



Public service governance and administration survey 2018

Research report

Prepared for The Pensions Regulator

By OMB Research

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1. Executive summary

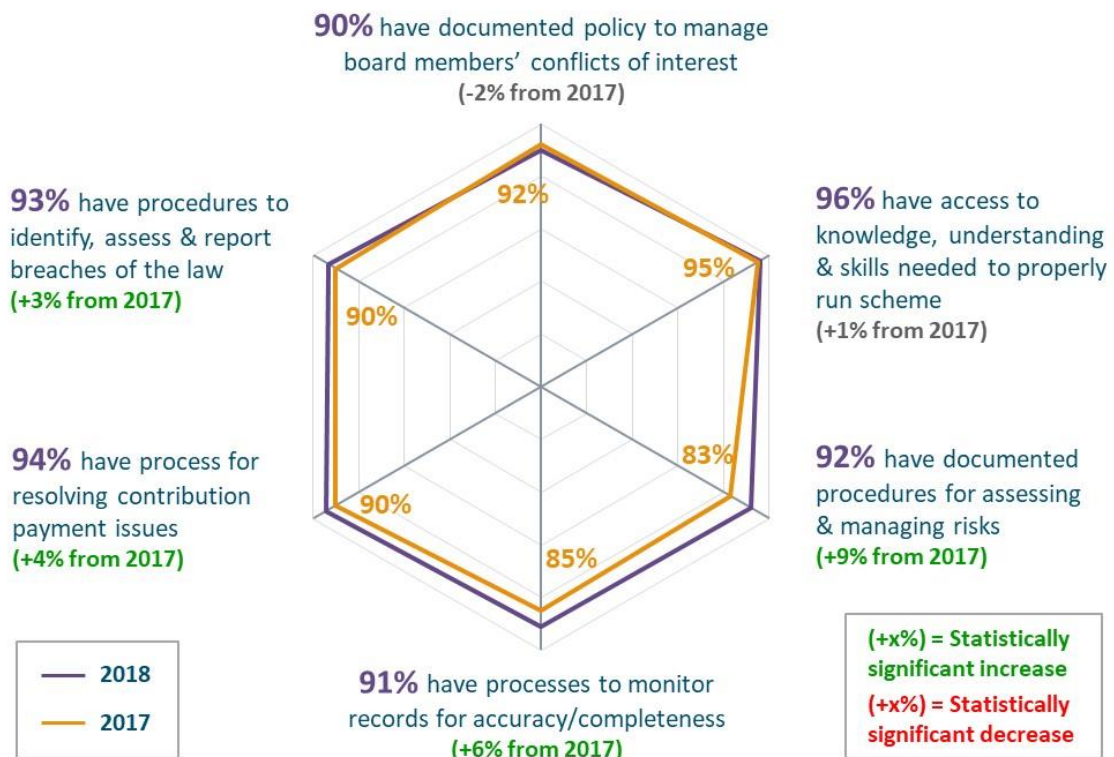
1.1 Key processes

Four of the six key processes that The Pensions Regulator (TPR) monitors as indicators of public service scheme performance have improved since 2017. Three-quarters (74%) of schemes had all six processes in place.

The greatest improvements were seen in the proportion of schemes with documented procedures for assessing and managing risks (92%, compared with 83% in 2017) and processes to monitor records for accuracy and completeness (91%, compared with 85% in 2017).

There was also an increase in the proportion of schemes with procedures to identify, assess and report breaches of the law (93%, compared with 90% in 2017) and the proportion with a process for resolving contribution payment issues 94%, compared with 90% in 2017). However, the latter measure was not directly comparable with the surveys in previous years¹.

Figure 1.1.1 Schemes' performance on key processes



¹ In 2015-2017 the question wording for having a process for resolving contribution payment issues included "and assessing whether to report payment failures to TPR". The overall sense of the question remained the same so the change over time has been shown, but the different wording should be considered when interpreting these results.

Overall, 74% of public service schemes had all six of these key processes in place (compared with 58% who had all six in 2017), representing 75% of all memberships.

The majority (80%) of Local Government schemes and approaching three-quarters (73%) of both the 'Other' and Police schemes had all six processes in place. While this proportion was lower for Firefighters' schemes (63%), this was an increase on the 41% in 2017.

1.2 The pension board²

Half of all schemes held four or more pension board meetings in the previous 12 months³, and the mean number of current board members at the time they completed the survey was 6.8.

Schemes held an average of 3.4 board meetings in the previous 12 months, with half (50%) reporting that they held four or more and a quarter (26%) that they met twice or less. 'Other' schemes were most likely to have held at least four board meetings in the previous 12 months (73% had) and Firefighters' schemes least likely (20% had).

On average, 93% of board meetings were attended by the scheme manager or their representative.

Two-thirds (64%) of schemes had more than five current board members at the time they completed the survey. The mean number of current board members was 6.8. Approaching a third (30%) of schemes had at least one vacant position on the board at the time they completed the survey. On average, 5% of the total positions on the board were vacant. Eleven schemes (6%) reported that they had fewer current board members at the time they completed the survey than specified by their respective regulations⁴.

Overall, 96% of schemes believed that the scheme manager and pension board had access to all the knowledge and skills necessary to properly run the scheme. A slightly lower proportion (91%) felt that the scheme manager and pension board had sufficient time and resources to run the scheme properly.

In the majority of schemes (82%) the scheme manager or pension board evaluated the board's knowledge, understanding and skills at least annually. This proportion was lower among 'Other' schemes, where a third (36%) did not evaluate their board at least annually.

² Some new questions were added to the 2018 survey about the frequency of pension board meetings, the number of board members and their turnover that were not included in the previous surveys.

³ TPR sets an expectation that the governing boards of pension schemes should meet often enough to maintain effective oversight and control, which in most cases will be at least quarterly.

⁴ Nine of these 11 schemes reported that they had vacant positions on their board at the time they completed the survey. If these vacant positions were filled, each of these nine schemes would have met the minimum requirement for the number of pension board members for their type of scheme. Of the remaining two schemes that had fewer current board members at the time they completed the survey than required by their regulations, one was a Police scheme that had no vacant positions and the other was a Local Government scheme that answered "don't know" to the question on number of vacant positions.

1.3 Managing risk

Risk management procedures and registers were more consistently used than in 2017, but the proportion of schemes that regularly reviewed their risk exposure remained around half.

Most schemes had documented procedures for assessing and managing risks (92%, up from 83% in 2017) and had a risk register (94%, up from 88%). Around half (52%) had reviewed their exposure to new and existing risks on at least a quarterly basis (unchanged from 2017).

The most significant improvements since 2017 were seen in relation to Firefighters' and 'Other' schemes. However, Firefighters' schemes were still less likely to have risk management processes than the other types of public service scheme, and the proportion that had reviewed their risk exposure at least quarterly fell in 2018 (24%, down from 35% in 2017).

1.4 Administration and record-keeping

Administrator attendance at meetings and provision of reports by administrators was widespread but penalties were used less, the same as in 2017.

Most schemes (87%) indicated that administrators regularly delivered reports to the scheme manager and/or pension board. A similar proportion (85%) said the administrators regularly attended meetings with the scheme manager and/or pension board.

A range of other processes were used to manage and monitor administrators, including the use of performance metrics in contracts or service level agreements (73%), reviews by independent auditors (58%) and the provision of independent assurance reports (33%). The use of service level agreements was less prevalent where schemes were administered in-house (48%, compared with 90% of those administered by another public body and 96% of those administered by a commercial third party).

Penalties were less frequently used as a means of managing administrators than other methods, with 18% of schemes imposing these if contractual terms or service standards were not met.

A significant minority of schemes (14%) had never reviewed who should provide their administration services, rising to 29% of those administered in-house.

Four in ten (42%) schemes said their employers always provided timely data and a similar proportion (39%) said they always provided accurate and complete data.

These proportions were lower for multi-employer schemes than single employer schemes. One in ten (12%) multi-employer schemes said their employers always provided timely data compared with nine in ten (90%) single employer schemes. A similar proportion (11%) of multi-employer

schemes said their employers always provided accurate and complete data compared with 85% of single employer schemes.

Almost nine in ten (88%) multi-employer schemes had a defined escalation process for dealing with employers who do not provide timely or accurate data. The most common actions included in the process were chasing in writing (97%), chasing by telephone (93%) and escalating the matter to senior staff (92%). 'Other' schemes were less likely to assess for breaches of the law and impose penalties as part of this escalation process.

Six in ten (56%) schemes reported that all their employers submitted data monthly and seven in ten (66%) that all their employers submitted it electronically.

As with timeliness of data and its accuracy and completeness, these proportions were lower for multi-employer schemes than single employer schemes. Four in ten (44%) multi-employer schemes said all their employers submitted data monthly compared with eight in ten (78%) single employer schemes. Half (51%) of multi-employer schemes said all their employers submitted data electronically compared with nine in ten (92%) single employer schemes.

1.5 Cyber security⁵

Schemes were asked about 14 specific cyber controls, and three-quarters had at least half of these in place (i.e. seven or more of the controls).

The most common types of protection were controls restricting access to systems and data (83%), system controls such as firewalls and anti-virus software (82%), policies on data access, protection, use and transmission in line with data protection legislation and guidance (81%), policies on the acceptable use of devices, passwords and other authentication, and on home and mobile working (80%), and regular back-ups of critical systems and data (80%).

Comparatively few schemes indicated that the scheme manager or pension board received regular updates on cyber risks, incidents and controls (39% and 26% respectively).

Half of schemes reported that they had experienced some kind of cyber breach or attack in the previous 12 months.

These incidents typically involved staff receiving fraudulent emails or being directed to fraudulent websites (42%). In most cases (85%) these incidents had not had any impact. Where negative impacts were reported, this tended to be either the scheme's website or online services being taken down or made slower (9%) or temporary loss of access to files or networks (7%).

⁵ A new section on cyber security was included in the 2018 survey.

1.6 Data reviews

The majority of schemes had completed a data review in the previous 12 months, had identified issues and were taking action to address them.

Over three-quarters (83%) of schemes had completed a data review in the previous 12 months (up from 75% in 2017), and a further 8% reported that one was currently underway. The proportion of Local Government schemes that had completed a data review in the previous 12 months increased from 74% in 2017 to 93% in 2018, but the proportion of 'Other' schemes that had done so fell from 100% in 2017 to 82% in 2018.

Overall, 97% of the most recently completed data reviews had looked at common data, 80% scheme-specific data and 60% had included member existence checks. While the proportion looking at common data was similar across all scheme types, Police schemes were less likely to have covered scheme-specific data in their most recent review (41%).

Approaching three-quarters (72%) of schemes that had reviewed their common data, and 80% of those that had reviewed their scheme-specific data, had identified issues. Most had either put a data improvement plan in place but not yet completed rectification work or were in the process of developing an improvement plan.

1.7 Annual benefit statements

The majority of active members had received their annual benefit statement by the statutory deadline.

