

## 1.0 INTRODUCTION

This handbook has been produced to provide guidance for:

1. Members of the Royal County of Berkshire Pension Fund Panel,
2. Members of the Royal County of Berkshire Pension Fund Advisory Panel, and
3. Members of the Royal County of Berkshire Pension Fund Pension Board,

referred to as the '3 Committees' where references in this handbook relate equally to all three. Where certain responsibilities and requirements of the '3 Committees' vary those differences will be clearly identified throughout the handbook.

There are many '[links](#)' to pension regulations, Pension Fund policies and websites thought to be of value in assisting members of all '3 Committees' to undertake their duties. By simply hovering the cursor over a link when viewing the handbook on screen, it is possible to activate the link by using Ctrl + Click so that the reader is taken directly to the exact place on the internet where the document is held. Where the reader is using a paper version of this handbook the links to web pages are provided as footnotes on the relevant page of the document.

### 1.1 Background

In March 2011, Lord Hutton of Furness, as chair to the Independent Public Service Pensions Commission (IPSPC), published his [report](#)<sup>1</sup> which set out recommendations to the Government on how to ensure public service pension schemes were to remain sustainable and affordable in the long term. This was the start of a process which introduced, in the case of the Local Government Pension Scheme (LGPS), a new Career Average Re-valued Earnings (CARE) Scheme from 1 April 2014.

The negotiations between trade unions, employers and Government (the Project Board) on the design of the LGPS started in December 2011. A central difference to the LGPS project, when compared to other public service pension schemes, was the decision to ensure no contribution rises in 2012 and 2013 for LGPS members and instead to make changes to the Scheme a year ahead of the other public service pension schemes. The core principles which the LGPS has been designed around are that pensions would be worked out on a career average basis from 1 April 2014 and not a final salary basis as previously (although certain pension rights built up to 31 March 2014 remain linked to future final salary) and that there should be no increase in the cost of the Scheme to the majority of its members.

In May 2012 the outcome of negotiations between trade unions, employers and the Government was released. Consultations undertaken by both employers and trades unions provided overwhelming support for proposals for the reformed Scheme from 1 April 2014.

Lord Hutton's recommendations were taken forward into [The Public Service Pensions Act 2013](#)<sup>2</sup> which requires the establishment of new public service pension schemes from 1 April 2015 (with the exception of the LGPS which was established on 1 April 2014, one year ahead of the other public service schemes). Furthermore, the Act requires public service pension schemes to establish local Pension Boards to assist administering authorities, in their role as scheme managers, to secure compliance of the scheme regulations and other legislation relating to governance and administration of the scheme and of any requirements imposed by The Pensions Regulator.

---

<sup>1</sup> [http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/indreview\\_johnhutton\\_pensions.htm](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm)

<sup>2</sup> <http://www.legislation.gov.uk/ukpga/2013/25/contents>

The roles undertaken by members of any of the '3 Committees' are varied, often complex and subject to various areas of legislation, scheme regulation, and requirements of both the Royal Borough of Windsor & Maidenhead Council's Constitution and of those imposed by the Pensions Regulator. All of this will be considered throughout this handbook starting with a look at the legislation and regulations in Section 2.0 that have led us to the current LGPS. Table 1 in paragraph 1.2 provides information relating to all the documents (other than Scheme regulations and the Pensions Regulator's code of practice No. 14) you will need access to in order to fulfil the role of a Pension Board member (and also the role of a member of either the Pension Fund Panel or Pension Fund Advisory Panel). Table 2 in paragraph 1.2 sets out examples of the knowledge and understanding of the law relating to pensions that all Pension Board members will be expected to have.

## **1.2 Training for Pension Board members**

A Pension Board member should be aware that their legal responsibilities begin from the very first day that they take up their role. In accordance with [section 248A of the Pensions Act 2004](#)<sup>3</sup> every 'trustee' has a duty to be conversant with the LGPS rules (including the LGPS Regulations 2013, the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and the LGPS (Management of Investment of Funds) Regulations 2009 and any amendments thereto).

In addition a Pension Board member should be conversant with any document recording policy about the administration of the Pension Fund and have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

All of the relevant regulations and policy documents can be found by going to the [Pension Board section](#)<sup>4</sup> of the Berkshire Pension Fund website where all the relevant links and URL addresses are provided and some documentation can be viewed, downloaded or printed directly from the website pages.

Every Pension Board member should take the time to familiarise themselves with all of the documents detailed in the 2 tables below upon appointment to the Board. Some of the documents will refer to the administering authority's policies around wider legislation such as the [Data Protection Act 1998](#)<sup>5</sup> and the [Freedom of Information Act 2000](#).<sup>6</sup> Within many of the documents and parts of this handbook referred to in the tables there will be further links provided enabling the reader to enter into further research of the topic in hand.

In addition to reading the regulations and policies all Pension Board members must commit to undertake further training and to set up a policy and framework to address the knowledge and understanding requirements that apply to its members. Such a framework can be found in Appendix 5 of this handbook.

In order for Pension Board members to attain the relevant level of knowledge and understanding they should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify any gaps or weaknesses.

Whilst further training needs will undoubtedly be identified from time to time the following actions should be taken by a Board member as soon as possible after appointment:

- Complete the induction course as provided by the scheme manager;

---

<sup>3</sup> <http://www.legislation.gov.uk/ukpga/2004/35/section/248>

<sup>4</sup> [http://www.berkshirerpensions.org.uk/bpf/info/4/pension\\_board](http://www.berkshirerpensions.org.uk/bpf/info/4/pension_board)

<sup>5</sup> <http://www.legislation.gov.uk/ukpga/1998/29/contents>

<sup>6</sup> <http://www.legislation.gov.uk/ukpga/2000/36/contents>

- Complete the Pensions Regulator's on-line training toolkits by going to the [Pension Regulator website](#)<sup>7</sup> and signing up. It is compulsory for Pension Board members to complete the Public Service toolkit which consists of the following modules:
  - Conflicts of interest;
  - Managing risk and internal controls;
  - Maintaining accurate data;
  - Maintaining member contributions;
  - Providing information to members and others;
  - Resolving internal disputes;
  - Reporting breaches of the law;
- Complete other modules in the trustee toolkits considered to be of value:
  - Introducing pension schemes;
  - The trustee's role;
  - Running a scheme;
  - Pensions law;
  - An introduction to investment;
  - How a DB scheme works;
  - Funding your DB scheme;
  - DB recovery plans, contributions and funding principles;
- Read through the Pensions Regulator's code of practice No. 14 in conjunction with section 3.0 of this handbook which sets out how the scheme manager is compliant with the requirements of the code of practice.

**Table 1 – Scheme documents including those recording policy**

<b>Documents</b>	
1.	Actuarial valuation report
2.	Admission agreement document and guidance
3.	Annual report and accounts
4.	Business continuity plan
5.	Business plan
6.	Cash management policy
7.	Communication documents - Scheme member booklets, guides, factsheets, employer communications and training guides
8.	Communications policy statement
9.	Conflict of interests policy
10.	Data Protection and Freedom of Information
11.	Due diligence policy
12.	Employer's discretionary policy statement
13.	Funding strategy statement
14.	Governance compliance statement
15.	Internal Disputes Resolution Procedures
16.	Investment philosophy
17.	Pension administration strategy
18.	Rates and adjustment certificate
19.	Record-keeping
20.	Reporting breaches of the law
21.	Risk register and assessment
22.	Service level agreement between the administering authority and the pension fund
23.	Service level agreement for pension administration between the administering authority and scheme employers
24.	Statement of investment principles
25.	Third party contracts and agreements

**Table 2 – Knowledge and understanding of the law**

**1. Background and understanding of the**

<sup>7</sup> <https://trusteetoolkit.thepensionsregulator.gov.uk/>

### legislative framework of the LGPS:

- Differences between public service pension schemes and private sector trust-based schemes Complete the Pensions Regulator's on-line trustee's toolkits
- The role of the IPSPC and its recommendations ("the Hutton report") See link to Hutton report on page 11
- Key provisions of the Public Service Pensions Schemes Act 2013
- The structure of the LGPS nationally and locally See link to PSPS Act 2013 on page 11
- An overview of local authority law and how administering authorities are constituted and operate Section 3.0 Part 1 of Code 14 and Section 5.0 Section 2.0
- LGPS rules overview

Section 2.0

### 2. General pensions legislation applicable to LGPS including:

- Automatic Enrolment (Pensions Act 2008) See brief guide to [Automatic enrolment](#)<sup>8</sup>
- Contracting-out (Pensions Schemes Act 1993) Section 9.1 (contracted-out)
- Data Protection Act 1998 See [Data Protection Act 1998](#)<sup>9</sup>
- Freedom of Information Act 2000 See [Freedom of Information Policy](#)<sup>10</sup> on the RBWM website
- Pensions sharing on divorce (Welfare Reform and Pensions Act 1999) Paragraph 9.4 (deferred members)
- Tax (Part 4, Finance Act 2004)

[Part 4 of Act](#)<sup>11</sup>

### 3. Role and responsibilities of the Local Pension Board:

- Role of the Pension Board Paragraphs 4.2, 4.4, Appendix 3
- Conduct and conflicts Appendix 2
- Reporting of breaches Appendix 7
- Knowledge and understanding Section 1.2
- Data protection See [Data Protection Policy](#)<sup>12</sup> on the RBWM website

### 4. Role and responsibilities of the administering authority:

- Membership and eligibility Paragraphs 9.1 and 9.4
- Benefits and the payment of benefits Paragraphs 9.5, 9.9 9.12, 9.13 and 9.15
- Decisions and discretions Paragraph 2.3
- Disclosure of information Section 3.0 Part 4 (section "providing information to members") and "[Disclosure Regulations](#)<sup>13</sup>" and "[Disclosure and amendments](#)<sup>14</sup>".
- Record keeping

<sup>8</sup> <http://www.lgpsregs.org/images/AdministrationGuides/AEBriefv5.0clean.pdf>

<sup>9</sup> <http://www.legislation.gov.uk/ukpga/1998/29/contents>

<sup>10</sup> [http://www3.rbwm.gov.uk/info/200413/freedom\\_of\\_information/939/access\\_to\\_information/2](http://www3.rbwm.gov.uk/info/200413/freedom_of_information/939/access_to_information/2)

<sup>11</sup> <http://www.legislation.gov.uk/ukpga/2004/12/part/4>

<sup>12</sup> [http://www3.rbwm.gov.uk/info/200409/data\\_protection/941/data\\_protection](http://www3.rbwm.gov.uk/info/200409/data_protection/941/data_protection)

<sup>13</sup> <http://www.legislation.gov.uk/uksi/2013/2734/contents>

<sup>14</sup> <http://www.legislation.gov.uk/uksi/2015/482/contents/made>

<ul style="list-style-type: none"> <li>➤ Internal controls</li> <li>➤ Internal dispute resolution</li> <li>➤ Reporting of breaches</li> <li>➤ Statements, reports and accounts</li> </ul>	<p>Paragraph 10.1 and <a href="#">“Record-Keeping Regulations”</a><sup>15</sup></p> <p>Section 8.0 and <a href="#">Managing Risks Policy</a><sup>16</sup></p> <p>Paragraph 10.8 and <a href="#">Guide to IDR</a><sup>17</sup></p> <p>Guide to <a href="#">Reporting Breaches of the Law</a><sup>18</sup></p> <p>See latest <a href="#">Annual Report and Accounts</a><sup>19</sup></p>
<p><b>5. Funding and investment:</b></p> <ul style="list-style-type: none"> <li>➤ Requirement for triennial and other valuations</li> <li>➤ Rates and adjustment certificate</li> <li>➤ Funding strategy statement</li> <li>➤ Bulk transfers</li> <li>➤ Permitted investments</li>   <li>➤ Restrictions on investments</li>   <li>➤ Statement of investment principles</li> <li>➤</li> <li>➤ Appointment of investment managers</li>   <li>➤ Role of the custodian</li> </ul>	<p>Paragraph 7.1 and copy of latest <a href="#">Valuation Report</a><sup>20</sup>.</p> <p>Included in latest Valuation Report</p> <p><a href="#">Funding Strategy Statement</a><sup>21</sup></p> <p>Paragraph 9.16</p> <p><a href="#">Schedule 1</a><sup>22</sup> of the LGPS (Management and Investment) Regulations 2009 (and <a href="#">amendment</a><sup>23</sup>)</p> <p><a href="#">Regulation 14</a><sup>24</sup> and Schedule 1 of the LGPS (Management and Investment) Regulations 2009</p> <p><a href="#">Statement of Investment Principles</a><sup>25</sup></p> <p><a href="#">Regulations 7 to 10</a> of LGPS (Management and Investment) Regulations 2009</p> <p>Paragraph 7.1</p>
<p><b>6. Role and responsibilities of scheme employers:</b></p> <ul style="list-style-type: none"> <li>➤ Explanation of different types of employers</li> <li>➤ Additional requirements for admission bodies</li>   <li>➤ Automatic enrolment</li>   <li>➤ Deduction and payment of contributions</li> </ul>	<p>Paragraph 9.1 (LGPS enrolment)</p> <p>Paragraph 9.1 (LGPS enrolment) and see <a href="#">“Admission Bodies – a guide for employers”</a><sup>26</sup></p> <p>Paragraph 9.1 (LGPS enrolment) and see brief guide to <a href="#">Automatic enrolment</a><sup>27</sup></p> <p>Paragraph 9.3 and see <a href="#">“Employer guide to completing contribution returns”</a><sup>28</sup></p> <p>Paragraphs 6.3, 10.3 and see</p>

