



AGENDA FOR THE PENSION BOARD

Members of the Pension Board are summoned to attend a meeting which will be held in Committee Room 4 on **11 April 2016 at 6.00pm.**

John Lynch
Head of Democratic Services

Enquiries to : Mary Green
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Despatched : 1 April 2016

Membership 2015/16

Employer representatives:

Maggie Elliot
Councillor David Poyser (Vice-Chair)
(vacancy)

Scheme member representatives:

Vaughan West (Chair)
Mike Calvert
Marion Oliver (substitute is Thelma Harvey)

Independent member:

David Bennett

Quorum is 3, including at least one employer representative and one member representative.



A. Formal matters **Page**

1. Apologies for absence
2. Declaration of interests

If you have a Disclosable Pecuniary Interest* in an item of business:

- if it is not yet on the council's register, you must declare both the existence and details of it at the start of the meeting or when it becomes apparent;
 - you may choose to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.
- In both the above cases, you must leave the room without participating in discussion of the item.

If you have a personal interest in an item of business and you intend to speak or vote on the item you must declare both the existence and details of it at the start of the meeting or when it becomes apparent but you may participate in the discussion and vote on the item.

***(a)** Employment, etc - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to all members present at the meeting.

3. Minutes of the previous meeting 1 - 4

B. Non-exempt items **Page**

1. Pension administration performance 5 - 8
2. Abatement of pension during re-employment 9 - 16
3. Pension Board - Work Plan 2016/17 17 - 20

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| 4. | Breaches procedure policy and guidelines | 21 - 24 |
| 5. | Training register | 37- 43 |

C. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

D. Exclusion of press and public

To consider whether, in view of the nature of the remaining items on the agenda, any of them are likely to involve the disclosure of exempt or confidential information within the terms of Schedule 12A of the Local Government Act 1972 and, if so, whether to exclude the press and public during discussion thereof.

E. Confidential/exempt items

F. Urgent exempt items

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meetings of the Pensions Board will be on 13 September 2016
and 13 March 2017

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London Borough of Islington

Pensions Board - 14 September 2015

Minutes of the meeting of the Pensions Board held at Islington Town Hall, Upper Street, London N1 2UD on 14 September 2015 at 6.00 pm.

Present: David Bennett, Mike Calvert, Maggie Elliott, Thelma Harvey, Marion Oliver, Councillor David Poyser (Vice-Chair) and Vaughan West (Chair)

Observers: **Councillors:** Richard Greening

Vaughan West in the Chair

1 **APOLOGIES FOR ABSENCE (Item A1)**

Received from Bob Anderson.

2 **DECLARATION OF INTERESTS (Item A2)**

None.

3 **MEMBERSHIP, TERMS OF REFERENCE AND DATES OF MEETINGS OF ISLINGTON PENSION BOARD 2015/16 (Item A3)**

RESOLVED:

(a) That the membership of the Board, appointed by the Audit Committee on 4 June 2015, terms of reference and dates of meetings of the Pension Board for the municipal year 2015/16 and detailed in Appendix 1 of the report of the Assistant Chief Executive – Governance and Human Resources, be noted.

(b) That it be noted that members of the Board are required to abide by the Council's Code of Conduct, attached as Appendix 2 to the report, including completing the register of interests.

(c) That it be noted that the Corporate Director of Finance and Resources was responsible for maintaining a declarations of conflict of interest register in respect of any other conflicts of interest and declarations of conflict made at meetings by members of the Board (detailed in Appendix 3 to the report).

4 **PENSION ADMINISTRATION PERFORMANCE - 1 JUNE TO 31 JULY 2015 (Item B1)**

Steve Rogers, Pensions Manager, introduced his report, which provided information on the work of the Pension Administration section of Islington's Human Resources Department. Referring to the table in paragraph 3.1 of his report which detailed the membership profile at 31 May 2015 and 31 July 2015, he pointed out that the number of people with preserved benefits had risen between May and July 2015 as Regulations required a person to be in the scheme for two years before being entitled to a pension, rather than two months as in the past. The overall performance for the period was 90.97%, but he hoped that would rise to 95%.

In response to a question as to why the overall performance was not higher since the actual average number of days to achieve each process was lower than the target, Steve Rogers said that he would write separately to Maggie Elliott with the reply.

In response to a question, Steve Rogers said that this particular suite of performance indicators had been in use for approximately eight years. The number of target days to complete each process had been agreed with Pension colleagues London-wide.

The Chair noted that the Board may review and change these performance indicators in the future.

RESOLVED:

That the performance against key performance indicators for the period from 1 June to 31 July 2015, including statistics regarding the internal dispute resolution procedure, complaints and compliments, as detailed in the report of the Assistant Chief Executive – Governance and Human Resources, be noted.

5 PENSION BOARD - KNOWLEDGE AND TRAINING POLICY (Item B2)

Joana Marfoh outlined the training policy which detailed a training strategy for Pension Board members, who required certain levels of knowledge and understanding to assist them in performing their responsibilities as members of the Board. The main documents of knowledge and understanding which Board members were required to understand were:

- The CIPFA knowledge and skills framework for pension board members
- Knowledge and skill requirements of the Public Service Pensions Act 2013
- The Pensions Regulator's Code of Practice for Public Services Schemes

It was agreed that Joana Marfoh should circulate the "CIPFA knowledge and skills framework for pension board members" to Board members. Board members should complete the CIPFA technical knowledge and skills framework self-assessment matrix by the end of the year and the toolkit provided by the Pension Regulator within a six month period.

The Chair pointed out that John Lynch, the Head of Democratic Services, had offered to provide training for Board members on the Council's Code of Conduct and declarations/conflicts of interest. It was agreed that this should take place at 6.00pm on 9 November 2015, immediately before the Pensions Sub-Committee.