Overall, 66% of schemes reported that they had met the statutory deadline for all their active members (compared with 60% in 2017). This proportion was higher for Firefighters' and Police schemes (78% and 75% respectively) but lower for 'Other' (55%) and Local Government (56%) schemes (both of which are multi-employer schemes and typically have a greater number of members).

Most schemes that missed the deadline for any active members did not report this to TPR (62%). A quarter (26%) made a breach of law report. Those schemes who did not report the missed deadline typically said this was because it was not seen as material, either because few members were affected, or the delay was very short.

The vast majority of schemes (90%) reported that all of the statements they sent out contained all the data required by regulations.

1.8 Resolving issues and reporting breaches

Around 11,000 complaints were estimated to have been made to public service schemes in the last year, equating to 7 per 100 members.

The types of complaints made varied by scheme type, but at an overall level the top types related to eligibility for ill health benefit (39%), disputes or

queries about the amount of benefit paid (31%), slow or ineffective communication (29%) and delays to benefit payments (28%).

Nine in ten schemes had procedures to identify breaches of the law and to assess the breaches and report them to TPR if required.

Three in ten schemes (30%) had identified breaches (excluding those relating to annual benefit statements) in the previous 12 months. Around a third of these schemes (11% of all schemes) had reported these to TPR. ‘Other’ and Local Government schemes (which are typically larger) were most likely to have both identified breaches (45% and 43% respectively) and reported them (each 18%).

1.9 Addressing governance and administration issues

Scheme complexity, lack of resources or time and the volume of changes required to comply with legislation were seen as the top three barriers to improving scheme governance and administration in the next 12 months.

The complexity of the scheme was identified as a main barrier to improving scheme governance and administration by 70% of schemes and was the most widely mentioned barrier among all scheme types. Approaching half of schemes also identified lack of resources or time (47%) and the volume of changes required to comply with legislation (45%) as main barriers.

Improved governance and administration was attributed to a better understanding of expected standards and the risks facing the scheme, as well as improved engagement by TPR.

Around two-thirds of schemes felt that the improvements they had made to scheme governance and administration over the previous 12 months were down to better understanding of the underlying legislation and the standards expected by TPR (67%) and of the risks facing their scheme (63%); 45% also attributed this to improved engagement by TPR.

1.10 Perceptions of TPR

More schemes agreed that TPR was ‘tough’, ‘evidence-based’ and ‘visible’ than in 2017.

Schemes were most likely to agree that TPR was ‘visible’ and ‘respected’ (89% and 78% respectively). While schemes were least likely to agree that TPR was ‘decisive’ and ‘tough’ (53% and 55% respectively), the proportion agreeing with the latter had increased from 47% in 2017.

TPR was generally felt to be effective at improving standards of governance and administration in public service pension schemes.

Overall 88% of schemes judged TPR to be very or fairly effective at improving standards of governance and administration in public service schemes. The ‘Other’ schemes were most positive in this respect, with 45% rating TPR as very effective.

2. Introduction

2.1 Background

The Public Service Pensions Act 2013 and the Public Service Pensions Act (Northern Ireland) 2014 (together, the 2013-2014 Acts) introduced new requirements for the governance and administration of public service pension schemes. Scheme managers must run their schemes according to these legal requirements, which generally came into force on 1 April 2015.

The 2013-2014 Acts also gave TPR an expanded role to regulate the governance and administration of these schemes from 1 April 2015. In January 2015, TPR published its draft code of practice for the governance and administration of public service pension schemes (the PSPS code), which sets out the standards of conduct and practice it expects of those responsible, as well as practical guidance about how to comply with the legal requirements. The code came into force by 1 April 2015.

As part of its expanded role, TPR is responsible for 207 public service schemes in respect of eight public service workforces, covering around 16.9 million memberships.

A survey was undertaken in 2015 to assess how schemes were meeting the new requirements, and the standards to which they were being run. Further surveys were run in 2016, 2017 and 2018 to provide a further assessment of performance, understand barriers to improvement, and delve deeper into the top risks of governance, record-keeping and communications.

2.2 Communications activities

TPR continues to engage with those acting in the public service pension scheme landscape. In 2018-19 this activity included:

- direct engagement through pension board meetings,
- presenting and holding workshops at cohort-wide training events and conferences,
- engagement with associated employers at training events and conferences,
- communications setting out TPR's expectations for pension boards and scheme managers and;
- regular pro-active engagement with scheme managers and scheme advisory boards.

The focus of this engagement is tailored to the audience and situation and ranges from overviews and summaries of scheme manager and pension board responsibilities and duties, to focused training on topics such as data improvement and governance.

In addition to direct engagement, TPR produced guidance products and conducted a range of associated communications campaigns following the lessons learned from previous PSPS governance and administration surveys.

3. Methodology

As with the previous surveys, an online self-completion approach was adopted for the following reasons:

- The large amount of data to collect would have made a telephone interview very long and burdensome for respondents.
- It was anticipated that many schemes would need to do some checking/verification in order to answer the questions accurately.
- The range of information requested meant that it was important to allow more than one person at the scheme to contribute.

Owing to the nature and the amount of information required, a carefully structured research approach was necessary, giving respondents early warning of the kinds of information that we were seeking to collect and allowing them to devote an appropriate amount of time and effort to providing accurate and reliable information, liaising with colleagues if needed.

Therefore, a multi-stage approach was adopted:

- **Stage 1:** Pre-notification emails were sent by TPR to the pension board chairs and scheme managers to explain the nature of the research, introduce OMB Research (OMB), warn schemes that their participation would be requested and ask them to let OMB know whether the scheme manager or their representative would be completing the survey and, if necessary, provide their contact details.
- **Stage 2:** OMB sent a tailored invitation email to each scheme manager or their chosen representative. This contained a unique survey URL and a link to a 'hard copy' of the questionnaire (for reference when compiling information prior to completion).
 - In the case of referrals, sample details were updated so that the most appropriate person was contacted going forward.
- **Stage 3:** OMB sent a further two tailored reminder emails to schemes that had either not started the survey or had only partially completed it.
- **Stage 4:** OMB executives undertook a phase of telephone chasing with non-responders. These calls ensured that the invitation email had been received, confirmed the identity of the most appropriate individual to complete the survey and encouraged schemes to take part.

The approach was supported by other TPR communications and engagement (including promotion by key stakeholders such as scheme advisory boards).

3.1 Sampling

The sample for this research was extracted from TPR's scheme registry database. The target audience was scheme managers of open public service schemes or their representatives. For the purpose of the survey, each locally-administered section of relevant Firefighters', Police and Local Government schemes was treated as a separate scheme, forming a total universe of 207 schemes.

Scheme managers or their representatives were asked to work with the pension board chair to complete the survey and, where necessary, seek input from others with specialist knowledge (e.g. the scheme administrator).

3.2 Fieldwork

All surveys were completed between 5 November and 21 December 2018. In total, 195 of the 207 public service pension schemes completed the survey. This equates to a 94% response rate, covering 99% of all memberships.

Table 3.2.1 Interview numbers and universe

| Scheme type | Interviews | Schemes | | Memberships | |
|------------------|------------|------------|-----------------|-------------------|-----------------|
| | | Universe | Survey coverage | Universe | Survey coverage |
| Other | 11 | 11 | 100% | 10,011,614 | 100% |
| Firefighters | 46 | 51 | 90% | 115,841 | 93% |
| Local Government | 94 | 99 | 95% | 6,385,338 | 98% |
| Police | 44 | 46 | 96% | 369,704 | 97% |
| Total | 195 | 207 | 94% | 16,882,497 | 99% |

Three-quarters (76%) of the completed surveys were submitted in response to the initial email and reminders, with the remainder submitted during the telephone chasing phase.

3.3 Respondent profile

Scheme managers or their representatives contributed to 90% of submitted surveys, and directly completed it in 73% of cases. Over half (55%) of the surveys were completed with input from the pension board chair, with other board members involved in 23%. Over half (58%) involved consultation with the scheme administrator.

Table 3.3.1 Respondent role

| Respondent role | Completed | Consulted | Total |
|---|------------|------------|------------|
| Scheme manager | 30% | 23% | 52% |
| Representative of the scheme manager ⁶ | 43% | 29% | 59% |
| Pension board chair | 6% | 49% | 55% |
| Pension board member ³ | 3% | 21% | 23% |
| Administrator | 14% | 45% | 58% |
| Other | 5% | 12% | 16% |
| Net: Scheme manager/representative | 73% | 44% | 90% |
| Net: Pension board chair/ member | 8% | 55% | 59% |

⁶ For 'representative of the scheme manager' and 'pension board member', the *total* percentage is lower than the sum of the *completed by* and *consulted with* percentages. This is because there can be more than one person at the scheme in these roles, and in some cases, one completed the survey, and another consulted on it, so they appear in both these columns (but only count once in the total column).

3.4 Analysis and reporting conventions

Throughout this report, results are reported at an aggregate level for all respondents and by cohort: Local Government, Firefighters', Police and 'Other'⁷ schemes. The cohorts are grouped in this way to reflect the different governance structures, funding methods and employer profiles.

To ensure that results are representative of all public service pension schemes, the data throughout this report is shown weighted. **Scheme** data has been weighted based on the number of public service schemes of each type. **Membership** data has been weighted based on the total number of memberships in each scheme type. It should be noted that the membership-weighted results are heavily influenced by the 'Other' schemes, which account for 59% of all memberships. The narrative commentary in this report therefore typically focuses on the scheme-weighted findings.

Where available and comparable, the results from the 2015, 2016 and 2017 PSPS governance and administration surveys have been included⁸.

When interpreting the data presented in this report, please note that results may not sum to 100% due to rounding and/or due to respondents being able to select more than one answer to a question.

Data presented in this report are from a sample of public service schemes rather than the total population. This means the results are subject to sampling error. Differences between cohorts and different years of the research have been tested for statistical significance, using finite population correction (i.e. reflecting that 94% of the total public service scheme universe completed the survey). Differences are commented on in the text only if they are statistically significant at the 95% confidence level. This means there is no more than a 5% chance that any reported differences are not real but a consequence of sampling error.

⁷ Centrally administered unfunded schemes excluding relevant Local Government, Firefighters' and Police schemes.

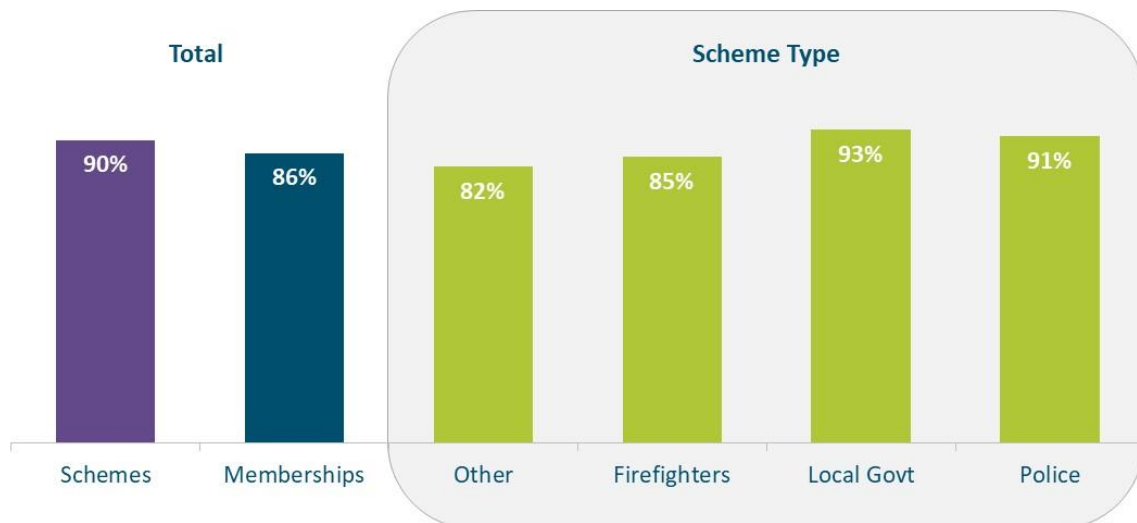
⁸ Although data was reported unweighted in the published 2015 report, weights have been retrospectively applied to this data to ensure direct comparability with the results from subsequent surveys. For this reason, the 2015 figures do not always exactly match those in the published 2015 report.

4. Research findings

4.1 Scheme governance

Overall, 90% of schemes had a documented policy to manage board members' conflicts of interest, representing 86% of memberships.

Figure 4.1.1 Proportion of schemes with a documented policy to manage pension board members' conflicts of interest



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 2%, 0%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 0%, 0%), Local Government (94, 1%, 0%), Police (44, 5%, 0%)

Local Government (93%) and Police (91%) schemes were most likely to have a documented policy to manage conflicts of interest. Firefighters' and 'Other' scheme were least likely to have this in place (85% and 82% respectively). Incidence increased with scheme size; 96% of schemes with over 100,000 memberships had a policy compared with 91% of those with 5,001-100,000 memberships and 85% of those with 5000 or fewer memberships.

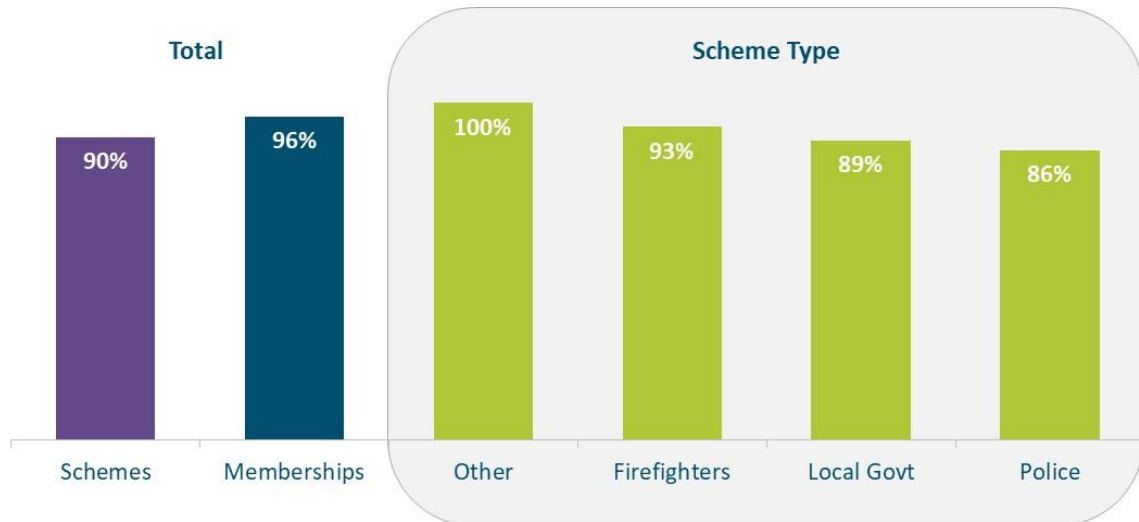
While overall the proportion of schemes with a documented policy to manage conflicts of interest had not changed compared with 2017 (90% in 2018 and 92% in 2017), the proportion of 'Other' and Firefighters' schemes with a policy each fell by 9 percentage points.

Table 4.1.1 Proportion of schemes with a documented policy to manage pension board members' conflicts of interest – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 90% | 82% | 85% | 93% | 91% |
| PSPS Survey 2017 | 92% | 91% | 94% | 92% | 91% |
| PSPS Survey 2016 | 81% | 100% | 80% | 85% | 71% |
| PSPS Survey 2015 | 85% | 100% | 79% | 87% | 86% |

Overall, 90% of schemes maintained a register of pension board members' interests, with every 'Other' scheme (100%) doing so.

Figure 4.1.2 Proportion of schemes that maintained a register of pension board members' interests



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 4%, 0%), Memberships (195, 2%, 0%), Other (11, 0%, 0%), Firefighters (46, 0%, 0%), Local Government (94, 4%, 0%), Police (44, 7%, 0%)

The proportion of schemes with a register of interests increased since the 2017 survey, from 84% to 90%. This increase was evident for Police and 'Other' schemes (+16 and +9 percentage points respectively).

Table 4.1.2 Proportion of schemes that maintained a register of pension board members' interests – Time series

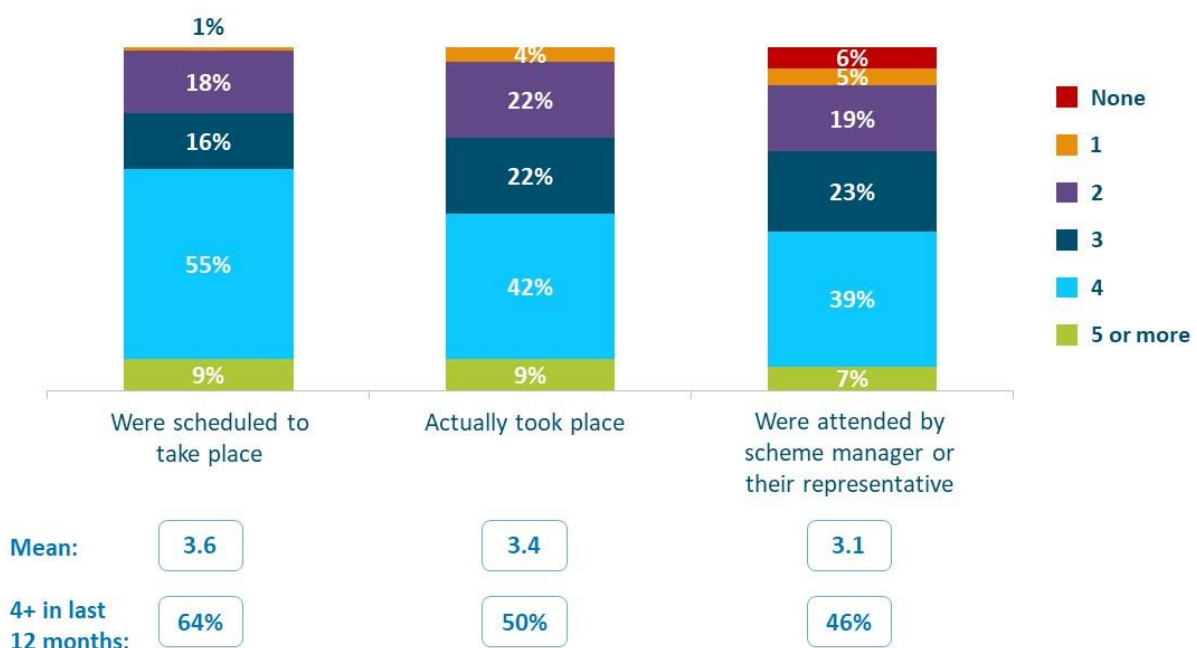
| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 90% | 100% | 93% | 89% | 86% |
| PSPS Survey 2017 | 84% | 91% | 92% | 86% | 70% |
| PSPS Survey 2016 | 85% | 100% | 86% | 87% | 74% |
| PSPS Survey 2015 | 75% | 92% | 57% | 77% | 86% |

On average, schemes had scheduled 3.6 pension board meetings in the previous 12 months, with two-thirds (64%) of schemes scheduling four or more board meetings.

However, not all the scheduled meetings went ahead; schemes reported that they had actually had an average of 3.4 board meetings in the previous 12 months, with half (50%) holding four or more. A quarter (26%) of schemes reported that their pension boards had met twice or less in the previous 12 months.

Most pension board meetings were attended by the scheme manager or their representative. On average they had attended 3.1 meetings in the previous 12 months. Approaching half (46%) of schemes indicated that the scheme manager or their representative had attended four or more board meetings.

Figure 4.1.3 Number of pension board meetings in the last 12 months



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 1%, 1%)

Across all schemes, the mean proportion of scheduled pension board meetings that actually took place was 93%. On average, 93% of the meetings that took place were attended by the scheme manager or their representative.

Table 4.1.3 Proportion of pension board meetings that went ahead and were attended by the scheme manager/representative

| | Total schemes |
|---|---------------|
| Base: All respondents | 195 |
| % of scheduled meetings that took place (mean) | 93% |
| % of meetings taking place attended by scheme manager/representative (mean) | 93% |

'Other' schemes were most likely to have scheduled and held at least four board meetings in the previous 12 months (91% and 73% respectively). Firefighters' schemes were least likely to have done so, with one in five (20%) holding four or more board meetings in the previous 12 months (and a mean of 2.5 meetings).

Table 4.1.4 Number of pension board meetings in the last 12 months - by scheme type

| | | Scheme Type | | | |
|--|-----------------|-------------|--------------|------------|------------|
| | | Other | Firefighters | Local Govt | Police |
| <i>Base: All respondents</i> | | 11 | 46 | 94 | 44 |
| Scheduled to take place | Mean | 3.9 | 3.0 | 3.8 | 3.7 |
| | 4+ in last year | 91% | 41% | 68% | 73% |
| Actually took place | Mean | 3.7 | 2.5 | 3.7 | 3.5 |
| | 4+ in last year | 73% | 20% | 59% | 61% |
| Attended by scheme manager/representative | Mean | 3.7 | 2.3 | 3.5 | 3.2 |
| | 4+ in last year | 73% | 17% | 54% | 52% |
| % of scheduled meetings that took place (mean) | | 95% | 85% | 96% | 96% |
| % of meetings taking place attended by scheme manager/representative (mean) | | 100% | 89% | 94% | 91% |

Larger schemes typically held a greater number of board meetings; 66% of schemes with over 30,000 memberships had at least 4 meetings in the previous 12 months, compared with 51% of those with 2,001-30,000 memberships and 18% of those with 2,000 or fewer memberships.

