

**Appendix A : Summary of the key points in 2015 Regulations, Code of Practice and Guidance**

	<b>DCLG 2015 Regulation</b>	<b>TPr Code of Practice</b>	<b>Shadow Board Guidance</b>	<b>Action/Comments</b>	<b>Status</b>
<b>PB Establishment</b>	<p>Each AA no later than 1<sup>st</sup> April 2015 establish a pension board.</p> <p>Expenses regarded as part of administration of the fund.</p> <p>The AA must have regard to guidance issued by the Secretary of State</p>		<p>LPBs must be established no later than 1 April 2015. Established in this context means that the AA must have approved the establishment of the LPB, its composition and also the terms of reference, in accordance with its constitution. It does not necessarily mean that the LPB has to be fully operational by this date. However, it is anticipated that a LPB should be operational within a reasonably practicable period after 1 April 2015 (being no longer than 4 months).</p> <p><b>Regulation 106(9)</b> of the Regulations specifies that the expenses of a LPB shall be regarded as part of the costs of administration of the Fund.</p> <p>The role of the LPB should be interpreted as covering all aspects of governance and administration of the LGPS, including funding and investments. However, the LPB does not replace the AA or make decisions which are the responsibility of the AA under both the Regulations and other overriding legislation.</p>		
	<p>Only member representatives have a right to vote</p>			<p>Where an AA decides to appoint an independent chair to the Board, that chair would be considered an 'other member' . Other members do not have the right to vote.</p>	

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	AA determines appointment process	<p>Each employer or member representative on a LPB will potentially represent a significant range of employers or members (as appropriate). It is therefore important that the methodology for appointment ensures that representative Board members are truly representative.</p> <p>All employers and members within a Fund must have equal opportunity to be nominated for the role of employer or member representative through an open and transparent process.</p>	The methodology for appointing employer and member representatives is not prescribed by the Regulations. It will therefore fall to each AA to establish an appropriate process.		



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<b>Terms of Reference</b>			<p>As a minimum a Board's terms of reference should include areas such as:</p> <ul style="list-style-type: none"> <li>• Function of the board</li> <li>• Membership</li> <li>• Code of Conduct</li> <li>• Voting rights</li> <li>• Conflict of interests</li> <li>• Appointment of Chair/Vice Chair</li> <li>• Role of Advisors</li> <li>• Role of Officers</li> <li>• Administration, Papers, Communication and obtaining information</li> <li>• Organisation of meetings</li> <li>• Number of meetings</li> <li>• Location and time of meetings</li> <li>• Quorum</li> <li>• Attendance Requirements</li> <li>• Role of substitutes</li> <li>• Creation of Working Groups/ Sub-committees</li> <li>• Allowances/Expenses</li> <li>• Budget</li> <li>• Knowledge and Understanding</li> <li>• Reporting</li> <li>• Data Protection</li> </ul>		

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PB Constitution			<p>The Regulations require an AA's governance compliance statement to set out whether the Authority delegates its functions and the detail of the delegation given. This includes the terms, structure and operation of the delegation, the frequency of meetings, membership and voting rights.</p> <p>In addition to the terms of reference a Board is likely to have other key documents which would be included in its wider constitution. These may include:</p> <ul style="list-style-type: none"> <li>• A code of conduct;</li> <li>• A conflicts policy;</li> <li>• A knowledge and understanding policy document including a list of the core documents recording policy about the administration of the Fund; and</li> <li>• Policies dealing with data protection, information security, acceptable use (and monitoring) and subject access request.</li> </ul> <p><b>External Reporting - Governance Compliance Statement</b></p> <p>Section 6 of the <b>2013 Act</b> requires a scheme manager to publish information about its pension board.</p> <p>In terms of the LGPS, this requirement is dealt with under <b>regulation 55</b> of the Regulations which requires the AA to include within its governance compliance statement details of the terms, structure and operational procedures relating to its LPB. This Governance Compliance Statement must be published by the AA.</p> <p>Current governance compliance statements will need to be revised to include this new information. The AA will firstly need to consult with such persons as it thinks necessary about the revised statement and then publish it once it has been revised.</p>		

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PB Knowledge & Understanding	<p>Persons appointed must have the “capacity” to represent</p>	<p>A member of a LPB must be conversant with:</p> <ul style="list-style-type: none"> <li>• The rules of the scheme</li> <li>• Any document recording policy about the administration of the scheme</li> </ul> <p>A member must have knowledge and understanding of:</p> <ul style="list-style-type: none"> <li>• The law relating to pensions, and</li> <li>• Any other matters which are prescribed in regulations</li> </ul> <p>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 LPB.</p> <p>Schemes should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member</p> <p>Pension board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Schemes should provide pension board members with the relevant training and support that they require.</p> <p>Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole.</p>	<p>It will be important to appoint members who have the time to commit to attend meetings, undertake training and effectively represent employers and members (as appropriate)</p> <p>In accordance with <b>section 248A</b> of the <b>2004 Act</b>, every individual who is a member of a LPB must: be conversant with:</p> <ul style="list-style-type: none"> <li>• the rules of the LGPS, in other words the Regulations and other regulations governing the LGPS (including the Transitional Regulations, earlier regulations and the Investment Regulations); and</li> <li>• any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund, and</li> </ul> <p>have knowledge and understanding of:</p> <ul style="list-style-type: none"> <li>• the law relating to pensions; and</li> <li>• such other matters as may be prescribed.</li> </ul> <p>A LPB member should be aware that their legal responsibilities begin from the date they take up their role on the Board and so should immediately start to familiarise themselves with relevant documents and the law relating to pensions.</p> <p>In accordance with <b>section 248A</b>, the knowledge and understanding requirement applies to every individual member of a LPB rather than to the members of a LPB as a collective group.</p> <p>The AA should offer high quality induction training and should provide relevant ongoing training for Board members. This could be included in the normal training programme for members of the Pensions Committee as well as a specific training programme for the LPB.</p> <p>The Regulator will be providing an e-learning programme which has been developed to meet the needs of all members of public sector scheme pension boards, whether or not they have access to other</p>		

