

# Sixty second summary

TPR 2018 Survey - Governance and Administration foundations are in place – what next?

## Key messages

- Positive responses from the LGPS in the Survey suggest that the basic governance and administration foundations are now in place at funds.
- Data accuracy continues to be a challenge for funds. Only 4% of LGPS survey respondents stated that all employers provide accurate and complete data.
- TPR expects more impact from Pension Boards on administration improvement.



Andrew McKerns  
Benefits and Governance Consultant

## TPR 2018 Survey highlights the continuous progress by funds

### LGPS - Key observations

The 4<sup>th</sup> annual governance and administration 2018 survey [report](#) for public service pension schemes has recently been released by The Pensions Regulator (TPR). Here are our thoughts on the key points;

- **Foundation blocks in place** - The report indicates that the vast majority of LGPS funds have now got, at the very least, the basic governance and administration foundations, such as Local Pension Boards, risk registers and data improvement plans, in place.
- **Administration matters** - Appreciation of the importance of scheme administration has increased, but there is still much more focus needed in this area from Pension Committees and Pension Boards, both of which have a big role to play. TPR commented that it is imperative that Pension Boards cover administration issues on every agenda, particularly those that are persistent or emerging. Currently administration is a regular agenda item for only 71% of Pension Boards. While not specifically referred to by TPR we would suggest the importance of considering administration applies equally to Pension Committees too.
- **It's all about data** - Not surprisingly the importance of member data runs throughout the report. TPR's expectation is for improvement plans to be in place and funds to continue the push towards full electronic data submissions from all employers. Within the survey LGPS funds have indicated that the biggest barrier to data improvement lies with employer compliance, with only 6% suggesting they received timely data from all employers and only 4% suggesting all employers always provide data that is accurate and complete.
- **Cyber security, keep vigilant!** - Cyber security has its own separate section within the report and TPR wants to ensure public service pension schemes give this issue due prominence in the running of the scheme.

- **TPR role now clearer and more relevant** - The role and perception of TPR is one that it is both visible and respected but falls down in the area of being tough and decisive. Nevertheless, TPR has been seen as a strong driver in increasing good governance and raising administration standards and performance across public service pension schemes.

The 2018 survey report is an important insight into the wider LGPS governance and administration landscape. Encouragingly they have seen year on year improvements across every category. But, as ever, TPR does not expect schemes to rest on their laurels – continuous improvement and development is still expected.

*“Scheme managers and pension boards need to drive improvements”*

## LGPS statistics

As you can imagine in a 52-page report, there is a lot of information to get through. We found the following LGPS specific statistics of note;

- **28%** of LGPS respondents stated recruitment and retention of staff, or lack of staff knowledge, as a **top 3** governance and administration risk;
- As the Regulator sees it, **only** 85% of LGPS respondents sent out ABS's that contained all the data required by the Regulations. TPR went on to comment that *“deliberately sending out a statement with missing or incorrect data is worse than sending out an accurate statement late”*. An important message as funds prepare to issue their 2019 annual benefit statements.
- 38% of all LGPS employers submit their data monthly and 51% submit their data electronically. There are still some question marks, however, over data quality, with 1 in 5 employers not always providing accurate and complete data to funds.
- 66% of LGPS funds said they were likely to impose penalties on employers (more than any other scheme surveyed), although the evidence on data quality does question the effectiveness of such action alone.
- 93% of LGPS funds have completed a data review in the last 12 months. This was 19% higher than the 2017 survey.

## Foundation work (mostly) done – what next?

It has been over 4 years since the responsibility of TPR increased across the public service pension schemes. In that time, they have focussed on ensuring that the key foundation blocks of governance and administration are in place. The 2018 survey has shown that most LGPS funds believe the governance and administration foundation work is in place.

However, TPR is quick to state that this is merely the start of the journey to improve governance and administration standards. The question now posed for most LGPS funds is *“how do you use these foundation building blocks to continue to improve the governance and administration at your funds?”* Particularly so when it comes to the provision and accuracy of member data.

TPR has said it will use its 2018 survey results to inform future regulatory initiatives and schemes will continue to see greater engagement from TPR. Public service governance and administration scrutiny will therefore move from the foundation level and onto the 'first floor'. LGPS funds will need to ensure they are equipped for this next level challenge.