



LOCAL PENSION COMMITTEE

8 NOVEMBER 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

THE PENSIONS REGULATOR – “DEEP DIVE” FINDINGS

Purpose of the Report

1. The purpose of this report is to inform the Pension Committee of The Pension Regulator findings, following their “deep dive” into the administration of ten Local Government Pension Funds.

Background

2. Every November, the Pension Regulator (TPR) instructs all LGPS Funds to complete its national survey. The results of the 2018 survey caused some concern nationally on the governance and administration of the LGPS.
3. Following the 2018 survey, TPR then chose ten Funds at random, doing a “deep dive” into these Funds. The Leicestershire Fund was not one of the ten funds chosen.
4. In October 2019 TPR published its findings in the report Governance and Administration risks in public service pension schemes, covering nine main areas, and made recommendations for each of these.
5. A summary of the highlights TPR detailed to help Funds were;

“Good governance and administration are essential to thriving schemes and this report includes recommendations that will make an impact to all public service schemes – not just local government pension funds. Real-life case studies illustrate some of the good practice we found, along with suggestions for improvement”.

Findings include:

- Good quality data and record-keeping standards underpin all aspects of successfully running a fund – and these areas should be treated as a priority.
- A separation should be maintained between the fund and Local Authority to avoid overreliance on the Local Authority’s policies and procedures.
- Many funds we spoke to lack a strong succession planning procedure – leaving the fund open to risk if there were unexpected departures.

- The pension funds clearly benefit from having an engaged s.151 officer directly involved.
6. The nine main areas detailed in the report are as follows. To avoid repetition, this report does not duplicate the detail in the Regulator's report (attached as Appendix A).
- Record keeping
 - Internal controls
 - Administrator
 - Member communications
 - Internal Dispute Resolution Procedure (IDRP)
 - Pension Boards
 - Employer and contributions
 - Cyber Security
 - Internal fraud and false claims

7. Implications for the Leicestershire Fund

Generally, the Pension Manager is comfortable with most of the areas listed and is working towards improvements in these areas but highlights initial areas where further investigation need to be made.

8. Record keeping

The Leicestershire Fund's common and conditional data scores are detailed in the table below;

	2018	2019
Common data	94.0%	96.9%
Conditional data	88.7%	95.5%

The improvement in both common and conditional data results are positive, but the Pensions Manager is waiting for its system provider to provide a breakdown of the details of the 2019 results, to see where the figures need to improve further.

The Fund's actuary has confirmed the data provided by the Fund for the valuation, was of a very high standard.

9. Internal Dispute Resolution Procedure (IDRP)

There is already a detailed IDRP process, but the Fund is developing a clear internal policy on how to handle complaints, including escalation to senior managers.

10. Employers and Contributions

Greater understanding of the financial positions is required to better manage a risk-based approach to employers. This process will commence following the draft results of the triannual actuarial valuation.

11. Cyber Security

A review of cyber security is suggested.

Internal Audit

12. Leicestershire County Council's internal audit team will carry out separate audit work streams throughout 2020/21 on the nine areas. Some of these areas may be grouped where common themes are found. The audit may compliment areas that are already being reviewed in 2019/20.

The Pensions Manager has agreed with the Audit Manager to develop this during the planning of the 2020/21 work.

Recommendation

13. It is recommended that the Committee notes The Pension Regulator's "deep dive" findings.

Appendix

The Pension Regulator – Governance and administration in public service pension schemes – an engagement report.

Equality and Human Rights Implications

None specific

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