

## The Pension Regulator's Code of Practice Compliance Checklist

### Date of Completion:

#### Introduction

This document outlines how Westminster City Council complies with the Pensions Regulator's (TPR) Code of Practice No 14 Governance and administration of public service pension schemes ('the TPR Code') in relation to the management of the Council's Pension Fund which is part of the Local Government Pension Scheme (LGPS). It will be updated regularly by officers of the Fund and reported annually to the Pensions Committee and Pension Board.

This document highlights all the key elements of the TPR Code and then evidences whether Westminster City Council meets these areas of best practice. As part of this evidence it shows when the element was last checked and whether, at that point, it was considered fully, partially or not compliant. Where they are partially or not compliant, it also highlights whether Westminster Council have identified actions to be carried out to improve their current practices. Where an element is not yet active, the commentary will generally still highlight where advanced progress is being made.

Those reading this document should be mindful that the TPR Code applies equally to all public service pension schemes and therefore it is generic in nature. There may be a number of elements that are more specifically stipulated within LGPS legislation and it is not the purpose of this compliance checklist to consider that level of detail.

Further, Westminster City Council may also incorporate key elements of national guidance from the LGPS Scheme Advisory Board into this compliance checklist. This version contains the checklists included as part of the Shadow Scheme Advisory Boards "Guidance on the creation and operation of Local Pension Boards in England and Wales".

The national LGPS Scheme Advisory Board

Pensions Committee

Local Pension Board

The Pensions Regulator's Code of Practice No 14 Governance and administration of public service pension schemes

Frequency of review and last review date: Where a process, policy or practice is officially reviewed at a set interval, the actual interval will be shown as well as the last interval date. However, in many circumstances processes and procedures are ongoing and part of the day – to - day operation of the Fund. In these circumstances, an annual check will be carried out to ensure that the ongoing process meets the TPR Code expectations and therefore the date shown will be the date that annual check was carried out and the frequency will be shown as "ongoing (annual check)".

## A – Knowledge and Understanding

### Legal Requirement

A member of the pension board of a public service pension scheme must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a pension board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
A1	Are there policies and arrangements in place to support pension board members in acquiring and retaining knowledge and understanding?		There is a knowledge and skills policy in place for the Pension Board that covers the areas that members are legally required to have knowledge of.			compliant	
A2	Has a person been designated to take responsibility for ensuring that a framework is developed and implemented?		The Tri Borough Director of Treasury and Pensions is responsible for ensuring that a knowledge and understanding framework is developed and implemented ?				Need to Check implementation
A3	Is WCC providing assistance to pension board members to determine the degree of knowledge and understanding?		Upon appointment to the board, all members are required to complete a self assessment/training needs analysis. This is then used to identify areas where training may be required.			compliant	
A4	Are the roles and responsibilities of pension boards and members of the board clearly set out in scheme documentation?		The terms of reference sets out the roles and responsibilities of the pension board and individual members of the board. It has been formulated based on the guidance that was issued by the Scheme Advisory Board.			compliant	
A5	Are pension board members aware of their legal responsibility in terms of knowledge and understanding		Extensive training was given in this area as part of the one day induction training of members. Subsequent training has also been provided in this area through a contracted training programme that has been put in place for board members.			compliant	
A6	Have pension board members got access to copies of the scheme rules and relevant scheme documentation?		Copies of the scheme rules are available on the WCC pension fund website and the main WCC website. (need to ascertain that members are directed to all the documents.)			partially	Direct members to documents
A7	Is there an updated list of fund specific documents with which the Is there an up-to-date list of the Fund specific documents with which pension board members need to be conversant in?		A list of documents is outlined in the Terms of Reference that members of the Board must receive on appointment. These documents are also held on line and updated accordingly. However document list needs to be reviewed to ensure completeness.			partially	Check that all list of documents is complete
A8	Are all pension board members investing sufficient time in their learning and development?						Update training record
A9	Does the Fund offer pre-appointment training for new pension board members or mentoring by existing members?		A comprehensive 2 day training programme was put in place for the first Board members that were appointed. New appointments to the Board are required to undertake a training needs analysis in keeping with the Knowledge and Skills policy			compliant	
A10	Is there a process in place for regularly assessing the pension board members' level of knowledge and understanding is sufficient for their role, responsibilities and duties?		The knowledge and skills policy statement require members of the pension board to complete a knowledge and skills self assessment annually. Also specific training is provided sometimes jointly with the pensions committee leading up to specific events for example, joint training was provided on the triennial valuation during the 2016 valuation. Officer inform board members of external events and workshops to enhance their knowledge.			compliant	
A11	Are records of learning activities being maintained?		Records of attendance at training sessions arranged by the Council are kept and reported on in meetings. Board members have also been provided access to the Council's learning management system to record development that they have undertaken outside of the arranged training sessions			compliant	
A12	Have the pension board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?		Need to ascertain.				Check that members have completed