RESOLVED:

- (a) That the "Islington Council Pension Board – Knowledge and Training Policy" attached as Appendix 1 to the report of the Corporate Director of Finance and Resources, be approved.
- (b) That members of the Pension Board be required to complete the "Local pension boards – a technical knowledge and skills framework – self-assessment matrix", as recommended by CIPFA, by the end of this year and detailed at Appendix A to the report.
- (c) That members of the Pension Board be required to complete the pensions toolkit provided by the Pensions Regulator within a six month period
- (d) That a record be kept of training by members of the Board and that it be reviewed at least annually.
- (e) That it be noted that a training session on Islington's Code of Conduct and declarations/conflicts of interest would be provided to members of the Board at 6pm on 9 November 2015 by the Council's Head of Democratic Services.

6 ROLE/UNDERTAKING - DISCUSSION ITEM (Item B3)

Members discussed their role on the Board, noting that their statutory responsibilities were detailed in their Terms of Reference and the Pensions Regulations.

Pensions Board - 14 September 2015

The Chair pointed out that members of the Board were observers on the Pensions Sub-Committee and vice versa and it would be advantageous for members of the Board to attend as many meetings of the Sub-Committee as they could, so that they could familiarise themselves with the decisions being made and the process of how those decisions were reached.

The following points were noted during discussion:

- How could individual members satisfy themselves that they had covered all of the required aspects of training?
- It would be necessary for Board members to consider all the reports and documents which the Pensions Sub-Committee viewed and it would be imperative for Board members to attend Sub-Committee meetings.
- Members of the Board would have to consider if there was information which they needed to report back to their own groups (eg – the valuation report and any decision the Sub-Committee made about paying the deficit in the Fund would be matters of interest to the employers' group)
- It would be important for Board members to understand the principles upon which each decision of the Sub-Committee was made.
- What were the items likely to be referred to the Board, rather than the Sub-Committee? The Sub-Committee was responsible for making decisions about investments. If an investment failed, it would be the role of the Board to hold them to account
- There would be a number of items which the Sub-Committee was not covering that the Board should. A separate piece of work was required to set out the responsibilities of the Board
- The "Pension Administration Performance" report, prepared by the Pensions Manager, and formerly considered by the Sub-Committee, would in future be considered by the Board. The Board could request information on additional performance indicators. The Board could also request audit reports, such as from the Council's Internal Audit Section or KPMG.
- In addition to any matters recommended for consideration by the Board by the Head of Pension Fund and Treasury Management, possible matters for the Board's consideration could include: internal controls, audit reports and a risk register for the Pension Fund

RESOLVED:

That the Head of Pension Fund and Treasury Management prepare a list of suggested matters for the Board's consideration by 9 November 2015.

7

BREACH PROCEDURE (Item B4)

Members noted that there was no written report to accompany this agenda item.

Joana Marfoh noted that Board members had each signed the Council's Code of Conduct. There would be a procedure for dealing with any breaches in the Code. This procedure would be explained to members at the training session on the Code of Conduct arranged for 9 November 2015, at 6pm.

The meeting ended at 6.55 pm

CHAIR

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Report of: **Assistant Chief Executive, Governance and Human Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	11 April 2016		
Delete as appropriate		Non-exempt	

SUBJECT: PENSION ADMINISTRATION PERFORMANCE

1. Synopsis

- 1.1 This report provides the Board with information on the administration activities of the Pension Administration section of the Human Resources Service. The information is in respect of the period from 1 August 2015 to 29 February 2016.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, and compliments & complaints.

2. Recommendations

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the information in respect of the Internal Dispute Resolution Procedure, and compliments & complaints.

3. Background – Statistics and key performance indicators

3.1 The membership profile at 31 July 2015 and 29 February 2016 is shown in the following table.

Category	Jul - 15	Feb - 16
Number of current active members	6,063	5,856
Number of preserved benefits	6,545	6,578
Number of Pensions in payment	5,244	5,337
Number of Spouses/dependants pensions in payment	946	962
Total	18,798	18,733

3.2. Key performance indicators from 1 August 2015 to 29 February 2016:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	49	95%	87.76%	4.57
Retirement benefits	5	108	95%	90.74%	4.69
Pension estimates	10	340	95%	85.88%	9.74
Preserved benefit calculations	15	78	95%	85.90%	12.64
Transfer-in quotation	10	30	95%	72.33%	9.20
Transfer-in actual	10	42	95%	73.81%	8.21
Transfer out actual	12.5	15	95%	80.00%	3.40
Transfer out quotation	15	26	95%	73.08%	10.38
All processes	-	1108	-	90.07%	-

3.3 The overall performance is slightly down on the 90.97% for the previous period to 31 July 2015. During the latest period the team has been required to provide a significant number of benefit estimates.

3.4 During the 2 year period to 29 February 2016, 111 communications have been received thanking Pension Administration staff for the quality of their service, including 36 since the previous meeting of the Pensions Board.

3.5. Two complaints have been received since the first meeting of the Pension Board. A pension beneficiary complained about the delay in implementing a new tax code, and upon investigation it became apparent that there is an issue with the Payroll system if HM Revenue & Customs transmit more than one instruction in a pay cycle for an individual. A process has been formulated to prevent further occurrences. The second complaint was from a former employee who wished to have a pension transfer to a private arrangement but was prevented from doing so because of a change in legislation in 2015. At the point of providing the transfer estimate the change in legislation had not been detected. The matter was subsequently concluded to the satisfaction of the individual.

3.6 There have been no new Internal Dispute Resolution Procedure (IDRP) cases.

4. Implications

4.1 Financial Implications

4.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

4.2 Legal Implications

4.2.1 There are no specific legal implications in this report.

4.3 Resident Impact Assessment

4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 In respect of this report, an Equality Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

4.4 Environmental Implications

4.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

5 Conclusion and reasons for recommendations

5.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance.

