

# Sixty second summary

Public service governance and administration survey 2019

## Headlines from the survey

- Are too many LGPS funds relying on the host local authority's risk management processes?
- Funds are focusing on getting data right.
- ABS's becoming less of a concern.
- The LGPS is less concerned than other public service schemes about McCloud but more worried about resources, staffing and employers.

The Pensions Regulator has published its annual governance and administration survey. Based on surveys completed between 6 November 2019 and 9 January 2020, 202 of the 206 public service pension schemes (including 97 of 99 LGPS funds) participated.

You can read the full survey [here](#) but in the meantime we have selected a few edited highlights to set the scene.

## Managing Risk

The survey found that while the use of risk registers was consistent with the 2018 findings, the proportion of public service schemes with procedures for assessing and managing risks fell. TPR puts this down to a change in the questions from last year's survey.

Previously the question focused on whether a scheme had documented procedures for assessing and managing risk, whereas this time it asked whether schemes had their 'own' documented procedures. Schemes were instructed to answer 'no' if they relied on their local authority's procedures. TPR concludes the overall fall is primarily driven by the LGPS, where 80% said they had their *own* documented procedures compared with 96% in 2018 saying they had documented procedures.

### Comment

Regardless of whether risk management processes are delivered by pension fund staff or by the host council, those processes must be appropriate for the specific demands of running a pension scheme. Funds should be clear about where responsibility for controlling risk lies and take ownership of processes. Accepting a risk control process from the host council without questioning it is unlikely to be sufficient.

## Data

Nine in ten schemes (92%) had completed a data review in the previous 12 months (up from 83% in 2018). The LGPS beat the average in this area with 97% of funds reporting that they carried out a review.

### Comment

With the focus being so strongly on data over the past few years, it's encouraging that so many LGPS funds are carrying out reviews.

## Annual Benefit Statements

On average, 95% of each scheme's active members received their annual benefit statement by the statutory deadline in 2019. The LGPS was just ahead on 96%. In fact 44% of LGPS funds reported issuing 100% of their statements by the deadline.

Of the LGPS funds that did not meet the requirement, only 20% of them reported a breach to TPR.

### Comment

Annual Benefit Statements have been a traditional favourite area of the Regulator. It appears that most LGPS funds have their processes in place and are comfortable that even where 100% of statements cannot be issued on time, the impact is not material enough to warrant reporting a breach of the law.

## Addressing governance and administration issues

Across all public service schemes, complexity was identified as a main barrier to improving governance and administration. This was also identified as the key issue for LGPS funds.

The table below summarises the key issues that were flagged, and how the LGPS feels about these compared to public service schemes in general.

	All Public Service Schemes	LGPS
Complexity of the scheme	63%	56%
The volume of changes that are required to comply with legislation	49%	38%
The McCloud judgement	42%	24%
Lack of resources or time	39%	47%
Recruitment, training and retention of staff and knowledge	36%	42%
Employer compliance	21%	42%

### Comment

It would seem from the survey that the LGPS as a whole views McCloud as less of a barrier to improving governance and compliance but is more concerned about the effect of lack of resources (including time), the ability to recruit and keep suitable skilled staff and the ability of employers to fulfil their obligations.

## Summary

The LGPS stacks up well alongside the other public service schemes. Historical issues around annual benefit statements seem to have been largely addressed and funds are focusing on their data. It's certainly interesting to note that LGPS funds are relatively confident that McCloud won't stop them delivering the service but no surprise that the ability to recruit enough skilled staff is a worry.