## B – Conflicts of Interest

### Legal Requirement

The Public Service Pensions Act 2013 sets out the legal requirements for scheme managers and pension boards for conflicts of interest.

In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:

Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.

Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers.

- that a person to be appointed as a member of the pension board does not have a conflict of interest and
- from time to time, that none of the members of the pension board has a conflict of interest.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
B1	Does the Fund have a conflict of interest policy and procedure, which include identifying, monitoring and managing potential conflicts of interest?		There is a comprehensive conflict of interest policy that covers the role of the Board and the role of the Authority in identifying, monitoring and managing conflicts of interest	annually		compliant	
B2	Do pension board members have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how to manage potential conflicts?		This is set out in the conflict of interest policy with examples. In addition Conflict of interest was included as part of the induction and subsequent training.			compliant	
B3	Have all Pension Board members provided appropriate information for the Administering Authority to determine whether a conflict exists (on appointment and from time to time)?		In addition to the Conflict of Interest Policy and declaration at the time of appointment, there is also a standing item on the agenda of each Board meeting for members of the board to declare any conflict of interest			compliant	
B4	Does the appointment process for pension board members require disclosure of interests and responsibilities which could become conflicts of interest?		Yes, please see above.			compliant	
B5	Is the conflicts policy regularly reviewed?		The conflict of interest policy is reviewed annually			compliant	
B6	Does the Fund have a conflicts register and it is circulated for ongoing review and published?		It was agreed by the board that declarations of interests would be recorded in the pension board minutes. <b>Is there a register outside of the minutes</b>			partially	Establish register
B7	Is appropriate information included in the register?		There is not a comprehensive register. The minutes of each meeting has any declaration of interests.			partially	Establish register
B8	Is there a standing item on the agenda for declaring conflicts of interest?		There is a standing item for declaration of interests at the start of each meeting.	quarterly		compliant	
B9	Do those involved know how to report a conflict of interest?		This is included in the Conflict of interest policy and was also part of the induction training.			compliant	
B10	Is the number of employer and member representatives on the board in line with legal requirements?		Yes. There are equal numbers of employee and employer representatives in keeping with the guidance issued by the Scheme Advisory Board.	When required at appointments		compliant	
B11	Is the board made up of the appropriate mix of representatives in order to minimise potential conflicts?		There are three employer representatives and 3 scheme member representatives. The employer reps are made up of 2 Councillors and 1 admitted body employer and the scheme member reps are made up of scheme members from the Council or admitted bodies.	When required at appointments		compliant	

## C - Publishing information about schemes

### Legal Requirement

The scheme manager for public service scheme must publish information about the pension board for the scheme(s) and keep that information up to date

The information must include:

- who the members of the pension board are
- representation on the board of members of the scheme(s), and
- the matters falling within the pension board's responsibility

