



## West Northamptonshire Council

### Local Pension Board

24/1/2023

### Mark Whitby – Head of Pensions

<b>Report Title</b>	<b>Governance and Compliance Report</b>
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#### Contributors/Checkers/Approvers

<b>Head of Pensions</b>	Mark Whitby	19 December 2022
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#### List of Appendices

#### Appendix A – Skills and knowledge training schedule

##### 1. Purpose of Report

- 1.1 This is a standing report that identifies issues and developments relevant to West Northamptonshire Council's management and administration of the Northamptonshire Pension Fund.

##### 2. Executive Summary

- 2.1 This report provides the Pension Board with information on the following significant current issues which have an impact on the governance, management and administration of the Northamptonshire Pension Fund.
- Pensions Dashboards Regulations 2022
  - Taskforce on Climate related Financial Disclosures (TCFD) consultation
  - The Pensions Regulator publishes enforcement and prosecution policies and publishes scam prevention strategy
  - Skills and knowledge opportunities

##### 3. Recommendations

- 3.1 The Pension Board is asked to note the contents of this report.

##### 4. Report Background

- 4.1 This report provides an update on developments and issues that impact the LGPS that members of the Pension Board need to be aware of to fulfil their responsibilities to the Fund's key stakeholders.

## 5. Issues and Choices

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### 5.1 Pensions Dashboards Regulations 2022

#### 5.1.1 Draft regulations laid for approval

5.1.1.1 In October the Department for Work and Pensions (DWP) laid draft Pensions Dashboard Regulations before each house of Parliament.

5.1.1.2 On 21 November 2022, the Department for Work and Pensions made [The Pensions Dashboards Regulations 2022](#) – the Regulations. They came into force on 12 December 2022.

5.1.1.3 The Regulations set out requirements for relevant occupational pension schemes to connect to pensions dashboards, and what organisations must do to provide a qualifying pensions dashboard service.

#### 5.1.2 TPR consultation on dashboard enforcement

5.1.2.1 On 24 November 2022, the Pensions Regulator (TPR) launched a consultation on its draft dashboards compliance and enforcement policy.

5.1.2.2 TPR is responsible for ensuring that occupational pension schemes comply with their dashboard duties. The draft policy sets out how it intends to do so. The policy covers:

- the key risk areas it will focus on
- what it expects schemes to do when complying with their dashboard duties
- how it will monitor compliance
- how it will approach non-compliance.

5.1.2.3 The policy reiterates the powers TPR has to deal with non-compliance. This includes compliance notices and penalty notices. These can also be issued to third parties, such as employers, administrators and Integrated Service Providers (ISPs). The policy also includes illustrative scenarios, setting out how it may approach particular examples of non-compliance.

5.1.2.4 The consultation closes on 24 February 2023 and can be found [here](#).

#### 5.1.3 Further response to consultation

5.1.3.1 On 17 October the DWP responded to the further consultations which ran between 28 June and 19 July 2022 and confirmed that they will:

- give pension schemes six months' notice of the point at which pensions dashboards will be available to the public, the 'Dashboard Available Point'. This is an increase to the 90 days proposed in the consultation.
- go ahead with the second proposal allowing the Money and Pensions Service (MaPS) and the Pensions Regulator (TPR) to share information about dashboards.

#### 5.1.4 Research on public value of dashboards

5.1.4.1 The Pension Dashboard Programme (PDP) has published the results of research carried out by Ipsos. PDP commissioned Ipsos to carry out quantitative research into the value that people attach to pension dashboards and their likelihood to use them.

5.1.4.2 Ipsos undertook online interviews with 1,960 individuals forming a representative sample of the UK population aged between 18 and 75. Differences in the likelihood of the public to use dashboards and their willingness to pay for them are explored across demographic and pension characteristics such as type and number of pensions, and levels of pension engagement.

5.1.4.3 PDP will use the results to inform development of the central digital architecture.

5.1.4.4 The full results and press release can be found [here](#).

### 5.1.5 Update on connecting early participants to the dashboard ecosystem & updated standards

- 5.1.5.1 The PDP have also provided an update on testing for early participants, the first stage now that the central digital architecture is complete to start to test with real pension data using their two non-commercial suppliers (the State Pension & Money Helper Dashboard, built by the Money and Pensions Service). The second stage is for participants who have volunteered to help test and develop the service to being testing and work towards completing their connection journey in the new year. The third stage is for those participants to go live and will play an essential part in the process of preparing for compulsory staging, when pension providers and schemes will start to connect to dashboards in the order specified by the regulations and rules. Their experiences will feed into the development of the connection process and will help improve the experience for the rest of the pensions industry.
- 5.1.5.2 On 16 November 2022, the PDP published its revised standards for connecting to the dashboards ecosystem. They cover the technical and operational detail that underpins dashboards legislation. The revised standards incorporate feedback from the consultation published in July 2022. The revised standards can be found [here](#).
- 5.1.5.3 Although the revised standards are pending final approval by the Secretary of State for Work and Pensions, they have been published to give schemes advance notice of the duties that they will need to comply with.
- 5.1.5.4 PDP also confirmed the process for updating the standards going forward, including the principles for decision-making and the notice period for industry.
- 5.1.5.5 A consultation on the draft design standards for qualifying pensions dashboards will take place in the winter.

