



# Local Pension Board

## Assisting the Scheme Manager

Martin Doyle – Head of Pensions Shared Service

27 October 2021



# The Statutory Position for Local Pension Boards



**To assist Administering Authorities  
(Reg 106)**

- (a) to secure compliance with-
- ❑ the Regulations,
  - ❑ any other legislation relating to the governance and administration of the Scheme, and
  - ❑ any requirements imposed by the Pensions Regulator; and
- (b) to ensure the effective and efficient governance and administration of the Scheme



**Sufficient degree of knowledge  
and understanding**

# What is your role?

---

Each administering authority has a legal responsibility to maintain and manage their LGPS fund. This role is referred to as the scheme manager in the Public Service Pensions Act 2013

---

Although these legal responsibilities lie with the organisation as a whole, they are usually delegated to committees, sub-committees and/or senior officers.

---

The local pension board has a legal responsibility to “assist the scheme manager” in securing compliance with its obligations and so is expected to work closely with those who are managing the LGPS fund ensuring that those responsibilities are met.

---

A key part of this role is also ensuring that the Pension Regulator’s requirements are met, many of which are focused on efficient and effective administration.

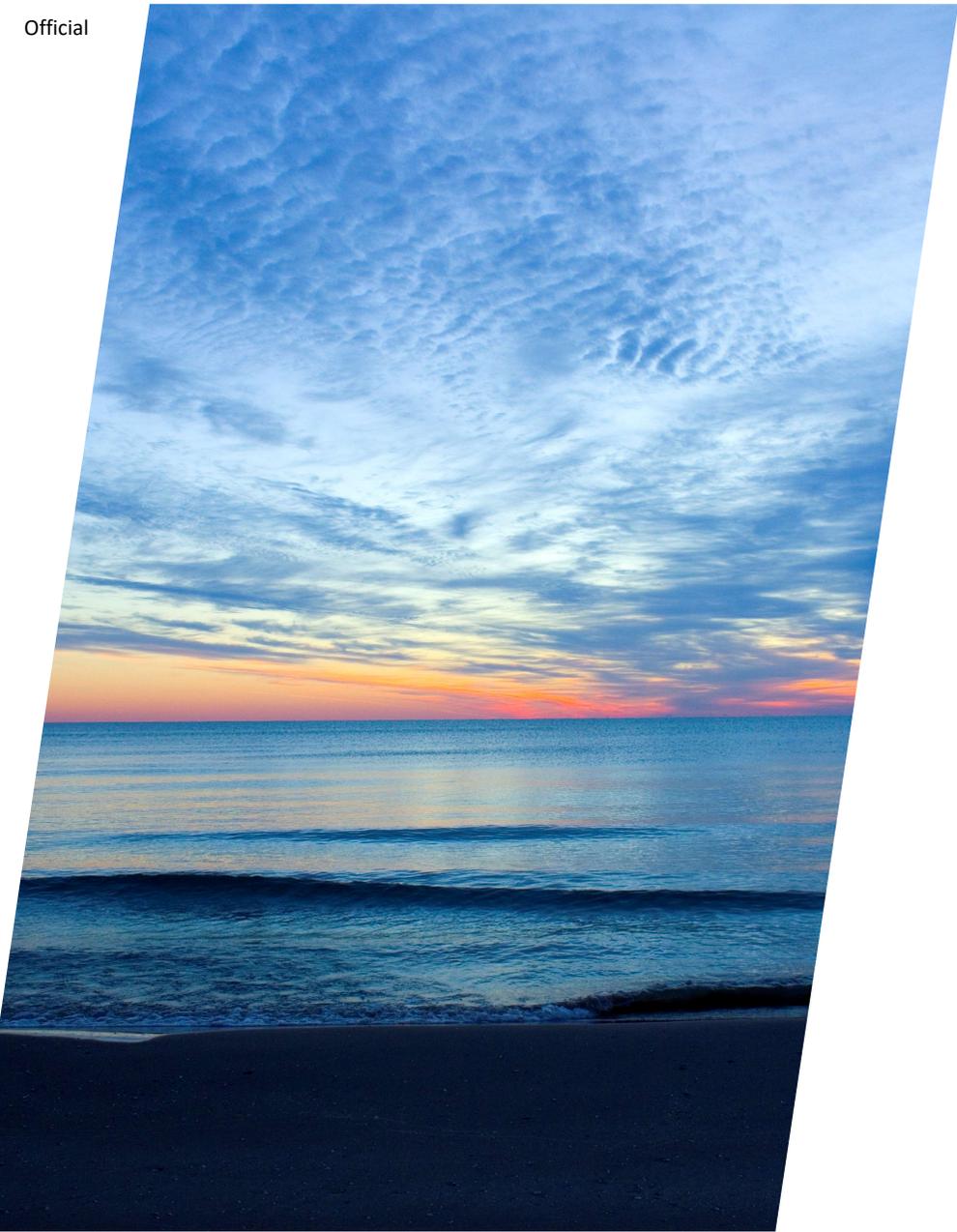
---

Consequently, senior officers and committee and board members have a collective responsibility for the proper governance of the fund, including administration and communications matters