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
C1	Does the Administering Authority publish information about the pension board?		Information regarding the role and membership of the board along with key documents – Terms of Reference, Code of Conduct, Conflicts of Interest Policy, Knowledge and Skills policy and membership are published on the Council's website	Annually and ongoing		Compliant	
C2	Does the Administering Authority publish other useful related information about the pension board?		In addition to the above Agenda and minutes of the board meetings are also available and the pension fund annual report also includes information about the board.	Annually		compliant	
C3	Is all the information about the Pension Board kept up-to-date?		Officers review the published information and amend accordingly.	On-going		compliant	
C4	Does the Administering Authority publish information about pension board business?		This information is contained in the pension board annual report and the minutes of the meetings would also contain information about the pension board business	Quarterly/annually		compliant	

## D – Managing Risk

### Legal Requirement

The scheme manager must establish and operate internal controls that adequately ensure the scheme is administered and managed in accordance with the requirements of the law.

Internal controls are defined in the legislation as:

- arrangements and procedures to be followed in the administration and management of the scheme
- systems and arrangements for monitoring that administration and management
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme

The legal requirements apply equally where a scheme outsources services connected with the running of the scheme.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
D1	Is there an agreed process for identifying and recording scheme risks?		The Council's risk management framework is used to identify and record risk			Compliant	
D2	Does the Fund have an adequate process to evaluate risks and establish internal controls?		Risk is evaluated using a scoring matrix that has been agreed by the pension committee. The scoring matrix examines the likelihood of each risk identified and applies a rating and also looks at the impact of the risk occurring and applies a score. Based on the outcome of each risk then resources are channelled into that area.	quarterly		compliant	
D3	Does the Administering Authority have a risk register to record all risks identified and action taken?		A risk register that records all risk identified is in place. This is reviewed quarterly at meetings and any resulting follow up actions reported on.	quarterly		compliant	
D4	Does the Administering Authority review the effectiveness of the risk management and internal control systems of the Fund?		This is reviewed quarterly at each meeting of the Committee and the Board and would also be tested as part of external audit and by Audit and Governance Committee.	annually		compliant	
D5	Does the Administering Authority regularly review the risk register?		The risk register is reviewed quarterly at Pension Board and Committee meetings	quarterly		compliant	
D6	Is there a standing item on the Pension Board agenda to review scheme risks?		Review of the risk register is a standing item on both the Pension Board and Committee agenda	quarterly		compliant	
D7	Does the Administering Authority have adequate systems, arrangements and procedures (internal controls) in place for the administration and management of the Fund and are they documented ?		The City Treasurer has a statutory responsibility to to ensure the proper administration of the Council's financial affairs including financial controls. Details of this can be found in Part E of the Financial Regulations under Internal Controls.	Annually		compliant	
D8	Do these procedures apply equally to outsourced services, are internal controls reflected in contracts with third party providers and is there adequate reporting in relation to those controls?		The administration function is outsourced to Surrey CC. The requirements for internal controls are specified in the agreement. (Need to ascertain how the implementation is evidenced.			partially	Obtain information on verification

## E – Scheme Record-keeping

### Legal Requirement

Scheme managers must keep records of information relating to:

member information

transactions, and

pension board meetings and decisions.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
E1	Do member records record the information required as defined in the Record Keeping Regulations and is it accurate?		Yes our records are compliant and accurate. We maintain date joined the scheme, a record of all contributions received on an annual basis, pension in payment and lump sum , transfer and refund payments made	Annually	31/08/2017	Compliant	
E2	Does the Fund have the appropriate processes in place so employers can provide timely and accurate information?		Yes we encourage employers to submit data via Egress to the administrators. All necessary forms are available on the pension fund website so that employers can easily access complete and return to the fund. Contact details are available on the pension website.	Annually	31/08/2017	Compliant	
E3	Does the Fund keep records of and reconcile transactions as required by the Record Keeping Regulations?		Reconciliation does take place for things like lump sum payments and transfer payments made via the altair system and the matching payments in the bank account as part of the accounts preparation. Weakness is in matching annual returns to contributions made to the fund in the year.	Annually		Partially	Developing plan to add this additional check.
E4	Are records kept of pension board meetings as required by the Record Keeping Regulations?		Yes Minutes are maintained by the Committee Section.	Quarterly		Compliant	
E5	Are records kept of decisions made by the pension board, outside of meetings as required by the Record Keeping Regulations?		The Pension Board don't make decisions outside of meetings.	N/A		N/A	
E6	Are records retained for as long as they are needed?		yes	Annually		Compliant	
E7	Does the Administering Authority have policies and processes to monitor data on an ongoing basis?		The Authority is just introducing a PAS which outlines further monitoring.	Annually		Compliant	
E8	Does the Administering Authority carry out a data review at least annually?		The Authority is always doing some data checking. We are currently reviewing records for some people who no longer have contributions being paid into their records. In order to chase up with employers leaver information if required,	Annually		Compliant	
E9	Is a data improvement plan in place which is being monitored with a defined end date?		We review and implement changes to data on an ongoing basis.			Compliant	
E10	Are processes and policies in place to reconcile scheme data with employer data?		The introduction of the PAS will help address this but still some weakness in matching contributions paid to end of year returns. We are considering options including i-connect to collect contribution data on a monthly basis that will update the Altair records.			Partially	
E11	Do the Administering Authority's member data processes meet the requirements of the Data Protection Act 1998 and the data protection principles?		Yes			Compliant	

## F – Maintaining Contributions

## Legal Requirement

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
F1	Does the Fund have procedures and processes in place to identify payment failures?		The Reconciliation Assistant in Finance checks monthly for contributions paid and liaises with the contractor and employer on any outstanding contributions. The Council's contractor will advise finance of this though review may not be immediate.			compliant	
F2	Do those processes and procedures include a contributions monitoring record to determine whether contributions are paid on time and in full?		Late payments are identified and chased first by the contractor and then continued by finance. However interest is not applied to late payments. The Pensions Administration Strategy which was recently approved should strengthen ability to do this.			compliant	
F3	Do those processes and procedures include monitoring payments against the contributions monitoring record on an ongoing basis?		Contributions to be paid are outlined in the rates and adjustment certificate issued by the actuary. A spread sheet is kept maintained and updated monthly with contributions received/outstanding and related correspondence			Compliant	
F4	Are these procedures regularly reviewed to ensure they are effective?		We are reviewing them but cannot change that quickly			Not Compliant	
F5	Do the Administering Authority's processes include managing overdue contributions in line with TPR's suggested approach?		Processes are in place to identify and manage overdue payment. The notification to employers of the contribution rate also includes when the payment should be made by and the penalty for late payments. This is also outline in the PAS and monitored by Reconciliation Assistant.			Compliant	
F6	Does the Fund maintain a record of any investigations and communications with employers?		A spread sheet is maintained with all correspondence as part of the contribution checks. People Services e-mail individually but e-mails are kept so should be available. Surrey keep document images stored on member records where relevant.			Compliant	
F7	Do employers provide sufficient information to monitor contributions and is this in accordance with the LGPS regulations?		There is a standard remittance advice that has been given to employers to capture the information necessary to post contributions received. Employers also provide payroll reports at individual level so that employer and employee rates can be checked. There are a few employers that do not provide payroll reports			Compliant	
F8	Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period?		There is no clear ownership of where the responsibility lies for checking contribution rates, chasing late payments etc as a result it is unlikely that material failures are reported			Not Compliant	HR/Finance/Contractor need to establish responsibility
F9	If the administration of contributions outsourced to a service provider, is there a process in place to obtain regular information on the payment of contributions to the scheme?		The agreement with the provider outlines the data to be supplied and the frequency of information.			compliant	