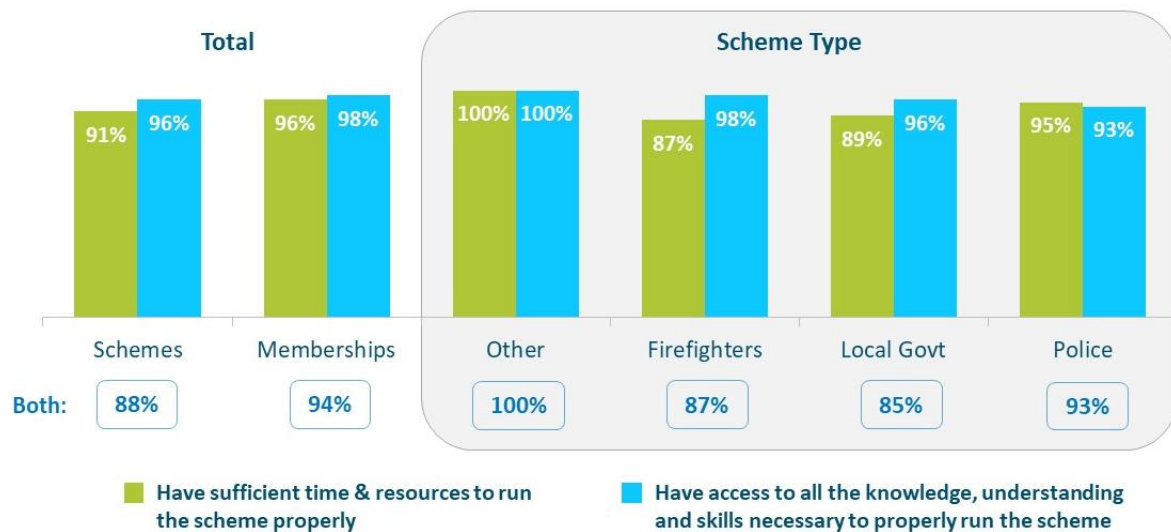
The smallest single employer schemes (with 2,000 or fewer memberships) held board meetings least frequently, with 7% having at least four in the previous 12 months.

Schemes were asked whether the scheme manager and pension board had sufficient time and resources to run the scheme properly, and whether they had access to all the necessary knowledge, understanding and skills.

Figure 4.1.4 shows that almost all schemes (96%) believed the scheme manager and pension board had access to all the knowledge and skills necessary to properly run the scheme. Schemes were slightly less likely to report that they had sufficient time and resources, but 91% still agreed this was the case.

Every 'Other' scheme felt they had sufficient knowledge, understanding and skills, and sufficient time and resources.

Figure 4.1.4 Scheme manager and pension board resources and knowledge



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 2-3%, 0-1%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 0-2%, 0%), Local Government (94, 1-3%, 0%), Police (44, 5%, 0-2%)

There was an increase since 2017 in the proportion of schemes that reported that the scheme manager and pension board had sufficient time and resources (up from 81% to 91%), particularly for Police and 'Other' schemes (+21 and +18 percentage points respectively). While there was no overall change since 2017 in the proportion reporting that the scheme manager and pension board had access to all the necessary knowledge, understanding and skills, this had increased for 'Other' and Firefighters' schemes (+9 and +6 percentage points). However, fewer Police schemes believed this was the case than in 2017 (-5 percentage points).

Table 4.1.5 Scheme manager and pension board resources and knowledge – Time series

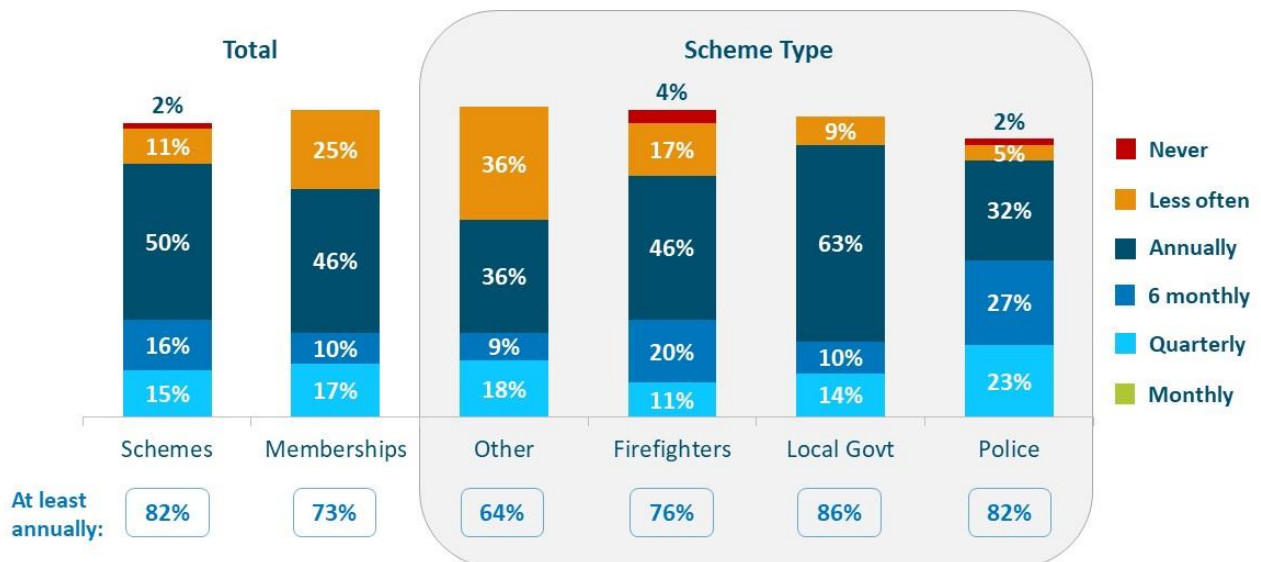
| | Total schemes | Scheme Type | | | |
|--|---------------|-------------|--------------|------------|------------|
| | | Other | Firefighters | Local Govt | Police |
| Sufficient time and resources to run the scheme properly⁹ | | | | | |
| PSPS Survey 2018 | 91% | 100% | 87% | 89% | 95% |
| PSPS Survey 2017 | 81% | 82% | 82% | 84% | 74% |
| Access to all the knowledge, understanding and skills necessary to properly run the scheme¹⁰ | | | | | |
| PSPS Survey 2018 | 96% | 100% | 98% | 96% | 93% |
| PSPS Survey 2017 | 95% | 91% | 92% | 97% | 98% |
| PSPS Survey 2016 | 93% | 100% | 94% | 93% | 89% |
| PSPS Survey 2015 | 73% | 92% | 36% | 85% | 82% |

⁹ This question was not asked in 2015 or 2016 so no comparable data is available.

¹⁰ In the 2015 and 2016 surveys the question wording was slightly different with schemes asked if they had developed policies and arrangements to help pension board members acquire and retain the knowledge and understanding they require. The overall sense of the question remained the same so the change over time has been shown, but the different wording should be considered when interpreting these results.

In the majority of cases (82%) the scheme manager or pension board carried out an evaluation of the board's knowledge, understanding and skills at least annually. This proportion was lower among 'Other' schemes, where a third (36%) did not evaluate their board at least annually.

Figure 4.1.5 Frequency of scheme manager or pension board carrying out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 6%, 0%), Memberships (195, 2%, 0%), Other (11, 0%, 0%), Firefighters (46, 2%, 0%), Local Government (94, 5%, 0%), Police (44, 11%, 0%)

As shown in Table 4.1.6, two-thirds (64%) of schemes had more than five current members on their pension board at the time they completed the survey. The mean number of current board members was 6.8.

Table 4.1.6 Number of current pension board members

| | Total schemes |
|---|---------------|
| <i>Base: All respondents</i> | 195 |
| 2-3 current board members | 5% |
| 4-5 current board members | 29% |
| 6-7 current board members | 32% |
| 8-9 current board members | 16% |
| 10+ current board members | 16% |
| Mean number of current board members | 6.8 |
| Don't know | 2% |
| Did not answer question | 1% |

Eleven schemes (6%) reported that they had fewer current board members at the time they completed the survey than specified by their respective

regulations. Of these, six were Local Government schemes, three were Firefighters' and two were Police.

Schemes were also asked to provide details of the number of vacant positions on their board, the number of board members that had left in the previous 12 months and the number of members appointed in this period.

While the majority of schemes (71%) reported that one or more board member had left in the previous 12 months, 64% indicated that at least some of these had been replaced with new appointments. Approaching a third (30%) of schemes had at least one vacant position on the board at the time they completed the survey.

Figure 4.1.7 Turnover of pension board members

| | Vacant positions | Members that left in last 12 months | Members appointed in last 12 months |
|------------------------------|------------------|-------------------------------------|-------------------------------------|
| <i>Base: All respondents</i> | 195 | 195 | 195 |
| 0 | 67% | 27% | 32% |
| 1 | 25% | 34% | 27% |
| 2 | 3% | 16% | 17% |
| 3 | 2% | 14% | 14% |
| 4+ | 0% | 7% | 7% |
| Net: 1+ | 30% | 71% | 64% |
| Mean | 0.4 | 1.4 | 1.4 |
| Don't know | 3% | 2% | 3% |
| Did not answer question | 1% | 1% | 1% |

Further analysis was conducted to assess the total number of board positions in each scheme. The number of 'total positions' on the board was calculated by combining the number of current board members and number of vacant positions.

As shown in Table 4.1.8, the mean number of total positions was 7.2. On average, schemes reported that 20% of the total positions on their board had left in the previous 12 months but 19% had been filled by new appointments. The mean proportion of total board positions that were vacant at the time the schemes completed the survey was 5%.

Table 4.1.8 Number of total pension board positions (current members plus vacant positions)

| | Total schemes |
|--|---------------|
| <i>Base: All respondents</i> | 195 |
| Mean number of total positions on board (current + vacant) | 7.2 |
| Mean % of total positions that are vacant | 5% |
| Mean % of total positions that left in last 12 months | 20% |
| Mean % of total positions appointed in last 12 months | 19% |

'Other' schemes tended to have the greatest number of current board members (a mean of 10.4) and Firefighters' schemes had the fewest (a mean of 5.1).

Table 4.1.9 Number and turnover of pension board members – by scheme type

| | Scheme Type | | | |
|--|-------------|---------------|------------|------------|
| | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All respondents</i> | 11 | 46 | 94 | 44 |
| Mean no. of current board members | 10.4 | 5.1 | 6.6 | 8.2 |
| Mean no. of vacant positions | 1.0 | 0.3 | 0.3 | 0.4 |
| Mean no. of board members that left in last 12 months | 1.5 | 1.2 | 1.2 | 2.1 |
| Mean no. of board members appointed in last 12 months | 1.5 | 1.1 | 1.2 | 2.1 |
| Mean no. of total positions (current + vacant) | 11.4 | 5.4 | 7.0 | 8.6 |
| Mean % of total positions that are vacant | 8% | 6% | 5% | 5% |
| Mean % of total positions that left in last 12 months | 11% | 21% | 18% | 24% |
| Mean % of total positions appointed in last 12 months | 12% | 18% | 18% | 24% |

As mentioned previously, 11 schemes had fewer current board members at the time they completed the survey than specified by their respective regulations. Nine of these schemes had vacant positions on their board. If these vacant positions were filled, each of these nine schemes would have met the minimum requirement for the number of pension board members for their type of scheme.

Of the remaining two schemes that had fewer current board members than required by their regulations, one was a Police scheme that had no vacant positions and the other was a Local Government scheme that answered "don't know" to the question on number of vacant positions.

