

## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD

14 January 2015

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### **The Pension Regulator's Governance and Administration Survey**

#### **Purpose of the Report**

1. The purpose of this report is to present the results of the Pension Regulator's (tPR) survey on governance and administration of public sector pension schemes which was issued on 10 December 2015.

#### **Background**

2. The Public Service Pensions Act 2013 introduced a number of changes for the public service pension schemes, which provide pensions for the armed forces, local government, NHS, teachers, civil servants, the police force, fire-fighters and the judiciary.
3. In the summer of 2015, tPR undertook a survey to establish how these schemes have implemented the additional administration and governance requirements, effective for the Local Government Pension Scheme (LGPS) from 1 April 2015.
4. The rationale is a well run scheme provides members with high standards of service and also help the government and public to have confidence that the cost of public service schemes are correctly accounted for.

#### **Considerations for the LPB**

##### **Number of responses**

5. The Regulator identifies 209 separate "schemes" within the public sector, treating each LGPS fund as a separate scheme, as well as each police authority, and fire and rescue authority. Of the 209 surveyed, 84 attributable and 17 anonymous responses were received, giving an overall response rate of 48% (covering 85% of membership). The LGPS fared a little better than the average with 52% (covering 66% of membership) of funds responding, of which Wiltshire Pension Fund (WPF) was one.
6. The aim of the Survey was to help tPR get a sense of how well public sector schemes are complying when assessed against the requirements of the Code of Practice No. 14. It will also inform the approach tPR will take in bringing those lagging behind, up to speed.
7. Appendix 1 provides a summary of the results, Appendix 2 the full survey and Appendix 3 the response from Wiltshire Pension Fund.

##### **Pension board set up**

8. 92% of schemes had established pension boards at the time of the survey, though only 80% were actually in operation (i.e. meetings commenced), and the remainder of responses would have the boards operational within 6 months. While this is positive, tPR noted there is still some work to be done in terms of ensuring they comply with the new requirements. The WPF established its Board in February 2015, and was operational by July 2015.

## **Internal controls**

9. TPR recognises that 76% of funds have procedures to manage risk, and 82% have a risk register, but is concerned that only 56% assess their risks either quarterly or monthly. The WPF monitors its risk register on a quarterly basis.

## **Record keeping**

10. Only 45% of schemes have measured themselves against the record-keeping requirements and only 27% have undertaken a data cleansing exercise. Only 71% have carried out a review of their data in the last year. The WPF monitors its data on an on-going basis. In terms of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Fund continues to measure the presence of data and work is on-going to trace missing information.

## **Breaches of the law**

11. Only 55% of schemes who responded to the survey have procedures for identifying and assessing breaches in the law.
12. It's worth recognising the survey was carried out between July and September 2015, and a more recent survey would probably show much further progress. The WPF had a policy in development that was to be a recommendation by this Board to the Pension Fund Committee in October 2015. This was an area of feedback officers provided to the tPR in that the Survey didn't recognise funds who had policies such as the Breaches Policy, Conflicts of Interest and Register of Interest which were pending approval.

## **Self-assessment against the law and Code of Practice**

13. TPR states "*We also expect all schemes to have assessed themselves against the law and our code of practice*" and that they will be ensuring that every fund reaches a basic level of compliance within the next year. Only 44% of schemes who responded have already done this review.
14. The WPF responded that it intended to undertake this review within the next 6 months and compliance with the record keeping requirements is an action within the Business Plan.

## **Overview & Next Steps**

15. The WPF were able to respond positively to most of the areas within the survey, and for those where it didn't it had policies pending approval or work planned to assist in meeting these requirements.
16. As a result of the survey, it is expected that tPR will now focus attention on the key areas of internal controls, record keeping and provision of accurate and high quality communications to members. More will come from tPR soon as "*In spring 2016, we will check how schemes are doing and we expect them to have made significant progress*". TPR will also then be assessing standards of schemes on an annual basis.
17. Therefore, a key areas of focus for the WPF in 2016 will be the identification of the key risks, then developing and implementing plan to address these. To ensure compliance with the Code of Practice No 14, the Board may wish to consider commissioning an

advisor to provide an independent review. This could range from a number of options form a high level baseline assessment of the current position up to a full in-depth review and report to the Board.

### **Environmental Impact of the Proposal**

18. Not applicable.

### **Financial Considerations & Risk Assessment**

19. The review of the key issues and risks for compliance with tPR's Code of Practice No.14 will be undertaken by officers in 2016.

20. The Board's responsibility is to ensure the Fund is compliant with the statutory regulations. Therefore, the Board may look to commission an independent adviser to provide a current level of compliance against tPR's code to reinforce the work undertaken by officers. Depending on the work required, this could range from £2k-4k for a baseline review up to £9k-£12k for a full review and report to the Board. This additional cost would need approval from the Section 151 officer.

21. Compliance with tPR's Code of Practice will assist in mitigating the key risks to the Fund and ensure good governance is being undertaken.

### **Legal Implications**

22. There are no material legal implications from this report. Failure to meet the statutory requirements of the scheme regulations can led to sanctions by tPR.

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

23. There are no known implications at this time.

### **Reasons for Proposals**

24. To update the Board on the tPR's survey so that Members are aware of the issues surrounding compliance with their Code of Practice No14.

### **Proposals**

25. The Board is asked to note and discuss the results of the Pension Regulator's administration and governance survey.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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Unpublished documents relied upon in the production of this report: NONE