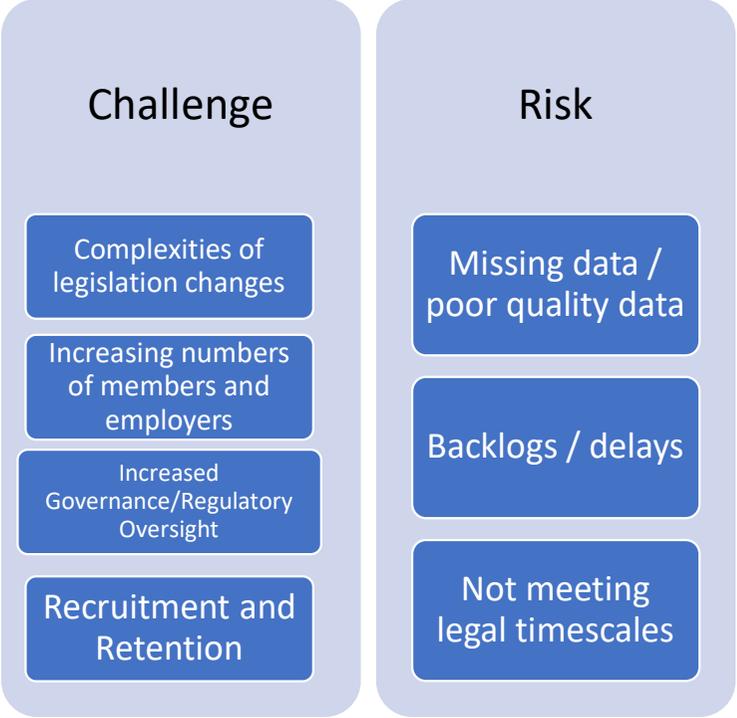
# CIPFA Guidance on the Board Member Role

---

- ensure you have administration and communications strategies in place and that they are regularly reviewed
- engage with your administration team. Encourage transparency and be supportive
- identify the current challenges your administration teams are faced with – for example backlogs, data gaps, poor satisfaction scores or lack of time/resources to develop efficiencies and improvements
- developing a plan with clear actions and timescales to overcome the current challenges. This should be part of the fund's business plan and is likely to involve some or all of the following: reviewing priorities, increasing resource, implementing new systems or procedures and outsourcing some or all of the rectification
- getting regular updates showing progress against the action plan to ensure your remedial work is delivering
- No “silver bullet” but clear plan of action



### What are the administration and communication challenges?



# Current LGPS Topics

---

- **Pensions Schemes Act 2021**
  - Additional ESG requirements: require schemes to assess and report on the financial risks of climate change within their portfolios by October 2021 – LGPS to follow - TCFD Checklist
- **Pensions dashboard:** a new platform allowing individuals to view all their pension information in a single place - 2023
- **Cost control mechanisms** - Government has consulted on its proposals:
  - Moving to a reformed scheme only design: to remove any allowance for legacy schemes in the cost control mechanism
  - Widening the corridor: to widen the corridor from 2% to 3% of pensionable pay
- **Exit Payment Cap** – new regs this financial year?
- **McCloud** - legislation to be in place by April 2023
- **Increase to the minimum pension age 55 to 57 in 2028** – in the next Finance Bill

# Causes and Impacts of Poor Data

## Causes

Employers are confused by LGPS complexity

Many more employers and outsourced payrolls

Lack of Employer priority

## Impacts

Incorrect contributions and benefits

Admin processes more complex

Liabilities could be incorrect and contribution rates

# Regulatory Oversight - The Pensions Regulator (the tPR)

---

- ▶ Since 1 April 2015 – role to supervise Public Sector Pensions
- ▶ One-to-one supervision is part of their evolving approach to regulating pensions
- ▶ Civil penalties – up to £5,000 to an individual or £50,000 to a corporate body

“We have changed as a regulator; we are being clearer with those we regulate, quicker to act where our expectations are not being met - and tougher on employers that do not comply with their duties and trustees who do not act in the interests of their members.”



# tPR Employer Responsibilities

## Two way engagement approach:

### Employers:

- required to provide information requested
- abide by contract terms / obligations under regulations
- manage HR / payroll systems
- provide quality data (eg member joiner and leaver forms)
- report a material breach of law

### Scheme managers:

- follow scheme regulations, rules and requirements
- have clear, robust, published processes / deadlines / communications
- designate a scheme contact point
- follow through on non compliance
- understand material breach of law reporting requirements

Regular  
monitoring  
– what  
should you  
be looking  
for?

- CIPFA Guidance
  - Are KPI's being met?
  - Breaches and errors
  - Trends over time on tasks
  - Customer feedback
  - Data issues?
  - Are employers meeting their requirements?
  - Is the administration team delivering on the priorities on the business plan?