

Agenda item 12a - The Pensions Regulator – Public Service Governance and Administration Survey

Summary of Results and Commentary

Comparison with Royal County of Berkshire Pension Fund (RCBPF)

Background

The Public Service Pensions Act 2013 (PSPA13) introduced a number of changes for public service pension schemes of which the Local Government Pension Scheme is but one.

In the summer of 2015 the Pensions Regulator (tPR) conducted a survey of all public service pension schemes to assess how they were meeting governance and administration legal requirements and the standard to which they were being run. The survey reflected the key tools and processes considered by the Pensions Regulator to be benchmarks for good practice.

Whilst the Royal County of Berkshire Pension Fund did not take part in the survey the purpose of this brief paper is to set out how the Fund compares against those that did complete the survey with particular regard to the findings on processes and areas that require action.

Progress on processes

The results of the survey showed that on the whole good progress is being made by public service schemes with regard to the requirements set out by PSPA13 and the codes of practice issued by tPR.

Measure	Survey Result	RCBPF
High awareness of the PSPA13	97%	Compliant
Good understanding of PSPA13	87%	Compliant
High awareness of tPR Code 14	93%	Compliant
Good understanding of tPR Code 14	84%	Compliant
Adoption of policy to help Board members acquire and retain knowledge	78%	Compliant - Training framework has been adopted and agreed by Board
Adoption of conflicts of interest policy and procedure for Board members	87%	Compliant – included as part of Code of Conduct as adopted and agreed by Board
Adoption of procedures for publishing information	87%	Compliant – full details relating to the Board, its meetings and actions are published on the Pension Fund website
Documented procedures for assessing and managing risk	76%	Compliant – the Board has adopted and published a risk management procedure and register
Record-keeping policies and procedures for all members	77%	Compliant – the administration team are very proactive in maintaining member records running regular and numerous system reports to ensure the integrity of the data held
Processes for monitoring payment of contributions	97%	Compliant – full and robust procedures have been adopted when monitoring scheme employer performance in this regard
Procedures for identifying and assessing law breaches	55%	Compliant – a procedure for identifying and reporting breaches of the law has been adopted by the Board

Need to take action

The results of the survey showed that schemes are generally slow or have yet to take action in key governance and administration areas.

Measure	Survey Result	RCBPF
Establishment of a Pension Board	90%	Compliant- Board established within statutory requirements
Establish a plan to ensure compliance with PSPA13	28%	Compliant – Pension Board established; 2014 Scheme adopted; all member records maintained; policies and procedures adopted
Assessment against tPR Code of Practice 14	44%	Partially compliant – action has been taken to review standards against tPR Code 14. Under review by Pension Board
Assessment against the requirements of the record-keeping regulations	45%	Compliant – reports are regularly run to ensure compliance against tPR recommendations with regard to common, conditional and numeric data
Completion of a data cleansing exercise	27%	Partially compliant – monthly mortality screening; numerous reports run monthly/quarterly; greater cleansing through i-connect implementation
Existence of a risk register	82%	Compliant – produced and adopted by Pension Panel and Pension Board
Assessment of risk monthly/quarterly	56%	Compliant – risk register forms part of Pension Board agenda

Conclusion

The survey results are presented as an aggregate across all public service schemes not just the LGPS. The LGPS is somewhat unique in the fact that it is a funded pension scheme and so it would be useful if tPR could provide an assessment of how LGPS Funds have performed in light of significant pension reform.

Further work is required and tPR have indicated that in the spring of 2016 they will be reviewing scheme performance and expecting significant progress to have been made. There is a plan for tPR to publish an annual assessment of governance and administration standards and practices in public service schemes in order to bring greater transparency to the progress being made.

Kevin Taylor
Deputy Pension Fund Manager
March 2016