4.2 Managing risk

Around nine in ten schemes (92%) had documented procedures for assessing and managing risk. Every 'Other' scheme had these in place (100%), but Firefighters' schemes were least likely to do so (80%).

Figure 4.2.1 Proportion of schemes with documented procedures for assessing and managing risk



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 2%, 1%), Memberships (195, 0%, 0%), Other (11, 0%, 0%), Firefighters (46, 4%, 0%), Local Government (94, 1%, 1%), Police (44, 0%, 0%)

The presence of documented risk procedures was correlated with scheme size; 100% of those with over 100,000 memberships had these in place compared with 82% of schemes with 2,000 or fewer members.

When comparing findings from 2018 and 2017, there was an increase in the overall proportion of schemes that had documented procedures for assessing and managing risk (from 83% to 92%). The proportion for 'Other', Firefighters' and Police schemes had also increased.

Table 4.2.1 Proportion of schemes with documented procedures for assessing and managing risk – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 92% | 100% | 80% | 96% | 93% |
| PSPS Survey 2017 | 83% | 82% | 63% | 93% | 84% |
| PSPS Survey 2016 | 72% | 91% | 44% | 92% | 51% |
| PSPS Survey 2015 | 70% | 100% | 36% | 79% | 82% |

The vast majority (94%) of schemes had a risk register, with this rising to 100% of 'Other' and 98% of Local Government schemes.

Figure 4.2.2 Proportion of schemes that had a risk register



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 1%, 1%), Memberships (195, 0%, 0%), Other (11, 0%, 0%), Firefighters (46, 2%, 0%), Local Government (94, 0%, 1%), Police (44, 2%, 0%)

Schemes were more likely to have a risk register than in 2017 (94% vs. 88%). This increase was greatest for Firefighters' scheme (+18 percentage points).

Table 4.2.2 Proportion of schemes that had a risk register – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 94% | 100% | 87% | 98% | 93% |
| PSPS Survey 2017 | 88% | 91% | 69% | 97% | 88% |
| PSPS Survey 2016 | 70% | 91% | 38% | 91% | 51% |
| PSPS Survey 2015 | 76% | 100% | 36% | 91% | 82% |

All schemes were asked to identify the top three governance and administration risks on their register (or facing the scheme if they did not have a risk register). As detailed in Table 4.2.3, a wide range of risks were reported. The most prevalent were record-keeping (49%), regulatory compliance (38%), funding or investment (35%) and the recruitment and retention of staff or knowledge (27%).

The key risks differed by scheme type. Record-keeping was identified as the top risk by 'Other' (36%) and Police (73%) schemes, regulatory compliance by Firefighters' schemes (61%, closely followed by record-keeping at 57%) and funding or investment by Local Government schemes (68%).

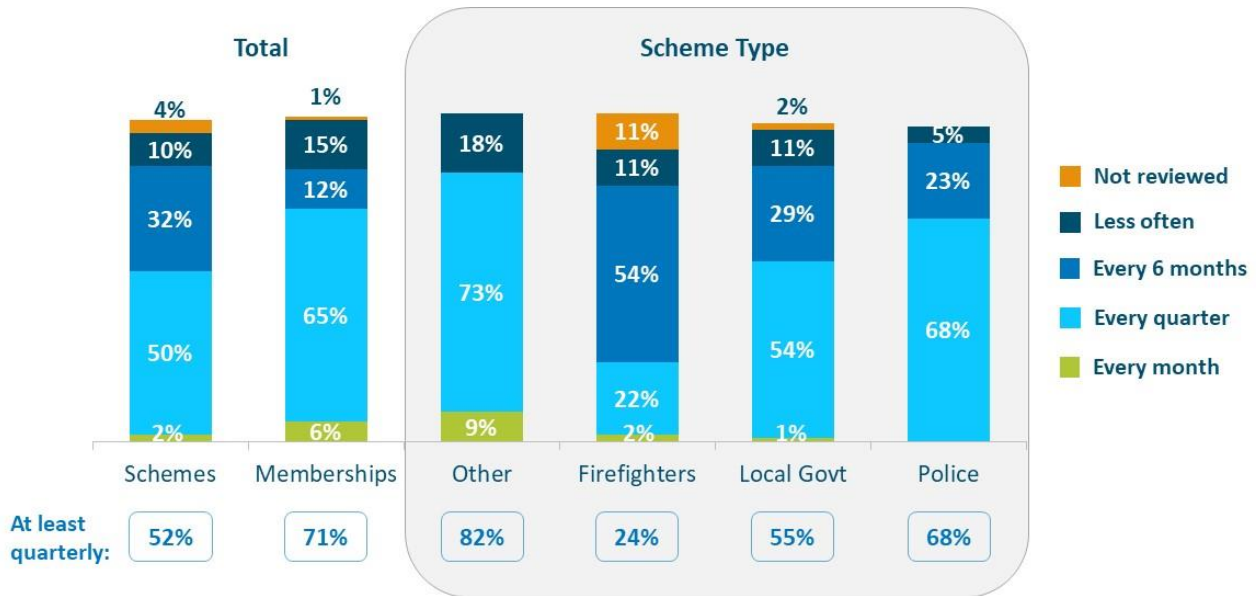
Table 4.2.3 Top governance and administration risks

| Top Mentions (5%+) | Total | | | Scheme Type | | |
|--|---------|-------------|-------|---------------|------------|--------|
| | Schemes | Memberships | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All respondents</i> | 195 | 195 | 11 | 46 | 94 | 44 |
| Record-keeping (i.e. receipt and management of correct data) | 49% | 37% | 36% | 57% | 36% | 73% |
| Securing compliance with changes in scheme regulations | 38% | 22% | 18% | 61% | 26% | 43% |
| Funding or investment | 35% | 26% | 0% | 7% | 68% | 5% |
| Recruitment and retention of staff or knowledge | 27% | 22% | 18% | 26% | 28% | 27% |
| Systems failures (IT, payroll, administration systems, etc) | 20% | 26% | 27% | 15% | 26% | 11% |
| Lack of resources/time | 16% | 17% | 18% | 20% | 15% | 14% |
| Guaranteed Minimum Pension (GMP) reconciliation | 15% | 21% | 27% | 13% | 11% | 23% |
| Administrator issues (expense, performance, etc) | 14% | 16% | 18% | 20% | 12% | 14% |
| Production of annual benefit statements | 14% | 20% | 27% | 13% | 10% | 20% |
| Cyber risk | 9% | 9% | 9% | 11% | 9% | 9% |
| Receiving contributions from the employer(s) | 8% | 6% | 0% | 0% | 15% | 2% |
| Failure of internal controls | 8% | 1% | 0% | 22% | 2% | 7% |
| Lack of knowledge, effectiveness or leadership among key personnel | 7% | 2% | 0% | 9% | 5% | 11% |
| Don't know | 1% | 0% | 0% | 0% | 0% | 5% |
| Did not answer question | 0% | 0% | 0% | 0% | 0% | 0% |

There were some differences by scheme size, with smaller schemes of 5,000 or fewer members more likely than larger ones to identify record-keeping (62% vs. 42%) and regulatory compliance (55% vs. 28%) as top risks.

As detailed in Figure 4.2.3, half of schemes (52%) had reviewed their exposure to new and existing risks at least every quarter over the previous 12 months, with these schemes accounting for 71% of all public service memberships. Most of the remainder had reviewed their risk exposure every 6 months (32% of all schemes), but 4% had not reviewed their risk exposure in the previous 12 months.

Figure 4.2.3 Frequency of reviewing risk exposure in last 12 months



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 2%, 1%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 0%, 0%), Local Government (94, 2%, 1%), Police (44, 5%, 0%)

Firefighters’ schemes were least likely to have reviewed their risk exposure on a regular basis; 24% had done so at least every quarter.

The frequency of reviewing risk exposure was correlated with scheme size; 77% of those with over 100,000 memberships had done so at least quarterly, compared with 56% of those with 5,001-100,000 memberships and 36% of those with 5,000 or fewer memberships.

Schemes that had held four or more board meetings in the previous 12 months were also more likely to have reviewed their risk exposure at least every quarter (70% compared with 34% of those who had met less than four times).

There was no change in the overall proportion of schemes that had reviewed their risk exposure at least quarterly (49% in 2017 vs. 52% in 2018), but it had increased for Police schemes (+24 percentage points) and declined for ‘Other’ and Firefighters’ schemes (-18 and -11 percentage points respectively).

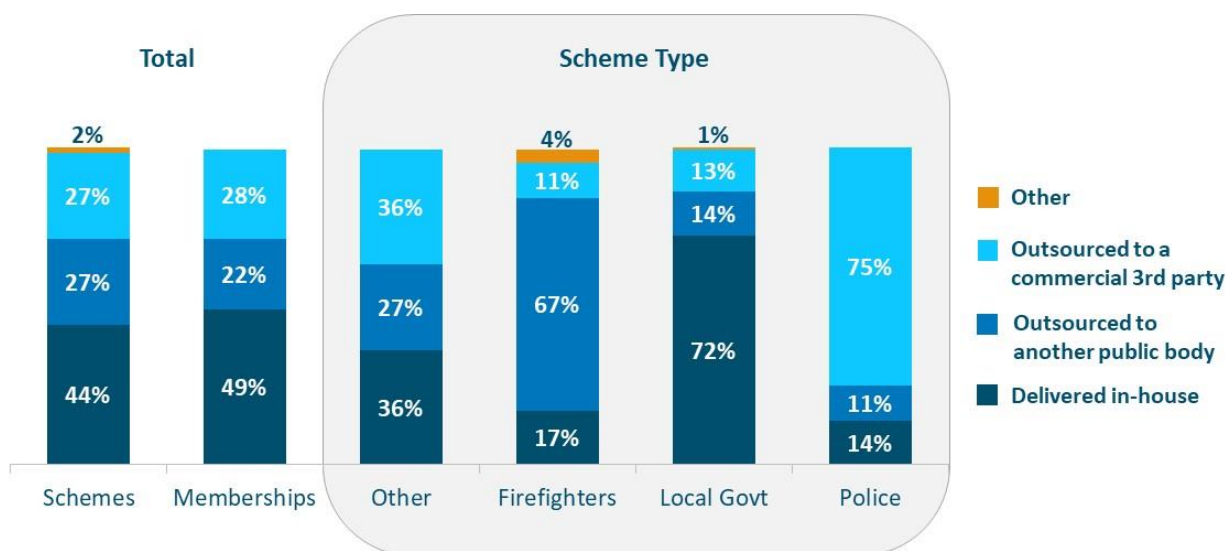
Table 4.2.4 Proportion of schemes reviewing exposure to new and existing risks at least every quarter – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 52% | 82% | 24% | 55% | 68% |
| PSPS Survey 2017 | 49% | 100% | 35% | 53% | 44% |

4.3 Administration and record-keeping

There was a broadly equal split between schemes that were administered in-house (44%) and those where the administration was outsourced (55%). Among those that were administered externally, similar proportions used other public bodies (27%) and commercial third parties (27%).

