



Pensions Board

24 January 2017

Report title Compliance Monitoring 2016/17

Originating service Pensions

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Recommendations for noting:

The Board is asked to:

1. Note the work of the Fund in complying with the Pension Regulator's Code of Practice
2. Note the proposed compliance monitoring programme for 2017

1.0 Purpose

- 1.1 To provide assurance to the Board about the Fund's adherence to statutory guidance and legislation

2.0 Background

- 2.1 In April 2015 The Pensions Regulator ("TPR") issued a code of practice for public service pension schemes. The code of practice sets out the legal requirements for public service pension schemes and standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
- 2.2 Following its publication in April 2015, the Fund participated in a pilot scheme for assessing LGPS Funds' adherence to the Code of Practice through the creation of a self-assessment toolkit which the Fund presented to Pensions Committee in December 2015 and as part of Trustee and Pension Board training in 2016. This showed that the Fund was fully compliant with the Code of Practice highlighting 3 key areas for improvement.
- 2.3 Following that self-assessment pilot, the TPR, in September 2016 issued a compliance monitoring programme to help funds manage areas for compliance, breaking down the code of practice into workable tasks which can be more closely monitored.

3.0 Self-Assessment - Update

- 3.1 In conducting the annual review of the TPR self-assessment, the Fund has reviewed its approach to internal dispute resolutions (IDRP). It was felt that the Fund was not fully engaged with this process where complaints were being received under Stage 1 direct to employers. To help with the Fund's engagement with employers and to assist in managing relationships, as well as ensuring adherence to the statutory duty to manage IDRP's, the Fund reviewed the process ensuring notification of all IDRP's are reported to the Fund's compliance team by employers for monitoring. As a result of this new approach this area of the self-assessment has been upgraded to green.
- 3.2 Areas which remain Amber are in relation to communicating with members. The Fund has conducted an annual review of its Customer Engagement Plan. That work has highlighted that pensioner engagement will be a priority for 2017 as the Fund's considers ways to produce an annual newsletter and pensioner specific workshops. The fund has assessed its adherence to this principle as Amber, pending this work.
- 3.3 The fund continues to work with employers to resolve outstanding data queries and the planned move to monthly returns in 2017 is expected to improve the quality of data collected by the fund in the future. A wider review of data stored is also underway in preparation for the new data protection regulations effective in 2018.
- 3.4 Attached at Appendix One is the outcome of this year's Self-Assessment

- 3.5 The Fund has also completed the online assessment provided by the TPR and a copy of that result, which shows the Fund to pass all areas, is attached at Appendix Two.

4.0 Compliance Monitoring Programme

- 4.1 The Fund has in place a monitoring programme, which aims to ensure its internal and external operations meet required standards and best practice. The programme is directly linked to the risk register; testing the effectiveness of the controls in place to manage and mitigate risks.
- 4.2 In addition to this, the TPR has issued a template monitoring program to assist Fund's adherence to the Code of Practice. Outlining what it thinks should be tested and when.
- 4.3 Due to its size and complexity, it is proposed that the Board receive training on this program in June. A copy is available to view on the Pension Board website.

5.0 Financial implications

- 5.1 The Pension Board is provided for in the Fund's operation budget.

6.0 Legal implications

- 6.1 None

7.0 Equalities implications

- 7.1 None

8.0 Environmental implications

- 8.1 None

9.0 Human resources implications

- 9.1 None

10.0 Corporate landlord implications

- 10.1 None

11.0 Schedule of background papers

- 11.1 The Pension Regulator's Code of Practice
<http://www.thepensionsregulator.gov.uk/doc-library/codes.aspx>

12.0 Appendices

- 12.1 Appendix One**
Self- assessment against the TPR Code of Practice
- 12.2 Appendix Two**
TPR online assessment results