Background papers:

None

Final Report Clearance

Signed by



Assistant Chief Executive
Governance & Human Resources

Date

Received by

Head of Democratic Services

Date

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E-mail : steve.rogers@islington.gov.uk



Report of: **Assistant Chief Executive, Governance and Human Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	11 April 2016		
Delete as appropriate		Non-exempt	

SUBJECT: ABATEMENT OF PENSION DURING RE-EMPLOYMENT

1. Synopsis

- 1.1 This report provides the Board with information regarding the reduction or suspension of a Local Government Pension on account of further employment within Local Government after an individual has retired.
- 1.2 The report explains the background to the 'abatement' rules and the current statutory provisions.
- 1.3 Information about the abatement practices of other Local Authorities is also provided.

2. Recommendations

- 2.1 To note the contents of the report.
- 2.2 To give consideration to requesting the Audit Committee to amend the current policy and cease abatement of Pensions.

3. Background

- 3.1 Abatement is a technical term regarding the reduction or suspension of an LGPS pension where a pension recipient entered further local government employment. If the annual salary in a further local government employment plus the pension in payment exceeded the value of the annual salary at the initial retirement, the pension would be reduced or potentially suspended for the duration of the further local government employment.
- 3.2. The paragraph above is phrased in the past tense. Until 31 March 1998 abatement was mandatory, but from April 1998 to March 2014 was discretionary. With effect from the introduction of the 2014 LGPS 'Care' Pension, abatement ceased. Accordingly a scheme member who only has LGPS membership from 1 April 2014 will not be subject to abatement.
- 3.3 Abatement cannot apply if a pension recipient obtains further local government work as an agency worker, nor if a person is engaged as a contractor or a consultant. A pension payable to the spouse or partner of a former local government employee, cannot be abated if the spouse/partner enters local government employment.
- 3.4 In respect of an LGPS pension recipient a further employment in teaching does not require assessment for abatement, and neither does any employment outside of local government.
- 3.5 Under the terms for 'flexible' retirement a scheme member aged 55 or over may, with the agreement of the employer, reduce working hours or take a pay grade reduction and receive the LGPS pension plus still receive salary without abatement.
- 3.6 Pension beneficiaries seeking further work in local government usually arrange to keep their working hours at a level to ensure no reduction to the pension. Alternatively the individual will seek local government work via an employment agency, or as a contractor/consultant. These practices may be to the detriment of local government, because the individual restricts their working hours, or an Authority has to pay a higher rate to an employment agency or contractor/consultant.
- 3.7 As a consequence it is only the unwary individual who is caught by the abatement policy. A pension recipient who had not read or not understood the abatement policy can have an unpleasant surprise when presented with a bill for overpaid pension after it became known to the Pensions Administration team that further local government employment had commenced.
- 3.8 At present there is one Islington Council pension recipient whose Pension is being suspended due to re-employment. It is necessary to obtain regular data from new employing councils to assess if any changes in the further employment affect the pensions payable for those who have entered further local government employment. Currently there are approximately 35 pension recipients in respect of whom earnings in further local government employment need to be assessed regularly.
- 3.9 The majority of Local Authorities have discontinued the practice of abating pensions due to further local government employment. Appendix 1 shows the policy of 17 other London Authorities, 11 of which do not abate in any circumstance.

- 3.10 The Pensions Sub-Committee of 30 March 2004 resolved to continue the practice of abatement, but the matter has not been re-considered since that meeting. Appendix 2 sets out the information provided and the decision agreed at that time.

4. Implications

4.1 Financial Implications

- 4.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

4.2 Legal Implications

- 4.2.1 There are no abatement provisions in the Local Government Pension Scheme Regulations 2013. Therefore if an employee leaves on or after 1 April 2014, draws their pension benefits and are subsequently re-employed in local government, the Council may not abate their post 1 April 2014 pension.
- 4.2.2 However, the abatement provisions in regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008 continue to have effect in relation to pensions in payment deriving from the pre 1 April 2014 pension schemes regardless of when payment of those pensions commenced by virtue of Regulation 3(13) of the Local Government Pension Scheme (Transitional) Regulations 2014.
- 4.2.3 Under regulation 70, the Council as the administering authority must keep under review its policy concerning abatement that is, the extent, if any, to which the amount of retirement pension payable to a member and applicable to period prior to 1 April 2014, should be reduced (or whether it should be extinguished) where the member has entered a new employment with a scheme employer within the local government pension scheme.
- 4.2.4 In formulating its existing policy concerning abatement, the council would have had regard to:
- 4.2.4.1 the level of potential financial gain at which it wishes abatement to apply;
 - 4.2.4.2 the administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur; and
 - 4.2.4.3 the extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service.
- 4.2.5 When reviewing its existing abatement policy, the Council will need to have regard to the matters set out above. If, as a result of reviewing its policy concerning abatement, the council decides to amend the abatement policy, it must publish a statement of the amended policy before the expiry of the period of one month beginning with the date of its determination.

4.3 Resident Impact Assessment

4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 In respect of this report, an Equality Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

4.4 Environmental Implications

4.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

5 Conclusion and reasons for recommendations

5.1 The continuing practice of abating pensions in payment due to local government re-employment may be considered to be anomalous now that pensions earned in respect of LGPS membership after 1 April 2014 cannot be abated. Additionally continuation of the current Policy encourages individuals to seek further work in local government as agency workers or as a consultant/contractor.

5.2 A formal change to the abatement Policy will need to be considered by the Audit Committee or the Pensions Sub-committee.

Background papers:

Appendix 1

Practice regarding abatement at some other London Authorities.

