

Public Service Pensions  
**LGA – Teachers Annual  
Conference**



**Employer Compliance**

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Industry liaison manager

**17<sup>th</sup> October 2017**

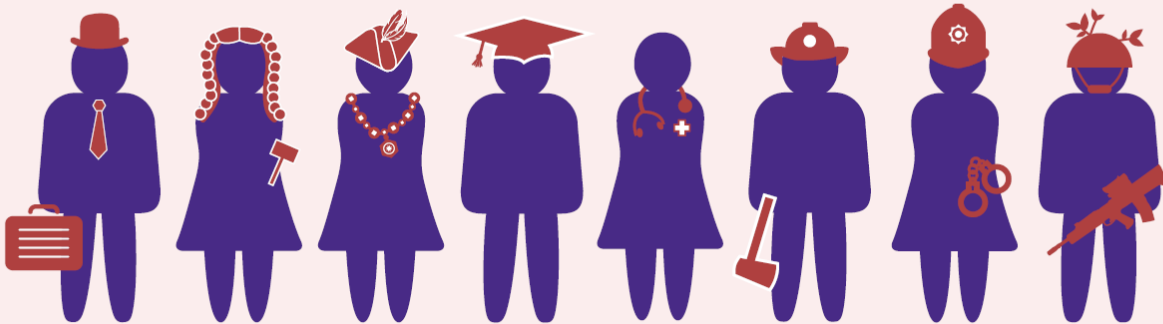
**The information we provide is for guidance only and  
should not be taken as a definitive interpretation of the law.**

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# Introduction

- We regulate the governance of public service pension schemes, which provide pensions for civil servants, the judiciary, local government, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces
- Our Code of Practice 14 sets out the standards of conduct and practice we expect.

## 8 workforces



**16.5 million**  
memberships

**24,000**  
employers

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# Our roles and responsibilities

- We regulate compliance with the Governance and Administration requirements introduced by the Public Service Pensions Act 2013:
  - we engage mainly with scheme managers and pension boards
  - investment: not the what (compliance with investment regulations) but the how (investment governance)
    - [www.tpr.gov.uk/guidance/db-investment.aspx](http://www.tpr.gov.uk/guidance/db-investment.aspx)
- To educate and enable:
  - codes, toolkit, news-by-email
    - [www.tpr.gov.uk/doc-library/codes.aspx](http://www.tpr.gov.uk/doc-library/codes.aspx)
    - <https://trusteetoolkit.thepensionsregulator.gov.uk/>
    - <https://forms.thepensionsregulator.gov.uk/news-by-email/subscribe>
- To enforce:
  - improvement and third party notices, fines etc



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# Our regulatory powers

- Collect data – through scheme return.
- Information – require any relevant person to produce any relevant document or information.
- Inspection – send in an inspector.
- Skilled person report – require scheme managers to provide a report made by a skilled person nominated by the regulator.
- Improvement notices and third party notices – require specific action to be taken within a certain time.
- Appoint skilled person – to assist the pension board.
- Report misappropriation – notify the scheme manager about pension board conflicts or misuse regarding assets.
- Recover unpaid contributions from employers on behalf of the scheme manager.
- Publish reports – about a case
- Civil penalties – up to £5,000 to an individual or £50,000 to a corporate body.

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# TPR focus 2017/18

- Ongoing risk assessment and intelligence gathering
  - 2016 survey 90% response rate covering 98% of combined membership
  - 2017 survey out early November 2017
- Increasing focus on locally-administered schemes
- Key focus areas:
  - governance
  - record-keeping
  - internal controls
  - member communications

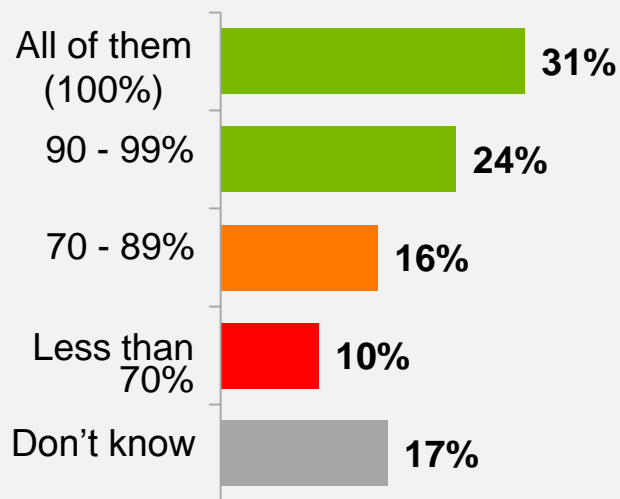
We will use our educate/enable/enforce regulatory approach to help schemes comply and address key risks

