.

6.2 The latest version of the breaches register is attached, for information.

No new recordable or reportable breaches have been added since the last meeting. There has been a small increase in the number of unpaid frozen refunds. Work is continuing on actively locating these members and some payments have now been made.

7 Recommendation

7.1 To note the contents of this report.

Recommendation:		Reason for Recommendation:	
To note the content of the report.		As per the report	
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

Relevant Portfolio Member(s):	Councillor Aled Davies
Relevant Local Member(s):	