Figure 4.3.1 Scheme administration arrangements



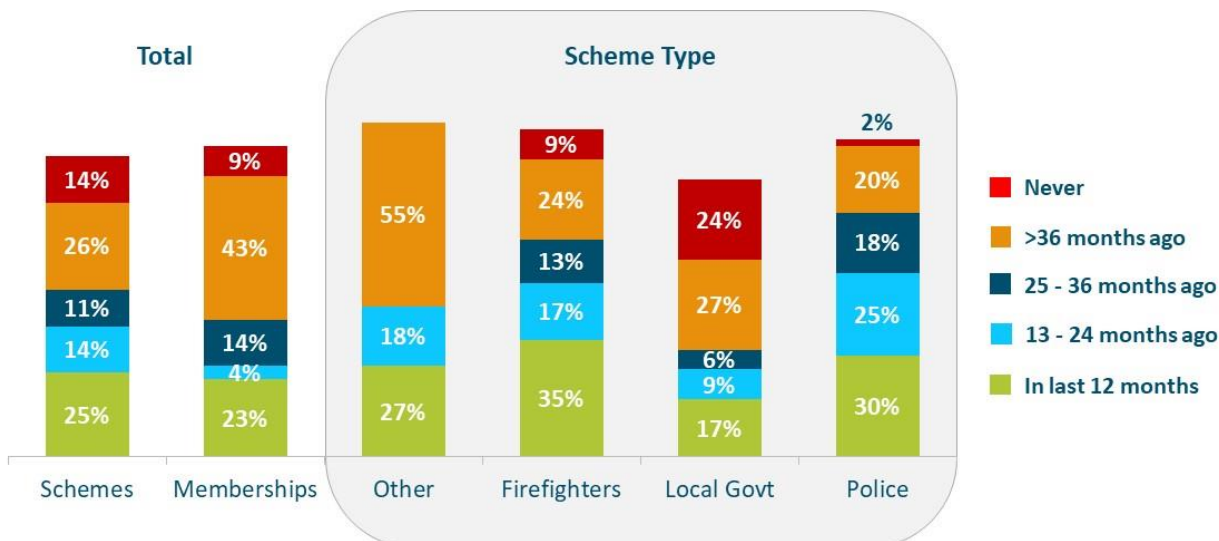
All respondents (Base, Don't know, Did not answer question) - Schemes (195, 0%, 0%), Memberships (195, 0%, 0%), Other (11, 0%, 0%), Firefighters (46, 0%, 0%), Local Government (94, 0%, 0%), Police (44, 0%, 0%)

There was some variation by scheme type in terms of the administration arrangements. Just under three-quarters (72%) of Local Government schemes undertook scheme administration in-house, whereas 'Other', 'Firefighters' and 'Police' schemes were more likely to outsource it (64%, 78% and 86% respectively). Of the latter groups, 'Firefighters' schemes tended to outsource administration to another public body whereas 'Police' schemes were most likely to use a commercial third party, and there was a more even split for 'Other' schemes (27% and 36% respectively).

Larger schemes were more likely to have in-house administration arrangements; 78% of schemes with over 30,000 memberships were administered in-house, compared with 40% of those with 5,001-30,000 memberships and 13% of those with 5,000 or fewer memberships.

As detailed in Figure 4.3.2, the frequency with which schemes reviewed who should provide their administration services varied widely. A quarter (25%) had done so in the previous 12 months, with similar proportions doing so 13-36 months ago (25%) and over 36 months ago (26%). A further 14% of schemes had never reviewed who should provide their administration.

Figure 4.3.2 Frequency of reviewing scheme administration providers



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 10%, 0%), Memberships (195, 7%, 0%), Other (11, 0%, 0%), Firefighters (46, 2%, 0%), Local Government (94, 17%, 0%), Police (44, 5%, 0%)

Police and Firefighters' schemes were most likely to have reviewed their administration provider in the previous 36 months (73% and 65% respectively). However, over half of 'Other' (55%) and Local Government (51%) had not done so in the previous 36 months, with approaching a quarter (24%) of the latter reporting that they had never reviewed their provider.

Those schemes that used external administration providers were more likely to have reviewed who should provide these services. Around three-quarters of those outsourcing administration to a commercial 3rd party or another public body had reviewed their provider in the previous 36 months (78% and 71% respectively), compared with 18% of schemes with in-house administration arrangements. Over a quarter (29%) of the latter group had never done so.

As set out in Table 4.3.1, schemes used a range of methods to monitor the performance of their administrators. Administrators typically provided regular reports (87%) and attended regular meetings with the scheme manager/board (85%), and three-quarters (73%) of schemes specified performance metrics in contracts or service level agreements (SLAs).

Provision of independent assurance reports and the application of penalties were less common (33% and 18% respectively). However, all schemes reported that they employed at least one of these approaches to monitor and manage administrator performance.

Table 4.3.1 Monitoring and managing administrator performance

| | Total | | | Scheme Type | | |
|---|---------|--------------|-------|---------------|------------|--------|
| | Schemes | Member-ships | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All respondents</i> | 195 | 195 | 11 | 46 | 94 | 44 |
| Administrators deliver regular reports to scheme manager and/or board on the service provided | 87% | 95% | 100% | 87% | 88% | 82% |
| Administrators attend regular meetings with scheme manager and/or board | 85% | 84% | 82% | 83% | 88% | 82% |
| Performance metrics are set out in contracts or SLAs | 73% | 78% | 91% | 85% | 57% | 89% |
| Independent auditors review performance of administrators | 58% | 85% | 100% | 57% | 66% | 34% |
| Administrators provide independent assurance reports | 33% | 49% | 64% | 41% | 29% | 27% |
| Penalties are applied where contractual terms or service standards are not met | 18% | 28% | 36% | 7% | 14% | 36% |
| None of these | 0% | 0% | 0% | 0% | 0% | 0% |
| Don't know | 0% | 0% | 0% | 0% | 0% | 0% |
| Did not answer question | 0% | 0% | 0% | 0% | 0% | 0% |

The proportion of schemes adopting each approach to monitor and manage their administrators differed by scheme type. In particular, 'Other' and Police schemes were more likely to apply penalties if contractual terms or service standards were not met (each 36%). 'Other' schemes were also more likely to use independent auditors to review administrator performance (100%) and to receive independent assurance reports from the administrator (64%).

In comparison to the other scheme types, a lower proportion of Local Government schemes set out performance metrics in contracts or SLAs (57%).

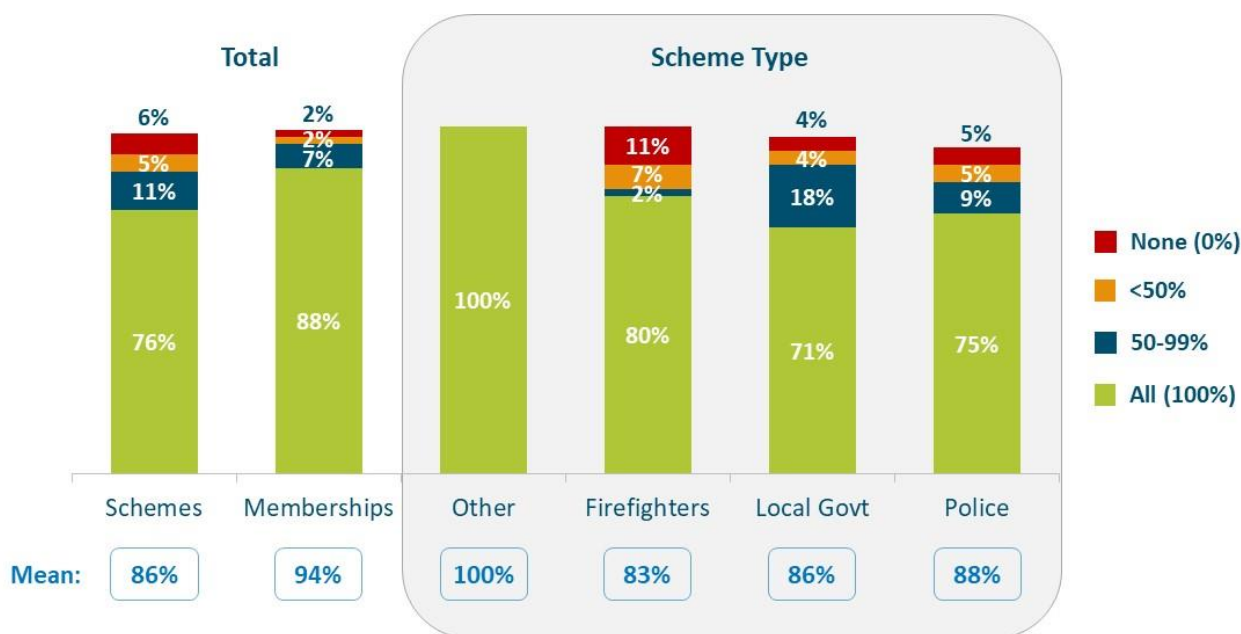
The use of service level agreements was less prevalent where schemes were administered in-house (48%, compared with 90% of those administered by another public body and 96% of those administered by a commercial third party).

While half (50%) of schemes administered by a commercial 3rd party reported that they applied penalties where contractual terms or service standards were

not met, this proportion fell to 4% of those administered by another public body and 8% of those administered in-house.

As shown in Figure 4.3.3, three-quarters of schemes (76%) included administration as a dedicated item on the agenda at every pension board meeting. A further 11% covered it at least half of their board meetings, but 5% did so at fewer than half of their meetings and 6% never included it on the agenda.

Figure 4.3.3 Proportion of pension board meetings held in the last 12 months that had administration as a dedicated item on the agenda



Base: All respondents (Base, Don't know number of board meetings and/or number covering administration, Did not answer question) - Schemes (195, 2%, 1%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 0%, 0%), Local Govt (94, 1%, 1%), Police (44, 7%, 0%)

All the 'Other' schemes formally covered administration every time the board met. Firefighters' schemes were most likely to report that administration was never included on the agenda at board meetings (11%).

As set out in Table 4.3.2, the vast majority of schemes had processes in place to monitor administration and record-keeping. Overall, 98% had a process for monitoring the payment of contributions, 94% had a process for resolving contribution payment issues, 92% had a process with the scheme's employer(s) to receive, check and review data, and 91% had a process to monitor records on an ongoing basis to ensure they are accurate and complete.

The proportion of schemes with these in place was generally higher than that seen in 2017. The proportion with processes to monitor the accuracy and completeness of records and to receive, check and review data both increased by 6 percentage points, and the proportion with a process for

resolving contribution payment issues increased by 4 percentage points¹¹. There was no change in the proportion of schemes with a process to monitor the payment of contributions.

