

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 8

TEESSIDE PENSION BOARD REPORT

11 JULY 2016

INTERIM CHIEF FINANCE OFFICER – MARK TAYLOR

TEESSIDE PENSION BOARD – OVERVIEW OF THE PENSIONS REGULATOR

1. PURPOSE OF THE REPORT

- 1.1 To provide an overview of the Pensions Regulator.

2. RECOMMENDATIONS

- 2.1 That Members note the contents of the paper.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications for the Fund.

4. BACKGROUND

- 4.1 The Pensions Regulator is a non-departmental public body which overviews work-based pension schemes in the UK. Created under the Pensions Act 2004, the Regulator replaced the Occupational Pensions Regulatory Authority (OPRA) from 6th April 2005 with wider powers and a more proactive and risk-based approach to regulations.
- 4.2 The Pensions Regulator has a clear set of objectives:
- To improve confidence in work-based pensions by protecting members benefits
 - to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund (PPF); and
 - to promote good administration of work-based pension schemes.
 - to maximise employer compliance with employer duties (including the requirement to automatically enrol eligible employees into a qualifying pension provision with a minimum contribution) and with certain employment safeguards
- 4.3 To meet these objectives The Pensions Regulator employs a risk-based approach, concentrating its resources on schemes which pose the greatest risk to the security of members' benefits. The regulator also promotes high standards of scheme administration and works to ensure that those involved in running pension schemes have the necessary skills and knowledge.
- 4.4 The Public Service Pensions Act 2013 resulted in the Pensions Regulator expanding its role to cover Public Sector Schemes along with changes to scheme design across the Public Sector.

5. NEW GOVERNANCE ARRANGEMENTS

- 5.1 The Pensions Regulator's role is to improve standards and drive compliance with legal requirements. The stated focus of the Pensions Regulator is work with Scheme managers, pension boards and others involved in public service schemes to help them become compliant. The approach being used is to educate and enable in the first instance (e.g. the publication of Code of Practice 14 and providing the Public Sector Toolkit), but where a scheme manager or pension board member fails to comply with their duties they will consider using their powers which includes the potential of imposing fines.
- 5.2 In order to assist in helping schemes to comply with legal duties, the Pensions Regulator will expect each scheme to complete an annual return. The first of these returns requires completing in the coming months. The Scheme Return will request specific information regarding the scheme (e.g. membership profile and employer information).
- 5.3 The Pensions Regulator will also issue surveys to schemes to monitor that standards are improving. One such survey, from Summer 2015, highlighted that although there was a high degree of awareness and understanding of the new Acts and Code of Practice there was only a minority of schemes who have measured against record-keeping requirements or undertaken data cleansing exercises.

6. NEXT STEPS

- 6.1 Over the next year, the Pensions Regulator has stated that they will look to ensure that every scheme reaches a basic level of compliance, as well as looking at the effectiveness of processes in areas they have identified as being of greatest risk: internal controls, scheme record-keeping and the provision of accurate and high quality communications to members.
- 6.2 The Regulator intends to launch a self-assessment tool in 2016 that will enable the scheme to be assessed against the requirements and identify any problems. The Pension Board will be informed once this tool is launched and will be notified of any results that come from it.
- 6.3 The scheme return will require completion once notification is received from the Pensions Regulator. The responsibility for this lies with the Middlesbrough council, as Administering Authority, but will be undertaken by Kier Business Services as part of the administration services they provide. The Pensions Board will be notified when the return has been completed.

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