Appendix 2

An extract from the report to the Pensions Sub-Committee 30 March 2004, and the decision. The reference to the Pension Fund Panel is in respect of the meeting of 21 January 1998.

Final Report Clearance

Signed by



Assistant Chief Executive, Governance and
Human Resources

Date

Received by

Head of Democratic Services

Date

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Appendix 1

London Borough	Abatement Practice in 2016
Barking & Dagenham	No abatement
Barnet	Abatement if enhanced Ill health Pension
Bexley	Abatement if individual below age 60 (but may review)
Brent	Abatement for retirements before April 2014
Croydon	Abatement if was an early retirement with a Pension strain cost
City of London	No abatement
Ealing	No abatement
Hammersmith & Fulham	Abatement applies
Harrow	No abatement
Havering	No abatement
Kensington & Chelsea	No abatement
Kingston	No abatement
Lewisham	Abatement applies
Redbridge	No abatement
Richmond	No abatement
Tower Hamlets	No abatement
Westminster	No abatement

Appendix 2

Extracts from the report to the Pensions Sub-Committee of 30 March 2004:

3. Background

- 3.1 The former Pensions Fund Panel at its meeting of 21st January 1998 adopted the following discretions:-

Ex-employees in receipt of a pension from the Council who re-enter local government employment will have their pension abated in accordance with an earnings rule. Promotion in the new employment would lead to a further review. Where retirement was due to permanent ill health the Council pension is completely suspended during the period of local government re-employment without reference to earnings in the new employment.

3.15 Re-employed Pensioners abatement.

- 3.16 The LGPS Regulations 1995 and its predecessor Regulations prescribed a test to assess whether a Pension is to be reduced or suspended due to re-entering employment in Local Government. The test was that if Pension plus new Local Government earnings exceeds the leaving pay (as increased by index linking between the last day of service with the Council and commencement date of the new employment) then the Pension **must** be reduced so that the total is not greater than the leaving pay, or suspended if the new pay is more than leaving pay.

- 3.17 The 1997 Regulations no longer prescribed a test to assess such abatement. Regulation 109(5) states:

‘ In formulating their policy concerning abatement, an administering authority must have regard -

- i) to the level of potential **financial gain** at which they wish abatement to apply,
- ii) to the administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur, and
- i) To the extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service.’

The reference to financial gain relates to an individual's entitlement both to a pension and to pay under a new Local Government employment.

- 3.18 Pensioners who were re-employed before April 1998 will continue to fall under the old rules unless there is a break in their re-employment of at least one month and one day.

- 3.19 The policy can only be in respect of further employment in Local Government (other than teaching employment). There is no power to abate a Pension on account of employment other than in Local Government.

- 3.20 The Pensions Fund Panel considered it appropriate to continue the present method of calculating abatement, but to reassess a case where an individual obtains an upgrading. The previous rules only allowed reassessment where the hours change in the new employment or if a different new employment is obtained.
- 3.21 The Pensions Fund Panel further considered that if a recipient of an Ill-health pension obtained any further local government employment, then full abatement would apply without any earnings test. Consideration may wish to be given for new local government employment being subject to the earnings test if the employment is not comparable to the one which the individual had been considered permanently incapable of performing due to Ill-health.
- 3.22 The recommendation is that no change needs to be made to the current policy.

Extract from the minutes of the Pensions Sub-Committee 30 March 2004:

RESOLVED:

That the Sub-Committee agreed to:

Continue the policy described in paragraphs 3.20 to 3.21 of the agenda report, regarding reduction or abatement of pension upon re-employment in Local Government;



Report of: **Corporate Director of Finance and Resources**

Meeting of:	Date	Agenda item	Ward(s)
Pension Board	11 April 2016		n/a

Delete as appropriate		Non-exempt
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SUBJECT: PROPOSED PENSION BOARD WORK PLAN

1 Synopsis

- 1.1 This report is for the local pension board to consider and approve a work plan.

2 Recommendations

- 2.1 To consider at a strategic level the role of the Pension Board based on LGPS and The Pension Regulator guidance in paragraph 3.4 and 3.5
- 2.2 To consider and agree areas it would like to focus and agree its priorities over the next 6 to 12 months

3 Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Local Government Pension Scheme (Amendment) Governance Regulations 2014 (“ the Governance Regulations) provide that Pensions Board will have responsibility for assisting the ‘scheme manager’ (the Pensions Sub Committee in Islington’s case) in relation to the following matters:

To ensure compliance with:

- the Local Government Pension Scheme Regulation (LGPS),
- other legislation relating to the governance and administration of the LGPS, and
- the requirements imposed by the Pensions Regulator in relation to the LGPS to ensure the effective and efficient governance and administration of the scheme.

- 3.3 The Pensions Sub committee is the decision making body of the Fund and the Pension board can only advise or make recommendations to the Pensions -Sub Committee
The Pension Board should therefore be mindful;
- Its work plan should take account of the Fund's own work programme and seek to add value
 - Servicing the Pension board will consume Fund management resources and time
 - Senior Fund officers servicing the pension Board may on some fund performance issues be personally compromised and conflicted
 - Some work items required may need the use of specialist external consultancy resources rather than using the officers servicing the Fund.
- 3.4 Based on the LGPS and The Pension Regulator's guidance on the role of the pension boards, the focus should include the following:
- a) Its own training, knowledge and understanding
 - b) Avoiding any conflicts of interest
 - c) Ensuring its own statutory compliance
 - d) Checking fund governance
 - e) Reviewing fund risks and internal systems and controls
 - f) Checking fund external advisors/service providers and their internal controls
 - g) Reviewing fund member record keeping
 - h) Checking fund contributions
 - i) Reviewing fund administration
 - j) Benchmarking fund performance and Value for Money (VFM)
 - k) Fraud prevention
 - l) Employer and member communications
 - m) Complaints and dispute resolution
 - n) Reporting regulatory breaches
- 3.5 The Pension Board must also consider its Annual Report and the review of Pension Fund's draft Annual Report and audited accounts and triennial actuarial review.
- 3.6 Members are asked to consider and discuss their work plan as outlined in paragraph 3.4 and 3.5 and prioritise its immediate training and main business for the next 6 to 12 months.