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# Employers role in public service pension schemes

- Scheme managers have a legal obligation to maintain certain data
- Employers provide most of the data needed
- Issue is particularly acute for large schemes with multiple employers – Teachers Pension Scheme and Local Government Pension Schemes

## Proportion of employers providing timely, accurate & complete data



- **Only 55% of employers providing good data as a matter of course.**
- **23% of schemes report employer compliance as being one of their top 3 risks. This rises to 30% for local government pension schemes.**
- **20% report employer compliance as being top barrier to them improving their governance and administration, this rises to 34% in local government schemes.**

Employer data is a significant concern, action is being taken but the quality varies. 40% of schemes see record-keeping as a top risk.

# Record keeping - survey results

Most schemes are meeting our expectations of doing a data review annually

Last data review
83% in last 12 months
10% longer ago
2% never
5% don't know



But there are concerns as to the effectiveness of these reviews

Identified issues
61% identified issues
31% no issues identified
1% don't know if issues
7% not reviewed (inc. DK)



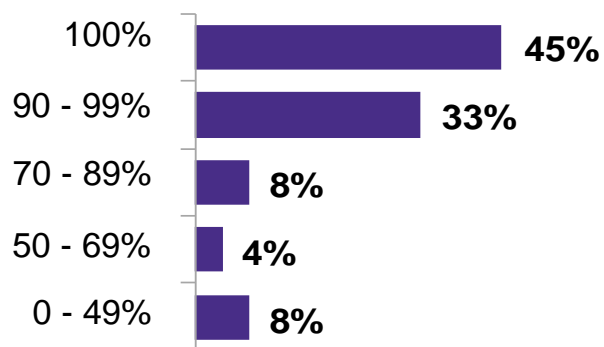
And take up of data improvement plans is low

Data improvement plans
23% data improvement plan
38% no data improvement plan
32% no issues identified (inc. DK)
7% not reviewed (inc. DK)

Schemes are doing an annual data review, but take up of data improvement plans is low. Although LGPS are ahead of other schemes, employer data is a bigger concern than for other schemes.

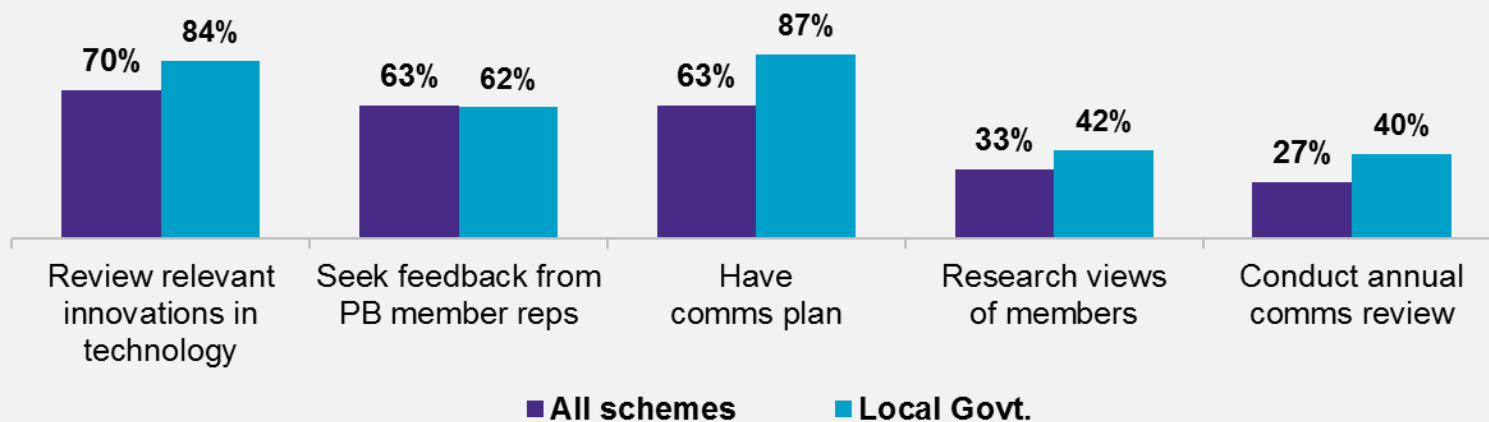
# Member communications - survey results

## Proportion of active members receiving annual benefit statement by statutory deadline



- Only 45% of schemes reported that all members received their ABS on time
- 13% of memberships did not receive their ABS in time
- Performance was significantly worse among smaller schemes

## Tools/processes to improve effectiveness of member communications



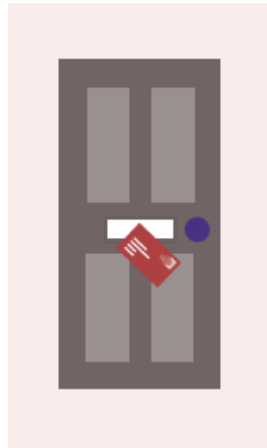
- The larger the scheme, the more likely it is to use a range of tools to try and improve communications

One in 5 members did not received their benefit statements in time. Schemes are using a variety of mechanisms to improve member communications.



