

Lancashire Local Pension Board

Meeting to be held on Tuesday, 16 October 2018

Electoral Division affected:
(All Divisions);

Lancashire County Pension Fund – The Pensions Regulator Governance and Administration Survey results

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Executive Summary

This report provides the members of the Pension Board with a summarised position of the Pension Regulator's survey findings on governance and administration and highlights the Pension Regulator's future plans.

Recommendation

The Board is asked to note the contents of this update.

Background and Advice

The Pension Regulator have published their 2018 report on the findings of the governance and administration survey (undertaken in November and December 2017) of public service pension schemes. In total 191 of the 207 public service pension schemes completed the survey. This equates to a 92% response rate, covering 98% of all public service pension scheme membership.

The full report can be accessed at the link below:

www.thepensionsregulator.gov.uk/docs/public-service-research-2018.pdf

A summary of the results and commentary can be accessed at the following link:

www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2018.pdf

The report sets out how The Pension Regulator have interpreted the findings and shows the responses to all survey questions.

The report highlights a number of points that are specific to Local Government Pension Schemes administering authorities and a summary of some of the findings are listed below:

1. The survey supports The Pension Regulator existing assessment that the top risks are scheme governance, record-keeping and internal controls.
2. The survey shows that 34% of Local Government Pension Scheme administering authorities hold fewer than four pension board meetings a year. In The Pension Regulator's view, this provides inadequate opportunity for pension boards to carry out their role effectively and raises concern about the quality of governance.
3. Only 45% of active members in the Local Government Pension Scheme received their annual benefit by the statutory deadline. (For the Lancashire Fund the figure this year is 86.35% received by the 31 August deadline)
4. The summary report states *'The survey shows signs that process improvements have stalled in some Local Government schemes. This group was also the one that was least likely to respond to the survey and we are concerned about the risks of disengagement. Because of the specific challenges faced by Local Government schemes, we expect to focus casework activities on the LGPS in the coming year.*
5. The report concludes by saying, *'Scheme managers should be aware that we are more likely to use our enforcement powers this year. Where we open cases, we will work the schemes involved to resolve gaps in their risk and breach of law processes. When considering action or setting fines, we will take into account a party's co-operation with us, and their efforts to put things right. For example, those who fail to report breaches to us quickly could receive a higher penalty for a breach, and an additional penalty for a failure to report.*

Going forward TPR have already announced plans for "Proactive engagement" with LGPS funds for 2018 and 2019, as in their view, the results of the 2017 Governance & Administration Survey show that improvements in governance & administration standards have slowed when compared to other public service pension schemes.

Over the coming months, all Local Government Pension Scheme scheme managers will receive written communications from The Pension Regulator (and others involved with Local Government Pension Schemes may also hear from the Regulator). These will cover governance & administration matters including:

- the main risk areas scheme managers should already be focusing on
- what The Pension Regulator's expectations are
- how those responsible for managing and running schemes can identify and mitigate such risks

The Pension Regulator have already engaged with a small number of scheme managers (10% of Local Government Pension Scheme funds) to undertake deeper regulatory engagement into each risk area, to understand what the current status is, the challenges scheme managers face, the extent of mitigation and improvement plans and how they are being implemented. The Lancashire Fund hasn't been contacted by The Pension Regulator in relation to this.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

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

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