Table 4.3.2 Administration and record-keeping processes - Time series

| Proportion with a process... | | Total | | | Scheme Type | | |
|--|------|---------|--------------|-------|---------------|------------|--------|
| | | Schemes | Member-ships | Other | Fire-fighters | Local Govt | Police |
| To monitor records for all membership types on an ongoing basis to ensure they are accurate and complete | 2018 | 91% | 92% | 91% | 85% | 95% | 89% |
| | 2017 | 85% | 95% | 100% | 80% | 88% | 81% |
| | 2016 | 89% | 91% | 91% | 88% | 90% | 86% |
| With employer(s) to receive, check and review data | 2018 | 92% | 93% | 91% | 87% | 98% | 86% |
| | 2017 | 86% | 96% | 100% | 78% | 92% | 77% |
| | 2016 | 90% | 98% | 100% | 76% | 96% | 89% |
| For monitoring the payment of contributions | 2018 | 98% | 100% | 100% | 96% | 100% | 95% |
| | 2017 | 97% | 94% | 91% | 94% | 100% | 95% |
| | 2016 | 95% | 94% | 91% | 88% | 100% | 94% |
| For resolving contribution payment issues | 2018 | 94% | 99% | 100% | 85% | 98% | 95% |
| | 2017 | 90% | 92% | 91% | 84% | 94% | 86% |
| | 2016 | 88% | 93% | 91% | 68% | 97% | 91% |

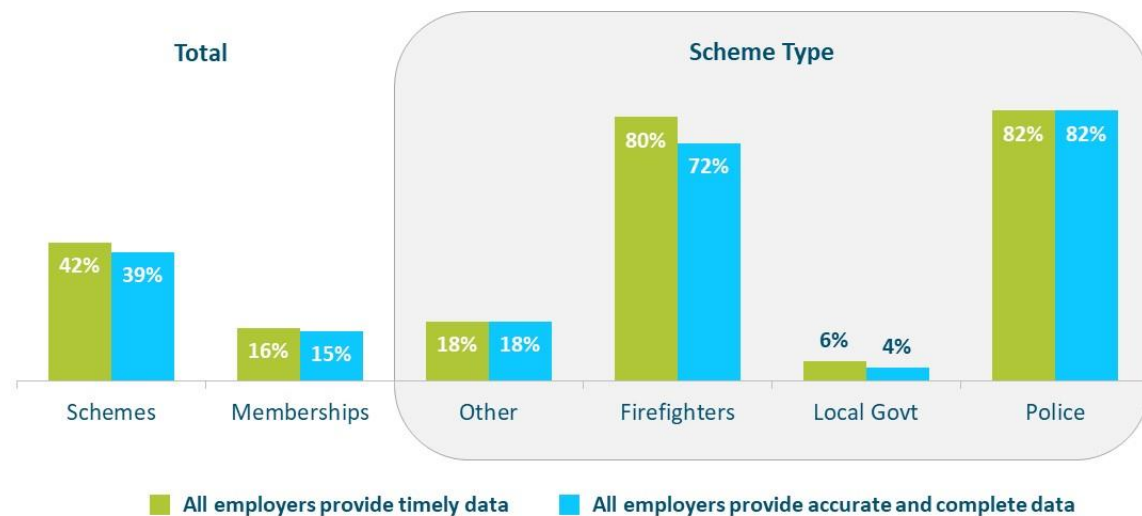
There was relatively little variation in the prevalence of these administration and record-keeping processes by scheme type in the 2018 survey.

Schemes were asked the extent to which the employer(s) provided timely, accurate and complete data. Single employer schemes were asked whether their participating employer always provided timely, accurate and complete data, whereas multi-employer schemes were asked to give the proportion of their employers that always did this. The analysis in Figure 4.3.4 combines the results from both questions.

Four in ten (42%) schemes reported that their employers always provided timely data. A similar proportion (39%) reported that their employers always provided accurate and complete data. However, this was lower among 'Other' (18% for each) and Local Government (6% and 4%) schemes, which are typically multi-employer.

¹¹ Previously this question asked whether the scheme had "a process in place for resolving contribution payment issues and assessing whether to report payment failures to TPR". The second clause was removed in 2018, which means results are not directly comparable. This may have contributed to the improved performance on this measure.

Figure 4.3.4 Proportion of schemes where all employers always provided timely, accurate and complete data



All respondents (Base, Don't know timely, Did not answer timely, Don't know accurate/complete, Did not answer accurate/complete) - Schemes (195, 5%, 2%, 7%, 2%), Memberships (195, 2%, 0%, 3%, 0%), Other (11, 0%, 0%, 0%, 0%), Firefighters (46, 9%, 4%, 11%, 4%), Local Government (94, 4%, 1%, 7%, 1%), Police (44, 5%, 0%, 5%, 0%)

As shown in Table 4.3.3, on average 87% of scheme employers always provided timely data, and 84% always provided accurate and complete data. The mean proportions of employers that always provided timely and accurate/complete data were highest for Firefighters' schemes (95% and 89%) and Police schemes (92% and 90%). In both these scheme types the schemes tend to be single employer.

Table 4.3.3 Mean proportion of employers that always provided timely, accurate and complete data

| | Total | | Scheme Type | | | |
|--|---------|-------------|-------------|--------------|------------|--------|
| | Schemes | Memberships | Other | Firefighters | Local Govt | Police |
| <i>Base: All respondents</i> | 195 | 195 | 11 | 46 | 94 | 44 |
| Mean % of employers that always provide timely data | 87% | 85% | 86% | 95% | 81% | 92% |
| Mean % of employers that always provide accurate and complete data | 84% | 82% | 84% | 89% | 79% | 90% |

Table 4.3.4 shows that a higher proportion of schemes reported that all their employers always provided timely, accurate and complete data than in 2017 (+5 percentage points for timely data and +9 percentage points for accurate and complete data). It also shows that a higher proportion of Firefighters' and Police schemes said all their employers always provided timely, accurate and complete than in 2017 and a lower proportion of 'Other' and Local Government schemes said all their employers always provided timely data.

There was no change since the 2017 survey in the mean proportion of employers that always provided timely or accurate and complete data, either at the total level or for individual scheme types.

Table 4.3.4 Provision of timely, accurate and complete data by employers – Time series

| | | Total | | | Scheme Type | | |
|--|-------------|------------|--------------|------------|---------------|------------|------------|
| | | Schemes | Member-ships | Other | Fire-fighters | Local Govt | Police |
| All employers (100%) always provide timely data | 2018 | 42% | 16% | 18% | 80% | 6% | 82% |
| | 2017 | 37% | 23% | 27% | 57% | 11% | 72% |
| Mean % of employers that always provide timely data | 2018 | 87% | 85% | 86% | 95% | 81% | 92% |
| | 2017 | 89% | 87% | 88% | 94% | 84% | 96% |
| All employers (100%) always provide accurate and complete data | 2018 | 39% | 15% | 18% | 72% | 4% | 82% |
| | 2017 | 30% | 15% | 18% | 49% | 7% | 60% |
| Mean % of employers that always provide accurate and complete data | 2018 | 84% | 82% | 84% | 89% | 79% | 90% |
| | 2017 | 86% | 81% | 80% | 93% | 80% | 95% |

As detailed in Table 4.3.5, the proportions of employers that always provided timely, accurate and complete data were lower for multi-employer schemes than single employer ones. One in ten (12%) multi-employer schemes said their employers always provided timely data compared with nine in ten (90%) single employer schemes. A similar proportion (11%) of multi-employer schemes said their employers always provided accurate and complete data compared with 85% of single employer schemes.

Table 4.3.5 Provision of timely, accurate and complete data by employers – analysis by single and multi-employer schemes

| | Single employer schemes | Multi-employer schemes |
|--|-------------------------|------------------------|
| <i>Base: All respondents</i> | 73 | 121 |
| All employers (100%) always provide timely data | 90% | 12% |
| All employers (100%) always provide accurate and complete data | 85% | 11% |

Figure 4.3.5 shows that 88% of multi-employer schemes had a defined escalation process for dealing with employers who did not provide timely or accurate data.

Figure 4.3.5 Proportion of multi-employer schemes with a defined escalation process for dealing with employers who do not provide timely or accurate data¹²



All multi-employer schemes (Base, Don't know, Did not answer) - Schemes (121, 6%, 0%), Memberships (121, 1%, 0%), Other (10, 0%, 0%), Local Government (94, 2%, 0%)

Most multi-employer schemes included a range of actions in this escalation process, with the vast majority chasing in writing (97%), chasing by telephone (93%) and escalating the matter to senior staff (92%).

Two-thirds (67%) assessed whether a breach of the law had occurred, with this more likely among Local Government than 'Other' schemes (78% and 30% respectively). Local Government schemes were also more likely to impose penalties if required (66% compared with 30% of 'Other' schemes).

Table 4.3.6 Actions included in multi-employer schemes' escalation processes

| Top Mentions (5%+) | Total | | Scheme Type | |
|---|---------|-------------|-------------|------------|
| | Schemes | Memberships | Other | Local Govt |
| <i>Base: All multi-employer schemes with a defined escalation process</i> | 107 | 107 | 10 | 85 |
| Chase in writing | 97% | 99% | 100% | 99% |
| Chase by telephone | 93% | 98% | 100% | 95% |
| Escalate to senior staff | 92% | 97% | 100% | 93% |
| Assess for breach of law | 67% | 48% | 30% | 78% |
| Impose penalty | 56% | 44% | 30% | 66% |
| Manual correction | 27% | 23% | 20% | 28% |
| Remove from scheme | 14% | 24% | 30% | 14% |

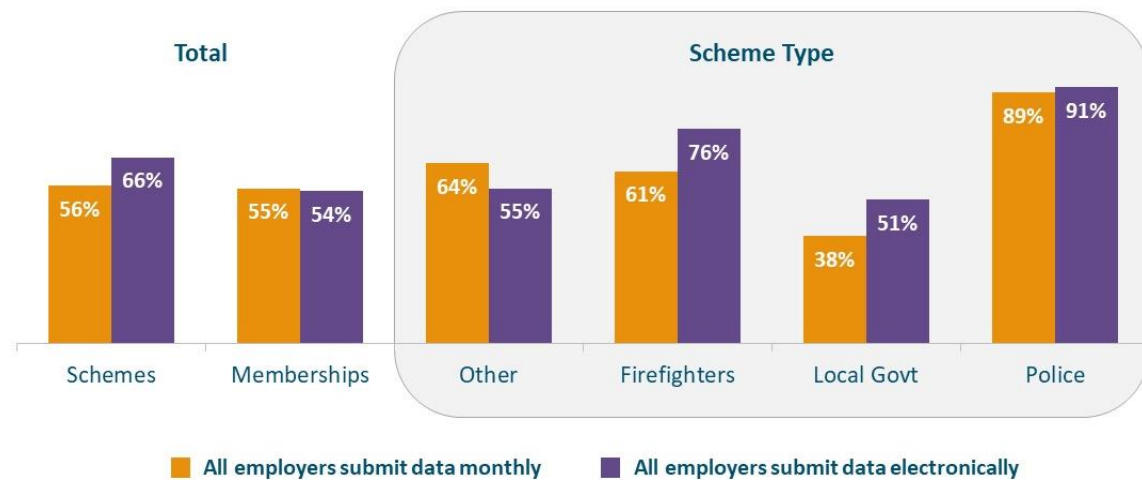
¹² Results for Firefighters' and Police schemes are not shown due to the very low number of multi-employer schemes in these cohorts.