# Member communications

- New requirement to issue an annual benefits statement - for more guidance:
  - [www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf)
  - [www.tpr.gov.uk/docs/public-service-annual-benefits-statement-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefits-statement-checklist.pdf)
  - [www.tpr.gov.uk/docs/PS-guide-key-information-to-provide-to-members.pdf](http://www.tpr.gov.uk/docs/PS-guide-key-information-to-provide-to-members.pdf)
- We expect schemes to tackle the issues faced in the early years and for the proportion of members who receive their statements on time to improve
- Good communications are not just timely and accurate, but also clear - many pension boards advise on this perspective



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# Actions

- What can you do?
  - engage with your pension scheme(s)
  - ensure your pension scheme has a process in place to receive, check and review data
  - ensure your pension scheme has a process in place to monitor the payment of contributions
- What can we do?
  - engage with non-compliant employers
  - issue third party compliance notices and associated fines

# Record keeping

- Good record keeping is a key part to the good running of a scheme
- All schemes need to have good records to meet legal obligations
- We know from engagement that standards vary widely, and some schemes do not prioritise this appropriately, so TPR expects:
  - scheme managers to engage with administrators over service and security
  - assess data and put in place a plan to address issues
- Guidance on developing an improvement plan:
  - [www.tpr.gov.uk/docs/improve-data-guide.pdf](http://www.tpr.gov.uk/docs/improve-data-guide.pdf)
- Scheme managers should be preparing for the General Data Protection Regulation (GDPR) and be compliant by 25 May 2018. For more guidance:
  - Information Commissioner's Office (ICO)
    - <https://ico.org.uk/for-organisations/guidance-index/>
  - Pension specific guides are also available, such as one published by the Personal and Lifetime Savings Association (PLSA)
    - <https://www.plsa.co.uk/Policy-and-Research-Document-library-General-Data-Protection-Regulation-Made-Simple>

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# Reporting breaches of the law

- Legal duty to report a breach of the law that is likely of material significance to TPR for:
  - scheme manager
  - pension board member
  - professional advisers
  - employers
  - administrators and others providing advice to the manager
- Reporters to determine if a breach has occurred based on reasonable cause and not a mere suspicion
- TPR provides example scenarios and RAG system for assessing scale of materiality by way of:
  - cause
  - effect
  - reaction
  - wider implications
- [www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf](http://www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf)

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# Case study - s89 Teachers' Pension Scheme

- 2 breach of law reports in 2016 from administrator
- 43 employers failing to submit their End of Year Certificates (EOYCs) to the scheme manager by the legal deadline
- Administrator had made multiple contacts with each employer
- Our engagement:
  - we engaged with non-compliant employers
  - engagement identified a lack of knowledge and understanding by employers on EOYC submissions
  - all but one employer now compliant
  - the scheme manager removed the final employer from the scheme (the employer has now gone insolvent)
- For more detail:
  - [www.tpr.gov.uk/docs/regulatory-intervention-section-89-teachers.pdf](http://www.tpr.gov.uk/docs/regulatory-intervention-section-89-teachers.pdf)

# Key lessons i - s89 Teachers' Pension Scheme

- Scheme managers have a legal obligation to maintain certain data
- Employers provide most of the data needed
- Both employers and scheme managers must ensure they are meeting their legal obligations to the scheme:
  - employers must ensure they understand their obligations to the scheme
  - scheme managers must have robust processes to ensure accurate data is provided on time

# Key lessons ii - s89 Teachers' Pension Scheme

- We expect scheme managers to take appropriate action to secure compliance:
  - here multiple contacts were made which clearly set out the implications of non-compliance including that employers would be reported to the regulator
  - scheme manager exercised the option to remove an employer from the scheme
- TPR can, and has, intervened where these actions don't resolve the issues:
  - employers must ensure they understand their obligations to the scheme
  - a range of powers at our disposal, including the issuing of an improvement notice and / or third party compliance notice and associated fines