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PB Conduct			When establishing its LPB, the AA should prepare and approve a code of conduct for the Board to adopt. The code of conduct should set out the standards of behaviour expected of members, incorporating the Seven Principles.		
PB Reporting/ record keeping		<p>Pension board members should be able to identify and where relevant challenge any failure to comply with:</p> <ul style="list-style-type: none"> <li>• the scheme regulations</li> <li>• other legislation relating to the governance and administration of the scheme</li> <li>• any requirements imposed by the regulator, or</li> <li>• any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.</li> </ul> <p>Scheme managers must keep records of information relating to:</p> <ul style="list-style-type: none"> <li>• member information</li> <li>• transactions, and</li> <li>• pension board meetings and decisions.</li> </ul> <p>The legal requirements are set out in the <b>Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014</b> ('the Record Keeping Regulations').</p> <p>Scheme managers must ensure that member data across all membership categories specified in the Record Keeping Regulations is complete and accurate. Member data should be subject to regular data evaluation.</p>	<p>The reporting requirements will be for each AA to determine and could include reporting and communicating with a range of individuals and decision making bodies. This could include communication with internal and external audit as well as reporting to the audit committee, scrutiny or a corporate resources committee, as well as full council or equivalent where appropriate. The agreed reporting requirements should be reflected in the LPB's terms of reference.</p> <p>There should also be more frequent reporting (perhaps quarterly or after the LPB meets) to the AA/Pension Committee and the chief finance officer and/or monitoring officer for example, this could be achieved through sharing the minutes of Board meetings in a timely manner.</p>		

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Public Service Pension Schemes		<p>The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date.</p> <p>The information must include:</p> <ul style="list-style-type: none"> <li>• who the members of the pension board are</li> <li>• representation on the board of members of the scheme(s), and</li> <li>• the matters falling within the pension board's responsibility</li> </ul>			
Public Service Pension Schemes: Internal controls		<p>The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.</p> <p>For these purposes 'internal controls' means:</p> <ul style="list-style-type: none"> <li>• arrangements and procedures to be followed in the administration and management of the scheme</li> <li>• systems and arrangements for monitoring that administration and management, and</li> <li>• arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.</li> </ul>			



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<b>Other</b>	<p>Employer cost cap for the scheme is 14.6% (+/-2%). Otherwise the secretary of state must take steps to bring back in line</p> <p>Overall cost of the scheme should not exceed 19.5% (+/- 2%) of pensionable earnings. Otherwise the Scheme advisory board make recommendations to the steps to bring back in line.</p> <p>The target proportion is 13.1% employer 6.4% employee</p>	<p>Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable</p> <p>Schemes should monitor contributions on an ongoing basis for all the membership categories within the scheme. Schemes should regularly check payments due against the contributions monitoring record.</p> <p>Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the <b>2013 Act</b> or new public body scheme. The statement must include a description of the benefits earned by a member in respect of their pensionable service</p>	<p>In accordance with <b>section 70 of the 2004 Act</b>, certain individuals must report to the Regulator as soon as reasonably practicable where that individual has reasonable cause</p> <p>It would be good practice for the LPB to consider publishing an annual report of the LPB's activities for that year.</p> <p>The LPB should consider with the AA whether it would be appropriate to detail these activities as part of the Fund's annual report.</p> <p>It is appropriate that a LPB is given adequate resources to fulfil its task, in the same way that statutory officers of the AA and scrutiny committees are entitled.</p> <p>As a minimum, the Board will require:</p> <ul style="list-style-type: none"> <li>• allowances and expenses for Board members (where this has been agreed and confirmed in the Board's terms of reference);</li> <li>• accommodation and administrative support to conduct its meetings and other business;</li> <li>• training; and</li> <li>• legal, technical and other professional advice (where required).</li> </ul>		

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		<p>Under the Disclosure <b>Regulations 2013</b>, managers of a scheme must provide other information to members and others in certain circumstances (for example, on request).</p> <p>Generally, schemes may choose how they provide information to scheme members, including by post, electronically (by email or by making it available on a website) or by any other means permitted by the law. For benefit statements issued under the <b>2013 Act</b>, HM Treasury directions may specify how the information must be provided.</p> <p>Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pensions disputes between the scheme manager and a person with an interest in the scheme.</p> <p>Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:</p> <ul style="list-style-type: none"> <li>• a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with</li> <li>• the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions</li> </ul>			

**Key:**

LPB –Local Pension Board

AA – Administrating Authority

PSPS - Public Service Pension Schemes: