Update from the regulator

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29 June 2016
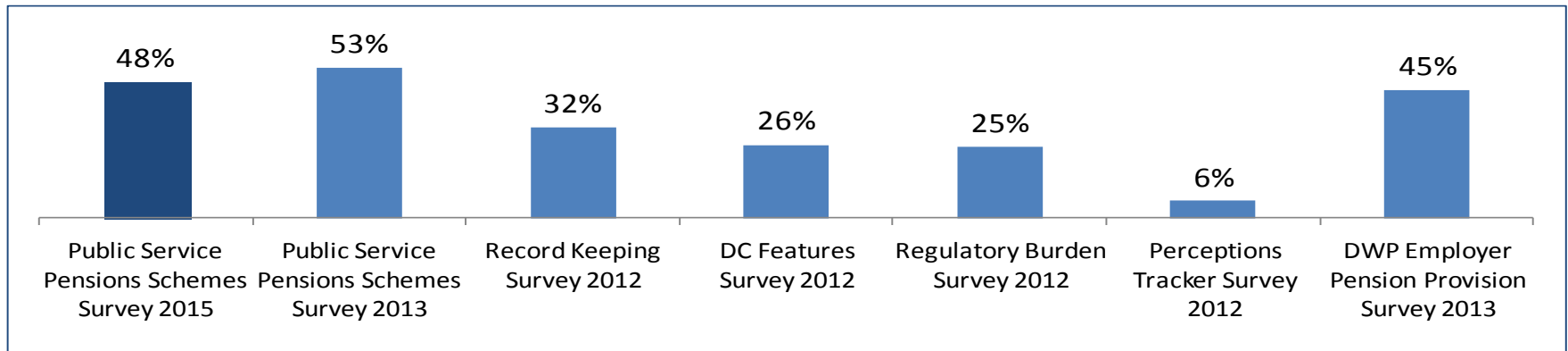
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- Key findings of the 2015 Governance & Administration survey in respect of LGPS
- TPR focus 2016/17
    - Basic compliance
    - Top 3 risks
- What can pension boards do?

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Governance and administration survey

- Purpose
  - To assess how schemes were meeting the legal requirements around governance and administration (G&A) and the standard to which schemes are being run
  - To encourage schemes to self-assess
  - To inform our risk analysis – landscape and scheme level

- For LGPS, each section reported as separate 'scheme'
- Fieldwork ran between 23rd July and 4th September 2015, data collected using interactive pdf
- Respondents chose to provide anonymous or attributed surveys.

- Assumptions on non-response and progress/compliance

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Governance and administration survey

- Response rate of PS schemes 48% overall, covering 85% of membership
  - LGPS: 52% response rate, covering 66% of membership
 - Compares favourably with other survey response rates

48%	53%	32%	26%	25%	6%	45%
Public Service Pensions Schemes Survey 2015	Public Service Pensions Schemes Survey 2013	Record Keeping Survey 2012	DC Features Survey 2012	Regulatory Burden Survey 2012	Perceptions Tracker Survey 2012	DWP Employer Pension Provision Survey 2013

- Report published 10 December
- Data reported in percentages

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Key findings – Processes

- LGPS sections are progressing well in terms of understanding the new requirements and setting up processes
  - High levels of awareness and understanding
  - 45/53 had fully established and operational pension boards
  - High levels of reported processes in place against most areas of the code

Strong progress on processes, in line with aggregate PS score
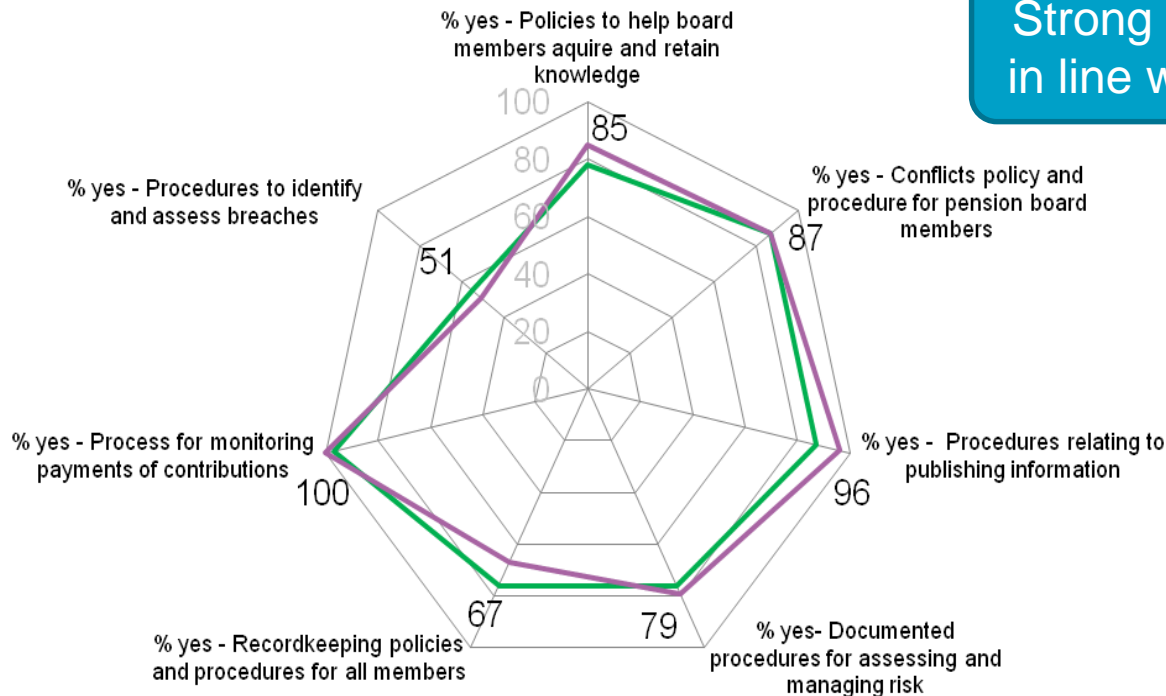
= Overall PS score

= Scheme Type score

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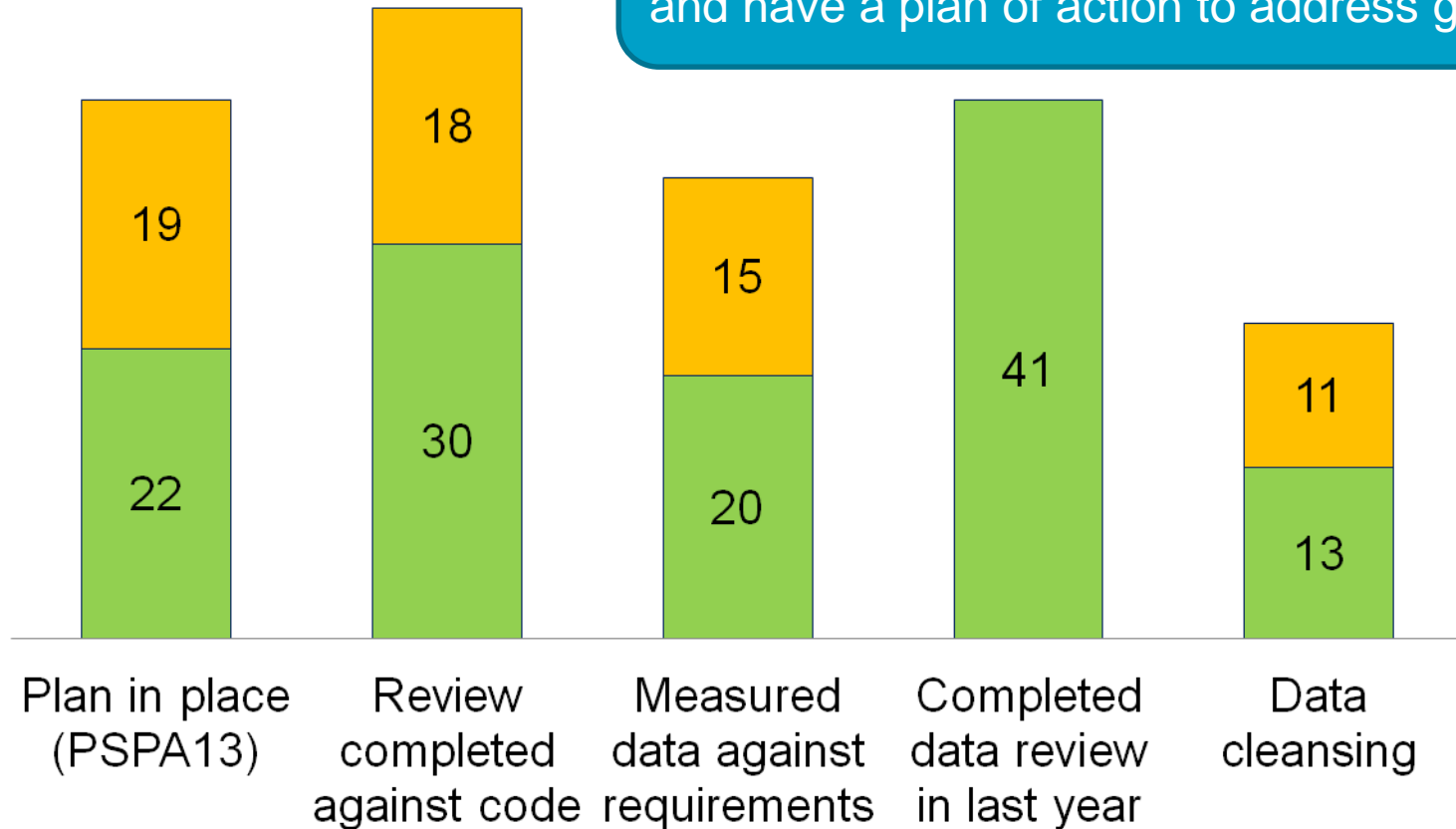
Key findings - processes

- Builds on existing infrastructure

- Some gaps in processes

    – Reporting breaches

    – Variability between sections

- Need to consider:

    – Efficiency of processes in delivering outcomes

    – Process review

Processes should be fit for purpose and deliver good outcomes – there is an opportunity to model best practice in key areas

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Key findings - actions

We expect all schemes to assess themselves against the legal requirements and the code and have a plan of action to address gaps

Plan in place (PSPA13)	Review completed against code	Measured data against requirements	Completed data review in last year	Data cleansing
19 (orange)	18 (orange)	15 (orange)		11 (orange)
22 (green)	30 (green)	20 (green)	41 (green)	13 (green)

nb: presented in absolute numbers not percentages

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Conclusions

- LGPS pretty representative of PS schemes as a whole in terms of progress
- Working from a strong infrastructural and knowledge basis
- Mindful of the challenge schemes face as a result of the reform, and emerging issues
- Opportunities for partnership working

LGPS sections starting from a relatively good position but face serious challenges. However these also offer the greatest opportunity for best practice learning

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TPR focus 16/17

- Risk assessment and intelligence gathering

- Focus on:

  - Basic compliance

  - Top 3 risks:

    - Record-keeping

    - Internal controls

    - Poor and ineffective communications

We will use our educate/enable/enforce regulatory approach to help schemes comply and address key risks

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Basic compliance

- Registration

- Pension Board in place

- Information published about pension board

  - Available to all classes of members and eligible employees without them needing to request it

  - Other parties should be able to request it

  - Scheme manager to determine most appropriate way of providing information, considering accessibility issues

- All schemes should have assessed themselves against the Act and Code and put a plan in place to address issues

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Top 3 risks – highlights

- Record-keeping
    - Schemes who need one should have robust improvement plan in place
- Internal controls
    - Lessons from the NAO report – employer and administrator controls
    - Reporting breaches – early engagement and material significance
- Communications
    - Lessons learnt from ABS 2015

What can pension boards do?

- Support the scheme manager in dealing with these issues
  - Assess potential risks
  - Proactively challenging to ensure scheme complying with legal requirements
  - Ensure plans are in place
- Knowledge and understanding
  - The role of peer learning
- Robust governance processes including clear roles and responsibilities

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ANY QUESTIONS?