4 Implications

4.1 Financial implications

Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

4.2 Legal Implications

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015. The board must comply with the requirements of the relevant Legislation.

4.3 Environmental Implications

None applicable to this report. Environmental implications will be included in each report to the board as necessary.

4.4 Equality Impact Assessment

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The

council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

5 Conclusion and reasons for recommendation

5.1 Members are asked to consider and discuss their work plan as outlined in paragraph 3.4 and 3.5 and prioritise its immediate training and main business for the next 6 to 12 months.

Background papers:

Islington pension board's terms of reference

Final report clearance:

Signed by:

Received by:	Corporate Director of Finance & Resources	Date
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	Head of Democratic Services	Date
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Report of: **Corporate Director of Finance and Resources**

Meeting of:	Date	Agenda item	Ward(s)
Pension Board	11 April 2016		n/a

Delete as appropriate		Non-exempt
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SUBJECT: BREACHES PROCEDURE POLICY AND GUIDELINES

1 Synopsis

- 1.1 This report is for the local pension board to consider the attached draft Breaches Procedure Policy and Guidelines and to recommend any changes to be made before adoption.

2 Recommendations

- 2.1 To consider the attached draft Breaches Procedure Policy and Guideline attached as Appendix 1
- 2.2 To agree any amendments required if any
- 2.3 To agree to adopt the Breaches Procedure Policy and Guidelines and review the document at least on an annual basis.

3 Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Local Government Pension Scheme (Amendment) Governance Regulations 2014 (“ the Governance Regulations) provide that Pensions Board will have responsibility for assisting the ‘scheme manager’ (the Pensions Sub Committee in Islington’s case) in relation to the following matters:

To ensure compliance with:

- the Local Government Pension Scheme Regulation (LGPS),
- other legislation relating to the governance and administration of the LGPS, and
- the requirements imposed by the Pensions Regulator in relation to the LGPS to ensure the effective and efficient governance and administration of the scheme.

- 3.3 There is a legal requirement on all pension board members as well as the Pension sub committee members, officers of the Fund , employers and advisers) to report any significant breaches of the law to The Pensions Regulator TPR where they are likely to be material..
- 3.4 TPR code of Practise no. 14(Governance and administration of public service pension schemes)states there should be a procedure in place within each Fund to identify and assess breaches.
- 3.5 The attached Breaches Procedure Policy and Guidelines set out these responsibilities and provide a framework for the Fund to identify , mange and where necessary report breaches of the law applying to the management and administration of the Fund
- 3.6 These guidelines will be reviewed and approved at least annually
- 3.7 Members are asked to consider and agree the Breaches Procedure Policy attached as Appendix 1

4 Implications

4.1 Financial implications

Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

4.2 Legal Implications

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015.

The board must comply with the requirements of the relevant Legislation.

4.3 Environmental Implications

None applicable to this report. Environmental implications will be included in each report to the board as necessary.

4.4 Equality Impact Assessment

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

5 Conclusion and reasons for recommendation

- 5.1 To consider and agree the Breaches Procedure Policy and Guidelines attached as Appendix 1

Background papers:

Islington pension board's terms of reference

Final report clearance:

Signed by:

Received by: Corporate Director of Finance & Resources Date

Head of Democratic Services Date

Report Author: Joana Marfoh
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Email: Joana.marfoh@islington.gov.uk

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ISLINGTON COUNCIL PENSION FUND

Draft Breaches of the law - Policy Guidelines and Procedure for Islington Council Local Pension Board

1. Introduction

This document sets out the procedures and guidelines on identifying and managing and where necessary reporting breaches of the law to The Pensions Regulator in relation to the management and administration of the Fund. These guidelines apply to local pension board members, council officers and councillors.

- 1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.
- 1.3 The Council's Chief Finance Officer appointed under s151 Local Government Act 1972 (the Corporate Director of Finance and Resources) will be responsible for the management and execution of these guidelines in accordance with paragraph [5].

2. Aim

This documents outlines:

- 2.1 The principles and procedures that all councillors, council officers and board members are expected to follow in order to comply with the Terms of Reference of the Board, relevant legislation, codes of practice and government guidance, to ensure that all individuals are aware of their duty to report relevant breaches of the law to The Pensions Regulator.
- 2.2. Procedures for identifying, assessing, recording and reporting relevant breaches within appropriate timescales (including processes for clarifying the facts and applicable law where needed, referral to council staff of appropriate seniority, dealing with difficult cases and identifying promptly any breaches that are so serious that they must always be reported to the Pensions Regulator).
- 2.3 That a breaches log is kept and regularly reviewed

3. Relevant Legislation

This section clarifies the full extent of the legal requirements and to whom they apply.

3.1 Section 70 of the Pensions Act 2004 ('the Act') imposes a requirement on the following persons ('reporters') to report breaches of the law as it applies to the management and administration of the pension fund:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

3.2 The duty is to report the matter to The Pensions Regulator in writing as soon as is reasonably practicable where that person has reasonable cause to believe that:

- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- (b) the failure to comply is likely to be of material significance to The Pensions Regulator.

