

WIRRAL COUNCIL

PENSIONS BOARD

28 June 2016

SUBJECT:	PENSION REGULATOR SURVEY OF PUBLIC SERVICE PENSION SCHEMES
WARD/S AFFECTED:	NONE
REPORT OF:	PRINCIPAL PENSIONS OFFICER
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present the results of the Pension Regulator's (TPR) survey on the Governance and Administration of Public Sector Pension Schemes which was issued on 10 December 2015.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Public Service Pensions Act 2013 introduced a number of changes for 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.
- 2.2 In the summer of 2015, TPR undertook a survey to establish how these schemes have implemented the additional administration and governance requirements and the standard to which they are being operated.
- 2.3 The rationale is that a well administered Scheme provides members with high standards of service. It will also help the Government and public to have confidence that the cost of public service pensions are correctly accounted for, affordable and fair to all stakeholders.

Number of responses

- 2.4 TPR identified 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.
- 2.5 Of the 209 surveyed, 84 named 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, including Merseyside Pension Fund

The results of the survey can be accessed at the following link

Pension board set up

- 2.6 92% of schemes had established pension boards at the time of the survey, though only 80% were actually in operation (i.e. meetings commenced).

The remainder of respondents stated they would have the board operational within 6 months. The MPF established its Board in March 2015, and was operational by July 2015.

Internal controls

- 2.7 TPR recognised that 76% of Funds have procedures in place to manage risk, and 82% have a risk register, but is concerned that only 56% assess their risks either quarterly or annually.

MPF undertakes a formal review of its risk register biannually at the Governance & Risk Working party. Officers consider the strategic risk parameters when setting the annual business plan and monitor any emerging risks or changes to its risk profile at the monthly Fund Operating Group.

Record keeping

- 2.8 Only 45% of schemes have measured themselves against the record-keeping requirements and only 27% have undertaken a data cleansing exercise with 71% having carried out a review of their data in the last year.

The MPF monitors its data on an ongoing basis and is strengthening existing processes to demonstrate the efforts taken to assist and educate employers in submitting accurate, timely information. MPF is recording evidence of any employer's failure to improve. In terms of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Fund continues to monitor the presence of its 'common data' and always endeavours to trace missing information.

Breaches of the law

- 2.9 Only 55% of schemes who responded to the survey have procedures for identifying and assessing breaches in Pension Law. It's noteworthy that the survey was carried out between July and September 2015, and a more recent survey would probably show much further progress. MPF had a policy in development for recommendation to the Pension Committee in November 2015, advocating that the Pension Board would be responsible for ensuring that the Breaches Policy is applied.
- 2.10 MPF 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.

Self-assessment against the law and Code of Practice

- 2.11 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.
- 2.12 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. A further communication is anticipated from TPR in Spring 2016 to evaluate progress, with the expectation of subsequent annual reviews.
- 2.13 Therefore, a key area of work in 2016 will be the development of a TPR compliance model, which is outlined in another report on the agenda.

3.0 RELEVANT RISKS

- 3.1 Failure to undertake a self-assessment against the Code of Practice No.14 may result in the Fund not identifying a failure to comply with the governance and administration requirements.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 The review of MPF’s governance and administration against the Code of Practice No.14, is an action within the Fund’s Business Plan with a completion date of March 2017.

9.0 LEGAL IMPLICATIONS

- 9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

- 10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION

13.1 Pension Board members note the report.

14.0 REASON FOR RECOMMENDATION

14.1 There is a requirement for members of the Pension Board to be kept up to date with legislative developments as part of their role.

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APPENDICES

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date