## Useful tools, checklists and guidance - (i)

- **Annual benefits statement** -  
[www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf)  
[www.tpr.gov.uk/docs/public-service-annual-benefits-statement-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefits-statement-checklist.pdf)  
[www.tpr.gov.uk/docs/PS-guide-key-information-to-provide-to-members.pdf](http://www.tpr.gov.uk/docs/PS-guide-key-information-to-provide-to-members.pdf)
- **Data improvement plan guide** - [www.tpr.gov.uk/docs/improve-data-guide.pdf](http://www.tpr.gov.uk/docs/improve-data-guide.pdf)
- **GDPR guidance - Information Commissioner's Office (ICO)** - <https://ico.org.uk/for-organisations/guidance-index/>
- **Improvement plan guidance** - [www.tpr.gov.uk/docs/improve-data-guide.pdf](http://www.tpr.gov.uk/docs/improve-data-guide.pdf)
- **Internal controls checklist** - [www.tpr.gov.uk/docs/public-service-internal-controls-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-internal-controls-checklist.pdf)
- **Internal dispute resolution checklist** - [www.tpr.gov.uk/docs/public-service-internal-dispute-resolution-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-internal-dispute-resolution-checklist.pdf)
- **Managing contributions checklist** - [www.tpr.gov.uk/docs/public-service-managing-contributions-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-managing-contributions-checklist.pdf)

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## Useful tools, checklists and guidance – (ii)

- **Public service - scheme self assessment toolkit -** [www.tpr.gov.uk/public-service-schemes/assess-your-scheme.aspx](http://www.tpr.gov.uk/public-service-schemes/assess-your-scheme.aspx)
- **Public service - personal self assessment tool -** <https://education.thepensionsregulator.gov.uk/login/index.php>
- **Record keeping guide -** [www.tpr.gov.uk/docs/record-keeping-quick-guide.pdf](http://www.tpr.gov.uk/docs/record-keeping-quick-guide.pdf)
- **Reporting a breach -** [www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf](http://www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf)
- **Risk register example -** [www.tpr.gov.uk/docs/public-service-example-risk-register.pdf](http://www.tpr.gov.uk/docs/public-service-example-risk-register.pdf)
- **Scheme returns guide -** [www.tpr.gov.uk/docs/PS-scheme-return-guide.pdf](http://www.tpr.gov.uk/docs/PS-scheme-return-guide.pdf)
- **Scheme return example form -** [www.tpr.gov.uk/docs/ps-scheme-return-example-form.pdf](http://www.tpr.gov.uk/docs/ps-scheme-return-example-form.pdf)
- **Trustee Toolkit -** <https://trusteetoolkit.thepensionsregulator.gov.uk/>

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# Useful links

- **Our website** - [www.tpr.gov.uk/](http://www.tpr.gov.uk/)
- **Codes** - [www.tpr.gov.uk/doc-library/codes.aspx](http://www.tpr.gov.uk/doc-library/codes.aspx)
- **Code of practice 14 - Governance and administration of public service pension schemes** - [www.tpr.gov.uk/public-service-schemes/code-of-practice.aspx](http://www.tpr.gov.uk/public-service-schemes/code-of-practice.aspx)
- **Governance** - [www.tpr.gov.uk/21c-trustee](http://www.tpr.gov.uk/21c-trustee)
- **Latest research** - [www.tpr.gov.uk/public-service-schemes/research-and-analysis.aspx](http://www.tpr.gov.uk/public-service-schemes/research-and-analysis.aspx)
- **NAO report** - [www.tpr.gov.uk/docs/vfm-review.pdf](http://www.tpr.gov.uk/docs/vfm-review.pdf)
- **Pension scams** - [www.tpr.gov.uk/pension-scams.aspx](http://www.tpr.gov.uk/pension-scams.aspx)
- **Public service area** - [www.tpr.gov.uk/public-service-schemes.aspx](http://www.tpr.gov.uk/public-service-schemes.aspx)
- **TPR Future** - [www.tpr.gov.uk/about-us/protecting-workplace-pensions.aspx](http://www.tpr.gov.uk/about-us/protecting-workplace-pensions.aspx)

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# Thank you

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# Additional slides



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# Legislative requirements: Code of practice 14

Governing your scheme:

1. knowledge and understanding required by pension board members
2. conflicts of interest and representation
3. publishing information about schemes

Managing risks:

4. internal controls

Administration:

5. scheme record-keeping
6. maintaining contributions
7. providing information to members

Resolving issues:

8. internal dispute resolution
9. reporting breaches of the law

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