3.2 Under the Act a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

4. The Pensions Regulator's Code: Reporting breaches of the Law

The Pensions Regulator has responsibility for regulatory oversight of the governance and administration of public service pension schemes, including the Local Government Pension Scheme (LGPS). The Pensions Regulator has published guidance in the Code of Practice no 14 (Governance and administration of public service pension scheme ('the Code')). Paragraphs 241 to 275 of the Code deal with reporting breaches of the law and are reflected in these guidelines.

4.1 The Head of Treasury and Pension Fund Management will maintain a log of all breaches of the law as described in paragraph 4.2). Reporters cannot rely on waiting for other reporters to report a breach. Where a breach has occurred and has been identified by the council or Board it should be recorded assessed and where necessary reported, as soon as reasonably practicable.

4.2 What is a breach of the law?

A breach of the law is "an act of breaking or failing to observe a law, agreement, or code of conduct.". In the context of the LGPS this can

encompass many aspects of the management and administration of the LGPS, including failure:

- to do anything required under the Regulations;
- to do anything required under overriding legislation, applicable statutory guidance or codes of practice;
- to maintain accurate records;
- to act on any fraudulent act or omission that is identified;
- to comply with policies and procedures (e.g. the Fund's statement of investment principles, funding strategy, discretionary policies, etc.);
- of an employer to pay over member and employer contributions on time;
- to pay member benefits either accurately or in a timely manner;
- to issue annual benefit statements on time or non-compliance with the Code.

4.3 Requirement to report a breach of the Law

- Breaches of the law which affect the scheme should be considered for reporting to the Pensions Regulator in accordance with the Code. The decision whether to report an identified breach depends on whether:
 - there is reasonable cause to believe there has been a breach of the law;
 - and if so, is the breach likely to be of material significance to the Pensions Regulator?
- It is important to understand that not every breach that is identified needs to be reported to The Pensions Regulator. For example, where it can be demonstrated that appropriate action is being taken to rectify the breach, or the breach has occurred due to teething problems with new or revised systems or processes, it may not be necessary to report the incident to the Pensions Regulator.
- It is still necessary that all incidents of breaches identified are recorded in the Council's breaches log. This log will be reviewed on an on-going basis to determine any trends in the breaches log that might indicate any serious failings or fraudulent behaviour.
- Where such failings or fraudulent behaviour are identified immediate action will be taken to agree and put in place a plan of action to rectify the matter and prevent such an occurrence in the future.

4.4 When a breach is required to be reported to The Pensions Regulator

- The Code requires that a breach should be notified to the Pensions Regulator as soon as is reasonably practicable once there is reasonable cause to believe that a breach has occurred and that it is of material significance to The Pensions Regulator. The time taken to notify should reflect the seriousness of the breach. In any event, where a breach is considered to be of material significance it must be reported to the

Pensions Regulator no later than one month after becoming aware of the breach or likely breach.

4.5 Where it is considered that a breach is of such significance that The Pensions Regulator is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of the Pensions Regulator immediately (e.g. by calling them direct). A formal report should then be submitted to the Pensions Regulator, marked as “urgent” in order to draw the Pensions Regulator’s attention to it.4.5 Clarification when a breach is suspected

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, or is unclear as to the relevant law, it will usually be appropriate to check with, the Corporate Director of Finance and Resources, a member of the Pensions Sub Committee or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

4.6 Determining whether the breach is likely to be of material significance

To decide whether a breach is likely to be of material significance to The Pension Regulator individuals should consider the following elements, both separately and collectively, and take into account expert or professional advice where appropriate:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

4.6.1 The **cause** of the breach

Examples of causes which are likely to be of concern to the Pensions Regulator are provided below:

- acting, or failing to act, in deliberate contravention of the law;
- dishonesty;
- incomplete or inaccurate advice;
- poor administration, i.e. failure to implement adequate administration procedures;
- poor governance; or
- slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together with the current breach may become materially significant.

4.6.2 The **effect** of the breach

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of interest of Committee or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time.
- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed managed or administered.

4.6.3 The **reaction** to the breach

A breach is likely to be of concern and material significance to the Pensions Regulator where a breach has been identified and those involved;

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- are not pursuing corrective action to a proper conclusion; or
- fail to notify affected scheme members where it would have been appropriate to do so.