## G – Providing Information to Members and Others

### Legal Requirement

The law requires schemes to disclose information about benefits and scheme administration to scheme members and others. This includes requirements relating to benefit statements and certain other information which must be provided under the requirements of the 2013 Act, HM Treasury directions and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
G1	Has an annual benefit statement been provided to all active members within the required timescales?		The 2016/ 2017 ABS were available online by 31/8/17			Compliant	
G2	Do these meet the legal requirements in relation to format?		Yes			Compliant	
G3	Has a benefit statement been provided to all active, deferred and pension credit members who have requested one within the required timescales?		ABS are produced automatically and available online. A small number of deferred statements were sent late.			Partially	
G4	Does this meet the legal requirements in relation to format?		yes			Compliant	
G5	Has an annual benefit statement been provided to all members with AVCs within the required timescales?		yes			Compliant	
G6	Do these meet the legal requirements in relation to format?		yes			Compliant	
G7	Is basic scheme information provided to all new and prospective members within the required timescales?		Information is in the contract including a link to the pension fund website			Compliant	
G8	Does this meet the legal requirements in relation to format?		yes			Compliant	
G9	Is all other information provided in accordance with the legal timescales?		yes			Compliant	
G10	Is all other information provided in the format and methods required by law?		yes			Compliant	
G11	Where any information is only provided electronically (i.e. instead of any hard copy) does it comply with the legal requirements?		yes			Compliant	
G12	Does the Administering Authority aim to design and deliver communications in a way that ensures scheme members are able to engage with their pension provision?		Yes, we are always looking to develop our communication.			Compliant	
G13	Does the Administering Authority use a tracing service?		Periodically.			Compliant	

## H – Internal Dispute Resolution

### Legal Requirement

Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pension disputes between the scheme manager and a person with an interest in the scheme. The act states that a person has an interest in the scheme if they:

- are a member or beneficiary
- are a prospective member
- have ceased to be a member, beneficiary or prospective member
- claim to be any of the above and the dispute relates to this claim.

The Act also states that the procedure must include

- how an application is to be made
- what must be included in an application
- how decisions are to be reached and notified
- a specified period (which is reasonable) within which applications must be made.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
H1	Has the Administering Authority put in place an internal dispute resolution procedure?		yes			Compliant	
H2	Does the Administering Authority's process highlight or consider whether a dispute is exempt?		yes			Compliant	
H3	Does the information made available to applicants about the procedure clearly state the procedure and process to apply for a dispute to be resolved including:- who it applies to- who the specified person (stage 1) is - the timescales for making applications- who to contact with a dispute- the information that an applicant must include- the process by which decisions are reached?		yes			Compliant	
H4	Has the Administering Authority ensured that employers who make first stage decisions also have IDR in place?		No, our employers are generally small a process for this may not be practical			Not Compliant	
H5	Are the timescales in the procedure adhered to including sending an acknowledgment on receipt of an application?		Yes.			Compliant	
H6	Does the Administering Authority notify and advertise the procedure appropriately?		We don't advise IDR, but advised individual in relevant circumstance.			Partially	
H7	Are the notification requirements in relation to TPAS and the Pensions Ombudsman being adhered to?					Compliant	
H8	Does the Administering Authority regularly assess the effectiveness of its arrangements?		yes			Compliant	
H9	Does the Administering Authority regularly assess the effectiveness where employers carry out a stage one process?		No, they are very rare.			Not Compliant	We will communicate to our fund employers what they should do.

## I – Reporting Breaches of Law

### Legal Requirement

Certain people are required to report breaches of the law to the regulator where they have 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.

Ref	Code Requirement	Code Ref	WCC	Frequency of Review	Last Review Date	Compliant	Action
11	Is the Administering Authority satisfied that those responsible for reporting reaches under the legal requirements and TPR guidance understand the requirements?		Duty for reporting breaches and how to report formed a fundamental part of the induction training that was given by the fund actuary Barnett Waddingham.			Compliant	
12	Does the Administering Authority have appropriate procedures in place to meet their legal obligations for identifying and assessing breaches?		Need to ensure that procedures and records are centrally stored and available to all relevant parties			Partially	
13	Are breaches being recorded in accordance with the agreed procedures?		Need to ensure that procedures and records are centrally stored and available to all relevant parties.			Partially	