

SOUTH YORKSHIRE PENSIONS AUTHORITY

1 OCTOBER 2015

Report of the Clerk

COMPLIANCE AND ENFORCEMENT BY THE PENSIONS REGULATOR IN THE LGPS

1) Purpose of the Report

To draw to Members' attention the publication by the Pensions Regulator of an enforcement policy document affecting the LGPS.

2) Recommendation

Members note the report.

3) Background Information

- 3.1 As Members are aware the Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes. The Pensions Regulator (TPR) is now the LGPS regulatory body.
- 3.2 The TPR has already issued a Code of Practice on the governance and administration of public service schemes. It has recently issued a document outlining its enforcement policy and a copy is attached.
- 3.3 The policy clarifies that the Code is not just a "nice to have" but a "must comply". In essence it underlines that the LGPS now has a full-time statutory scrutiniser with real powers.
- 3.4 Section 2.3 of the Policy explains that the TPR wants assurance that funds are compliant with the Code in the following key areas:-
- Knowledge and understanding
 - Conflicts of interest
 - Record-keeping
 - Internal controls
 - Member communication
 - Internal disputes
- 3.5 The TPR asserts that their approach will be proportionate and evidence-based. In order to do this it will monitor returns, research, reports received and plan surveys etc.
- 3.6 The TPR emphasises it will be pragmatic so that use of the word 'enforcement' might be unnecessarily daunting. But the policy does repeat the powers that it has over LGPS funds including the right to visit premises and impose civil penalties.

Notwithstanding this the thrust of the policy is to encourage and enable so as to achieve better outcomes rather than pursuing funds, boards or individuals.

4) Implications and risks

4.1 Financial

There are no immediate financial implications arising from this report.

4.2 Legal

There are not thought to be any specific legal implications arising out of this report.

4.3 Diversity

There are no diversity implications.

4.4 Risk

There are a number of possible risks for the Authority and the Fund but falling foul of the Regulator is a major one.

The Authority is the formal decision-making body for all matters regarding the LGPS and needs to be in a position to monitor and respond to changes that affect the working of the Scheme. There is an unquantifiable reputational risk associated with failing to do so.

D Terris
Clerk

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Background papers used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley

Other sources and references: Hymans Robertson