4.6.4 The **wider implications** of the breach

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

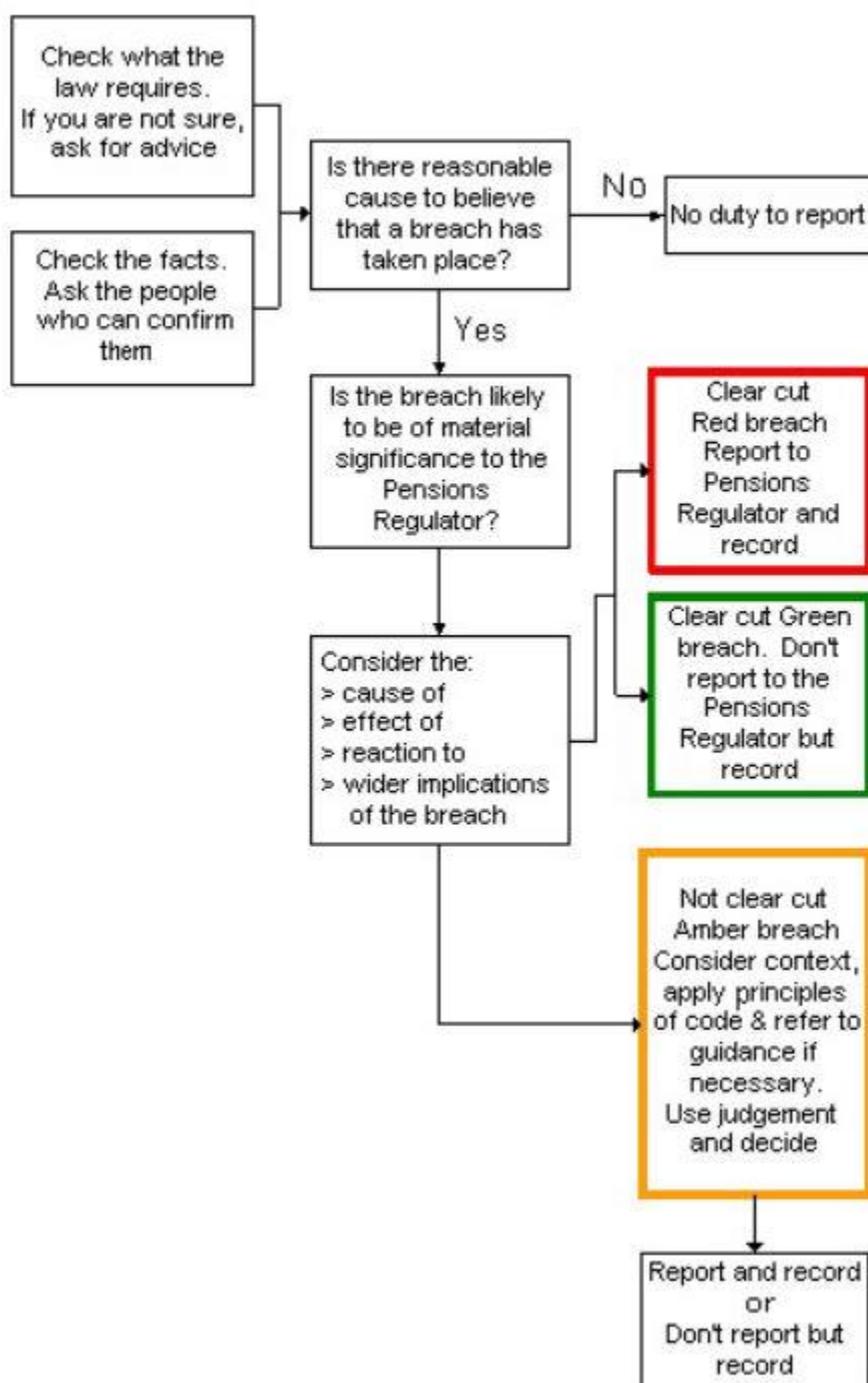
4.7 The individual should use the traffic light framework and decision tree set out below for deciding whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported and to formally support and document their decision.

Green – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to the Pensions Regulator, but should be recorded in the Council's breaches log;

Amber – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. The Council or Board will need to decide whether to informally alert the Pensions Regulator of the breach or likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red;

Red - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The Council or Board must report all such breaches to the Pensions Regulator in all cases;

Decision-tree: deciding whether to report



All incidences resulting from the unwillingness or inability of the employer to pay over the employee contributions, dishonesty, fraudulent behaviour or misuse of employee contributions, poor administrative procedures or the failure to pay over employee contributions within 90 days from the due date will be considered to be of material significance and reported to the Pensions Regulator.

4.8 Action where a breach or likely breach has been identified

4.8.1 As soon as a breach or likely breach has been identified regardless of whether it needs to be reported to the Pensions Regulator, the relevant manager, in consultation with the Head of Treasury and Pensions, must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary.

4.8.2 All breaches must be recorded in the Council's breaches log attached in Annex A

4.9 Process for reporting breaches

All councillors, council officers and board members have a responsibility to:

- identify and assess the severity of any breach or likely breach;
- report all breaches or likely breaches to the Head of Treasury and Pensions and Chair of the Board, and in the case of board members, escalate to the Responsible officer where required under the Reporting Policy
- in conjunction with relevant colleagues agree a proposed course of action to rectify the breach and put in place measures to ensure the breach does not re-occur, obtaining appropriate legal or other advice where necessary;
- ensure that the appropriate corrective action has been taken to rectify the breach or likely breach and to prevent it from re-occurring; and
- co-operate with, and assist in, the reporting of breaches and likely breaches to the Board, Pensions Sub-Committee, Responsible Officer and where necessary The Pensions Regulator.

4.9.1 Reporting a breach to The Pensions Regulator

All materially significant breaches must be reported to the Pensions Regulator in writing. This can be via post or electronically. The Pensions Regulator encourages the use of its standard reporting facility via its Exchange online service at www.tpr.gov.uk/exchange. The Responsible Officer will report all material breaches to the Pensions Regulator via Exchange.

4.9.2 Recording of breaches

All breaches and likely breaches identified are to be reported to the Head of Treasury and Pensions as soon as they are identified. The Head of Treasury and Pension] will log all breaches on the Council's breaches log, (an example of the log is attached as Annex A) including the following information:

- date the breach or likely breach was identified;
- name of the scheme;
- name of the employer (where appropriate);
- any relevant dates;
- a description of the breach, its cause and effect, including the reasons it is, or is not, believed to be of material significance;

- whether the breach is considered to be red, amber or green.
- a description of the actions taken to rectify the breach;
- a brief description of any longer term implications and actions required to prevent similar types of breaches re-occurring in the future.

Any documentation supporting the breach will be maintained by the Responsible Officer

4.10 Reporting to Pensions Sub- Committee and Pension Board

A report will be presented to the Pensions Sub- Committee and the Pension Board on a quarterly basis setting out:

- all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- in relation to each breach, details of what action was taken and the result of any action (where not confidential);
- any future actions for the prevention of the breach in question being repeated; and
- highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings).

4.11 Whistleblowing

It is a statutory duty to report breaches of the law. In rare cases this may involve a duty to whistle blow on the part of an employee of the Council or a member of the Board. The duty to report overrides any other duties a reporter may have, such as confidentiality. Any such duty is not breached by reporting to the Pensions Regulator. Given the statutory duty that exists, in exercising these guidelines the Council will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to the Pensions Regulator. The provisions of the Council's whistleblowing policy apply.