### 5.2 Taskforce on Climate related Financial Disclosures (TCFD) consultation

- 5.2.1 The Department for Levelling Up, Housing and Communities issued their TCFD consultation on 1 September 2022 for the LGPS in England and Wales.
- 5.2.2 The proposed requirements are similar to the current requirements for private pension schemes, although is slightly simplified and applies to LGPS of all sizes (rather than a phased approach for private pension schemes). The requirements will therefore apply to all LGPS funds from 2023/24 regardless of fund size.
- 5.2.3 The regulations are expected to be in force by April 2023 with the deadline for the first report being 1 December 2024.
- 5.2.4 The consultation closed on the 24 November 2022 and the Cambridgeshire Pension Fund provided a response which broadly agreed with the proposals. The Board will be updated with the outcome of the consultation following release from the Department for Levelling Up, Housing and Communities in due course.
- 5.2.5 In addition, the Scheme Advisory Board (SAB) response to the consultation can be found [here](#).

### 5.3 The Pensions Regulator

#### 5.3.1 Enforcement and prosecution policies

- 5.3.1.1 In October the Pensions Regulator (TPR) published a revised enforcement policy, updated prosecution policy and new enforcement strategy with the aim of providing clarity on what those who are subject to enforcement action can expect from TPR.
- 5.3.1.2 The enforcement policy sets out TPR's approach to investigating cases and any subsequent enforcement action. It is web-based and divided into standalone chapters, each with links to other relevant documents. The policy also consolidates previous policies in respect of defined benefit, defined contribution and public service pension schemes.

- 5.3.1.3 The prosecution policy explains how TPR will approach prosecuting workplace pension criminal offences. The policy has been brought up to date to reflect the new criminal powers in the Pensions Schemes Act 2021 and other developments.
- 5.3.1.4 The enforcement strategy sets out the overarching aims of TPR's enforcement work (excluding automatic enrolment). It also provides an insight into the framework TPR applies when selecting cases for enforcement action.
- 5.3.1.5 The full documents are available at the following links:  
[revised enforcement policy](#)  
[updated prosecution policy](#)  
[new enforcement strategy](#)
- 5.3.2 Scam prevention strategy
- 5.3.2.1 The Pensions Regulator has published a new strategy to combat pension scams, it aims to tackle the issue by:
- educating savers about the threat scams present
  - encouraging higher standards and preventing practices that lead to saver harm
  - fighting fraud through prevention, disruption and punishment of criminality
- 5.3.2.2 In line with TPR Corporate Strategy, Joint Regulatory Strategy and with the Financial Conduct Authority main objective is to for individuals not to lose some, or all of their pension savings to scammers. The reasons that this may occur is categorised into three areas:
- savers not being enabled to make good decisions
  - practices by schemes, advisors and providers which lead to saver harm
  - pensions fraud and other criminality
- 5.3.2.3 Some examples of how TPR will be enacting the policy are as follows –
- encourage industry to use anti-scam messaging on all annual benefit statements and touchpoints that savers have with their provider
  - continue to support and amplify the messages of the FCA's ScamSmart campaign adapting messaging to deal with new and emerging threats
  - continue to encourage industry to go beyond minimum compliance and engage savers with their pensions, and work to improve the pensions consumer journey including a review of guidance on member communications for scam-prevention messaging
- 5.3.2.4 Full details can be found - [Our strategy to combat pension scams | The Pensions Regulator](#)
- 5.3.2.5 The Northamptonshire Pension Fund has ensured that letters/forms in relation to transferring to another pension arrangement contain the appropriate pension scam wording with links to the associated documentation. Information is also published on the Pension Service website and is included in newsletters. The Fund will be reviewing the new strategy in detail to establish if there are any areas of compliance that need to be achieved.
- 5.4 Skills and knowledge opportunities
- 5.4.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Committee and Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 5.4.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee and Board, appendix A lists the main events that are deemed useful and appropriate.
- 5.4.3 If members of the Pension Board would like to attend any of the events listed in appendix a please contact a member of the Fund's governance team who will make the necessary arrangements if an invitation has not already been sent.

## **6 Implications (including financial implications)**

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### **6.1 Resources and Financial**

- 6.1.1 There are no resources or financial implications arising from the report.

## 6.2 Legal

6.2.1 The Fund has consulted with its Governance advisors, Aon, to understand the legislative requirements to comply with Pensions Dashboards regulations.

## 6.3 Risk

6.3.1 This report ensures on-going compliance with the above and that the Pension Board is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

6.3.2 The risks associated with the Pension Board not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee to enable informed decision making.	Green

The Fund's full risk register can be found on the Fund's website at the following link:  
[Northamptonshire Risk Register](#)

## 6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives as per the Business Plan have been considered in this report –

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure that the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

## 6.5 Consultation

6.5.1 Not required.