<sup>15</sup> <http://www.legislation.gov.uk/uksi/2014/3138/contents/made>

<sup>16</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>17</sup> [http://www.berkshirerensions.org.uk/bpf/info/7/about\\_the\\_fund/54/complaints\\_procedure](http://www.berkshirerensions.org.uk/bpf/info/7/about_the_fund/54/complaints_procedure)

<sup>18</sup> [http://www.berkshirerensions.org.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www.berkshirerensions.org.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>19</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/2/pension\\_fund\\_reports](http://www3.rbwm.gov.uk/bpf/downloads/download/2/pension_fund_reports)

<sup>20</sup> [http://www.rbwm.gov.uk/berks-pension/annual\\_accounts\\_and\\_reports.htm](http://www.rbwm.gov.uk/berks-pension/annual_accounts_and_reports.htm)

<sup>21</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>22</sup> <http://www.legislation.gov.uk/uksi/2009/3093/schedule/1/made>

<sup>23</sup> <http://www.legislation.gov.uk/uksi/2013/410/regulation/2/made>

<sup>24</sup> <http://www.legislation.gov.uk/uksi/2009/3093/regulation/14/made>

<sup>25</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>26</sup> <http://www.berkshirerensions.org.uk/bpf/downloads/2/employers>

<sup>27</sup> <http://www.lgpsregs.org/images/AdministrationGuides/AEBriefv5.0clean.pdf>

<sup>28</sup> <http://www.berkshirerensions.org.uk/bpf/downloads/2/employers>

		<a href="#">Pension Administration SLA</a> <sup>29</sup>
	➤ Employer decisions and discretions	Paragraph 9.10 Paragraph 10.9
	➤ Redundancies and restructuring	
	➤ TUPE and outsourcing	
<b>7.</b>	<b>Tax and contracting out:</b>	
	➤ Finance Act 2004	Section 12.0 and <a href="#">Finance Act 2004</a> <sup>30</sup>
	➤	
	➤ Role of HMRC	Section 12.0
	➤ Registration	Section 12.0 <a href="#">Part 4, Chapter 2</a> <sup>31</sup> of Finance Act 2004
	➤ Role of scheme administrator	Section 10.0
	➤ Tax relief on contributions	Section 12.0
	➤ Taxation of benefits	Section 12.0
	➤ Annual and lifetime allowances	Paragraphs 12.1 and 12.2
	➤ Member protections	Paragraph 12.3
	➤ National Insurance	Paragraph 9.1 (contracted-out)
	➤ Contracting-out	Paragraph 9.1 (contracted-out)
	➤ Impact of abolition of contracting-out in 2016	Paragraph 9.1 (contracted-out)
<b>8.</b>	<b>Role of advisors and key persons:</b>	
	➤ Officers of the administering authority	Section 5.0, Diagram 2
	➤ Pension Fund Actuary	Paragraph 7.1
	➤ Auditor	Paragraph 5.12
	➤ Investment managers	Paragraph 7.1 and <a href="#">Statement of Investment Principles</a> <sup>32</sup>
	➤ Custodians	Paragraph 7.1
	➤ Scheme administrators	Section 10.0
	➤ Procurement of services	Appendix 6 (Contract rules)
	➤ Contracts with third parties	Appendix 6
<b>9.</b>	<b>Key bodies connected to the LGPS:</b>	
	➤ HMRC	Section 12.0
	➤ The Pensions Advisory Service	Paragraph 10.8 and see " <a href="#">Guide to IDRPs</a> " <sup>33</sup>
	➤ The Pensions Ombudsman	Paragraph 10.8 see " <a href="#">Guide to IDRPs</a> " <sup>34</sup>
	➤ The Pensions Regulator	<a href="#">IDRPs</a> <sup>34</sup> Section 3.0

<sup>29</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>30</sup> <http://www.legislation.gov.uk/ukpga/2004/12/contents>

<sup>31</sup> <http://www.legislation.gov.uk/ukpga/2004/12/part/4/chapter/2>

<sup>32</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>33</sup> [http://www.berkshirerpensions.org.uk/bpf/info/7/about\\_the\\_fund/54/complaints\\_procedure](http://www.berkshirerpensions.org.uk/bpf/info/7/about_the_fund/54/complaints_procedure)

<sup>34</sup> [http://www.berkshirerpensions.org.uk/bpf/info/7/about\\_the\\_fund/54/complaints\\_procedure](http://www.berkshirerpensions.org.uk/bpf/info/7/about_the_fund/54/complaints_procedure)