The duty to report, however, does not override 'legal professional privilege', so oral and written communications between the Council, Pensions Sub-Committee or Board and a professional legal adviser must not be disclosed.

5. Responsible officer

The Council has appointed the Corporate Director of Finance and Resources (the council's Chief Finance Officer under s151 Local Government Act 1972) to be responsible for the management and execution of these guidelines. This officer will be responsible for ensuring that breaches and likely breaches are recorded and reported as follows:

- ensure that all identified breaches and likely breaches are recorded by the Head of Treasury and Pensions in the Council's breaches log;
- ensure investigation of the circumstances of all reported breaches and likely breaches;
- ensure, where necessary that an action plan is put in place and acted on to correct the identified breach and also ensure further breaches of a similar nature do not re-occur;
- ensure reporting to the Committee and Board of:
 - all materially significant breaches or likely breaches that will require reporting to The Pensions Regulator as soon as practicable, but no later than one month after becoming aware of the breach or likely breach;
 and
 - all other breaches at least quarterly as part of the Pensions Sub-Committee cycle.
- report all materially significant breaches to The Pensions Regulator as soon as practicable but not later than one month after becoming aware of the breach.

6. Training

The Head of Treasury and Pensions will ensure that all Councillors, Council officers and Board members receive appropriate training on reporting breaches of the law and these guidelines at the commencement of their office, employment or appointment to the Board as appropriate and on an ongoing basis.

7. Review

The policy document will be reviewed annually by the Council's monitoring officer. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Version:

Date:

Annex A

Breaches log

Date	Breach Description	Action	Responsible officer	Review Date

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Appendix A to Islington Knowledge and Training Policy

Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Learning needs analysis

Training requirements and plan

Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge		
	5 – highly skilled		

1 – Pensions legislation

A general understanding of the pensions legislative framework in the UK. 1 2 3 4 5

An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment. 1 2 3 4 5

An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers. 1 2 3 4 5

A regularly updated appreciation of the latest changes to the scheme rules. 1 2 3 4 5

2 – Pensions governance

Knowledge of the role of the administering authority in relation to the LGPS. 1 2 3 4 5

An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. 1 2 3 4 5

Appendix A to Islington Knowledge and Training Policy

Learning needs analysis

Do I possess...?	Rate my skills	Training requirements
	1 – no knowledge 5 – highly skilled	
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.		1 2 3 4 5
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.		1 2 3 4 5
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.		1 2 3 4 5
Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.		1 2 3 4 5
A detailed knowledge of the duties and responsibilities of pension board members.		1 2 3 4 5
Knowledge of the stakeholders of the pension fund and the nature of their interests.		1 2 3 4 5
Knowledge of consultation, communication and involvement options relevant to the stakeholders.		1 2 3 4 5
Knowledge of how pension fund management risk is monitored and managed.		1 2 3 4 5
An understanding of how conflicts of interest are identified and managed.		1 2 3 4 5
An understanding of how breaches in law are reported.		1 2 3 4 5

Training requirements and plan

Training plan (sources and timing)

Appendix A to Islington Knowledge and Training Policy

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
3 – Pensions administration			
An understanding of best practice in pensions administration eg performance and cost measures.		1 2 3 4 5	
Understanding of the required and adopted scheme policies and procedures relating to:		1 2 3 4 5	
member data maintenance and record-keeping processes			
internal dispute resolution			
contributions collection			
scheme communication and materials.			
Knowledge of how discretionary powers operate.		1 2 3 4 5	
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).		1 2 3 4 5	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.		1 2 3 4 5	

Appendix A to Islington Knowledge and Training Policy

Learning needs analysis

Do I possess...?

Rate my skills

1 – no knowledge

5 – highly skilled

Training requirements

Training requirements and plan

Training plan (sources and timing)

An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements. 1 2 3 4 5

4 – Pensions accounting and auditing standards

An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice. 1 2 3 4 5

An understanding of the role of both internal and external audit in the governance and assurance process. 1 2 3 4 5

An understanding of the role played by third party assurance providers. 1 2 3 4 5

5 – Pensions services procurement and relationship management

An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations. 1 2 3 4 5

Appendix A to Islington Knowledge and Training Policy

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
A general understanding of the main public procurement requirements of UK and EU legislation.		1 2 3 4 5	
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.		1 2 3 4 5	
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.		1 2 3 4 5	
6 – Investment performance and risk management			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.		1 2 3 4 5	
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.		1 2 3 4 5	
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.		1 2 3 4 5	

Appendix A to Islington Knowledge and Training Policy

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
7 – Financial markets and products knowledge			
An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc).		1 2 3 4 5	
An understanding of the role of these asset classes in long-term pension fund investing.		1 2 3 4 5	
An understanding of the primary importance of the fund’s statement of investment principles and the investment strategy decision.		1 2 3 4 5	
A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.		1 2 3 4 5	
An understanding of the limits placed by regulation on the investment activities of local government pension funds.		1 2 3 4 5	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.		1 2 3 4 5	

Appendix A to Islington Knowledge and Training Policy

Learning needs analysis

Do I possess...?

Rate my skills

1 – no knowledge

5 – highly skilled

Training requirements

Training requirements and plan

Training plan (sources and timing)

8 – Actuarial methods, standards and practices

A general understanding of the role of the fund actuary. 1 2 3 4 5

Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring. 1 2 3 4 5

An awareness of the importance of monitoring early and ill health retirement strain costs. 1 2 3 4 5

A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers. 1 2 3 4 5

A general understanding of the relevant considerations in relation to outsourcings and bulk transfers. 1 2 3 4 5

A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers. 1 2 3 4 5

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