

Report To: Pension Fund Management Panel/Advisory Panel

Date: 11 March 2016

Reporting Officer: Peter Morris, Executive Director of Pensions

Subject: **A PROCEDURE FOR REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR**

Report Summary: The report provides a draft procedure for reporting material breaches of the law to the Pensions Regulator.

Recommendations: The Executive Director - Governance and Resources (Borough Solicitor) be given delegated powers to adopt and maintain a Procedure for Reporting Breaches of the law to the Pensions Regulator and will report annually to the Local Pensions Regulator.

Policy Implications: None.

**Financial Implications:
(Authorised by the Borough Treasurer)** Penalties can be applied of up to £5,000 in the case of an individual, and £50,000 in the case of an organisation, if relevant legislation is breached.

**Legal Implications:
(Authorised by the Solicitor to the Fund)** Breaches of the law, by both employers and the administering authority, must be kept to a minimum. The requirements are also important to facilitate a high standard of service to scheme members and employers.

Risk Management: The Fund has in place internal control procedures that aim to minimise the number of breaches, albeit these are often dependent on the prompt receipt of timely and accurate data from employers. These procedures are subject to periodic review. All procedures may be subject to internal and external audit.

ACCESS TO INFORMATION: **NON-CONFIDENTIAL**

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers: The Pension Regulator's Code of Practice No 14, which may be found here:
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

Further information can be obtained by contacting Ged Dale, Assistant Executive Director – Pensions Administration, on 0161 301 7227 or via email at ged.dale@gmpf.org.uk

1 REPORT

- 1.1. Since 2005 all private sector occupational pension schemes in the UK have been overseen by the Pensions Regulator (the Regulator), which is a non-departmental public body. The Regulator's statutory objectives are set out in legislation and include:
 - improving confidence in occupational pensions by protecting the benefits of scheme members;
 - promoting good administration;
 - maximising employer compliance with employer duties.
- 1.2 The Regulator also works to ensure that those involved in running pension schemes have the necessary skills and knowledge.
- 1.3 Following the Public Sector Pensions Act 2013, new public service pensions schemes such as the LGPS 2014 fall under the remit of the Regulator, although its role is less wide ranging than in the private sector and focuses predominantly on governance and the administration of benefits.
- 1.4 There is a great deal of pensions legislation, and when some of the requirements are breached, it may be necessary to report such breaches to the Regulator. To assist with identifying and reporting breaches, the Regulator's code of practice *Governance and administration of public service pension schemes* recommends that funds create a procedure for reporting breaches to the Regulator. A procedure has therefore been drafted and is attached as **Appendix 1**.
- 1.5 The Local Pension Board and the Pensions Administration Working Group have been consulted about the draft Procedure, with both supporting its adoption. There was a concern raised about conflicts of interest by the Local Pensions Board and consequently an annual report will be provided to the Board in order that they can have oversight.

2. RECOMMENDATION

- 2.1 The Executive Director - Governance and Resources (Borough Solicitor) be given delegated powers to adopt and maintain a Procedure for Reporting Breaches of the Law to the Pensions Regulator.