

Lancashire Local Pension Board

Meeting to be held on Tuesday, 17 October 2017

Electoral Division affected: None

The Pension Regulator report on Public Service Pension Schemes (Appendix A refers)

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Executive Summary

The Pension Regulator (TPR) published its results of a survey of public sector pension schemes in May 2017. The survey concluded that the TPR's existing assessment still applied and that the top risks are around scheme governance, record-keeping, internal controls and member communications.

Recommendation

The Board are asked to note the content of this report.

Background and Advice

The Pensions Regulator surveyed public sector pension schemes in autumn 2016 to assess how they were being run. The main focus of the survey was on the governance and administration of public service pension schemes. The survey achieved a 90% response rate, covering 98% of public service pension scheme membership.

A copy of the full report on their findings is attached in Appendix A.

The survey concluded that the TPR's existing assessment still applied and that the top risks are around scheme governance, record-keeping, internal controls and member communications.

The summary of results and commentary highlight the following main points:

- TPR are concerned that, in their view, 'a significant minority of scheme managers and pension board members may not be effective in, or even fully aware of, their governance duties'.

- Over the coming year TPR have stated they will provide clarity on the roles and responsibilities of those involved in running schemes and will clearly set out the standards they expect of all parties.
- TPR expect all schemes to undertake an annual data review and put an improvement plan in place if required. They are concerned at the low level of funds who have put in place an improvement plan. To ensure record keeping failures are identified and tackled effectively TPR will provide additional education in 2017 to assist with this, including guidance on developing a good improvement plan.
- TPR will consider enforcement action where scheme managers fail to demonstrate that they are taking appropriate steps to improve their records, including having a robust improvement plan in place.
- From 2018 TPR will require scheme managers to report on their record-keeping standards in the scheme return, so the TPR can more effectively intervene where scheme managers are failing in their duties.
- The survey highlights that the quality of data provided by employers remains an issue – only 55% of employers provide good data as a matter of course. 23% of respondents identify employer compliance as a top risk
- The TPR state that Scheme managers should work with employers to ensure processes are effective and fit for purpose, and take action to rectify issues in the first instance. TPR can also intervene where required
- The survey picked up that only 43% of schemes said that all their members received their annual benefit statement on time and that 21% of members did not receive their statement on time.
- On internal controls it is reported that the majority of respondents had the following key processes in place:
 1. Conflicts policy and procedure for board members
 2. Procedures to identify, assess and report breaches of the law
 3. Process for resolving payments issues and assessing whether to report failures to the TPR
 4. Processes to monitor records for all membership types
 5. Documented procedures for assessing and managing risks
 6. Policies and arrangements to train board members

In conclusion the report highlights that Scheme Managers should be aware that TPR are more likely to move to use their enforcement powers this year where Scheme Managers have not taken sufficient action to address issues or meet their duties.

The Head of Fund will update the Board on any correspondence received from TPR in relation to their findings and plan.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A		
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Reason for inclusion in Part II, if appropriate