Although a third (33%) of schemes with a defined escalation process did not include assessing for a possible breach of the law in this, the majority of this group (88%) indicated elsewhere in the survey that they had procedures in place to assess and report breaches of the law (see Chapter 4.8).

Schemes were also asked the extent to which the employer(s) submitted data monthly and electronically. Single employer schemes were asked whether their participating employer submitted data monthly and electronically, and multi-employer schemes were asked to give the proportion of their employers that did this. The analysis in Figure 4.3.6 combines the results from both questions.

Over half (56%) of schemes reported that all their employers submitted data monthly and two-thirds (66%) reported that all their employers submitted data electronically. This was most likely to be the case for Police schemes (89% and 91% respectively).

Figure 4.3.6 Proportion of schemes where all employers submitted data monthly and electronically



All respondents (Base, Don't know monthly, Did not answer monthly, Don't know electronically, Did not answer electronically) - Schemes (195, 4%, 2%, 4%, 2%), Memberships (195, 1%, 0%, 1%, 0%), Other (11, 0%, 0%, 0%, 0%), Firefighters (46, 9%, 4%, 9%, 4%), Local Government (94, 3%, 1%, 3%, 1%), Police (44, 2%, 0%, 2%, 0%)

Table 4.3.7 shows that, on average, 77% of scheme employers submitted monthly data and 88% submitted data electronically. For both monthly and electronic data, the mean was lower for Firefighters' (70% and 88%) and Local Government (72% and 83%) schemes.

Table 4.3.7 Mean proportion of employers that submitted data monthly and electronically

| | Total | | | Scheme Type | | |
|---|---------|-------------|-------|---------------|------------|--------|
| | Schemes | Memberships | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All respondents</i> | 195 | 195 | 11 | 46 | 94 | 44 |
| Mean % of employers that submit data monthly | 77% | 81% | 86% | 70% | 72% | 93% |
| Mean % of employers that submit data electronically | 88% | 91% | 95% | 88% | 83% | 99% |

As with timeliness of data and its accuracy and completeness, these proportions were lower for multi-employer schemes than single employer schemes. Four in ten (44%) multi-employer schemes said all their employers submitted data monthly compared with eight in ten (78%) single employer schemes. Half (51%) of multi-employer schemes said all their employers submitted data electronically compared with nine in ten (92%) single employer schemes.

Table 4.3.8 Submission of monthly and electronic data by employers – analysis by single and multi-employer schemes

| | Single employer schemes | Multi-employer schemes |
|---|-------------------------|------------------------|
| <i>Base: All respondents</i> | 73 | 121 |
| All employers (100%) submit data monthly | 78% | 44% |
| All employers (100%) submit data electronically | 92% | 51% |

4.4 Cyber security

The 2018 survey included a number of new questions about schemes' cyber security controls, any cyber breaches or attacks experienced in the previous 12 months and the impact of any such incidents.

Schemes were asked about 14 specific cyber controls and three-quarters (74%) had at least half of these in place, with these schemes together covering 92% of all public service memberships.

No schemes stated that they had none of these controls in place, although 7% either answered "don't know" or did not provide a response.

Table 4.4.1 Proportion of schemes with controls to protect their data and assets from 'cyber risk'

| | Total | |
|--|------------|-------------|
| | Schemes | Memberships |
| <i>Base: All respondents</i> | 195 | 195 |
| Controls restricting access to systems and data | 83% | 96% |
| System controls (e.g. firewalls, anti-virus/malware, software updates) | 82% | 95% |
| Policies on data access, protection, use and transmission in line with Data Protection legislation and guidance | 81% | 85% |
| Policies on the acceptable use of devices, passwords/other authentication and on home/mobile working | 80% | 96% |
| Critical systems and data regularly backed up | 80% | 95% |
| Cyber risk is on risk register and regularly reviewed | 67% | 78% |
| Incident response plan to deal with any incidents which occur | 67% | 79% |
| Access to specialist skills and expertise to understand and manage risk | 66% | 89% |
| Scheme manager assured themselves of 3 rd party providers' controls | 66% | 61% |
| Roles and responsibilities on cyber resilience clearly defined and documented | 62% | 68% |
| Assessment of vulnerability to a cyber incident of key functions, systems, assets and parties involved in running the scheme | 57% | 73% |
| Assessment of likelihood of different types of breaches occurring | 49% | 66% |
| Scheme manager receives regular updates on cyber risks, incidents and controls | 39% | 50% |
| Pension board receives regular updates on cyber risks, incidents and controls | 26% | 32% |
| None of these | 0% | 0% |
| Net: At least half of these cyber controls in place (7+) | 74% | 92% |
| Mean number of cyber controls in place | 9.0 | 10.6 |
| Don't know | 6% | 1% |
| Did not answer question | 1% | 0% |

The most common types of cyber protection were controls restricting access to systems and data (83%), system controls such as firewalls, anti-virus products and regular updates of software (82%), policies on data access, protection, use and transmission in line with data protection legislation and guidance (81%), policies on acceptable use of devices, passwords and other authentication, and on home and mobile working (80%), and regular back-ups of critical systems and data (80%).

Comparatively few schemes indicated that the scheme manager or the pension board received regular updates on cyber risks, incidents and controls (39% and 26% respectively).

Table 4.4.2 shows that half (49%) of schemes had experienced some kind of cyber breach or attack in the previous 12 months (covering 42% of memberships). These incidents typically involved staff receiving fraudulent emails or being directed to fraudulent websites (42%). This was the most reported type of cyber breach or attack for all scheme types.

Table 4.4.2 Proportion of schemes experiencing any cyber security breaches or attacks in the last 12 months (including at any outsourced administration provider)

| | Total | |
|--|------------|-------------|
| | Schemes | Memberships |
| <i>Base: All respondents</i> | 195 | 195 |
| Staff receiving fraudulent emails or being directed to fraudulent websites | 42% | 34% |
| Attacks that try to take down website or online services | 10% | 8% |
| People impersonating scheme in emails or online | 9% | 11% |
| Computers becoming infected with other viruses, spyware or malware | 5% | 2% |
| Computers becoming infected with ransomware | 2% | 1% |
| Unauthorised use of computers, networks or servers by staff, even if accidental | 1% | 1% |
| Hacking or attempted hacking of online bank accounts | 1% | 0% |
| Unauthorised use or hacking of computers, networks or servers by people outside scheme | 0% | 0% |
| Any other types of cyber security breaches or attacks | 2% | 1% |
| None of these | 41% | 55% |
| Net: Any cyber incidents reported in last 12 months | 49% | 42% |
| Don't know | 9% | 3% |
| Did not answer question | 1% | 0% |

Those schemes that had experienced any cyber breaches or attacks in the previous 12 months were asked what, if anything, had happened as a result. Most (85%) reported that there had been no impact but 14% reported a negative impact.

The negative impacts reported tended to be either the scheme's website or online services being taken down or made slower (9%) or temporary loss of access to files or networks (7%).

Table 4.4.3 Impact of cyber security breaches or attacks experienced in the last 12 months

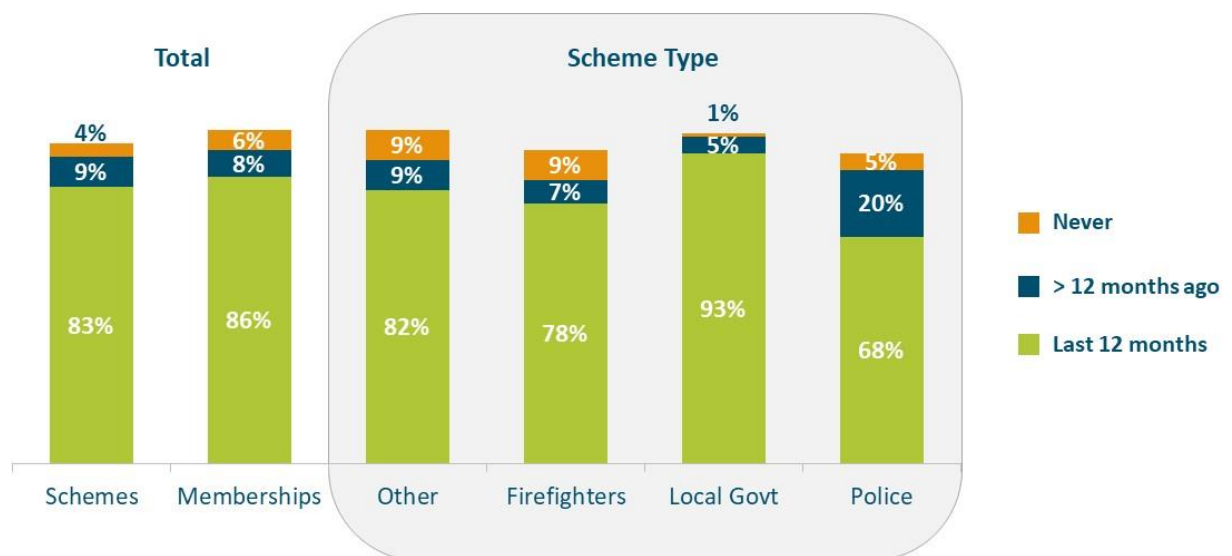
| | Total | |
|--|------------|-------------|
| | Schemes | Memberships |
| <i>Base: All experiencing cyber security breaches or attacks</i> | 95 | 95 |
| Website or online services taken down or made slower | 9% | 2% |
| Temporary loss of access to files or networks | 7% | 4% |
| Personal data altered, destroyed or taken | 1% | 1% |
| Lost access to any third-party services relied on | 1% | 1% |
| Software or systems corrupted or damaged | 0% | 0% |
| Permanent loss of files (other than personal data) | 0% | 0% |
| Lost or stolen assets, trade secrets or intellectual property | 0% | 0% |
| Money stolen | 0% | 0% |
| None of these | 85% | 95% |
| Net: Any impact reported in last 12 months | 14% | 5% |
| Don't know | 0% | 0% |
| Did not answer question | 1% | 0% |

4.5 Data reviews

Most schemes had last completed a data review within the previous 12 months (83%), a further 9% had done so more than 12 months previously and 4% reported that they had never completed a data review.

Local Government schemes were most likely to have completed a data review in the previous 12 months (93%) and Police schemes were least likely to have done so (68%). Approaching one in ten 'Other' and Firefighters' schemes (9%) had never completed a data review.

Figure 4.5.1 When last completed a data review



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 4%, 0%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 7%, 0%), Local Government (94, 1%, 0%), Police (44, 7%, 0%)

The proportion of schemes that had completed a data review in the previous 12 months was higher than in 2017, most notably for Local Government schemes (+19 percentage points). However, the proportion of 'Other' schemes that had done so fell (-18 percentage points).

Table 4.5.1 Proportion of schemes that had completed a data review in last 12 months – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 83% | 82% | 78% | 93% | 68% |
| PSPS Survey 2017 | 75% | 100% | 71% | 74% | 74% |
| PSPS Survey 2016 | 79% | 100% | 68% | 83% | 77% |
| PSPS Survey 2015 | 70% | 58% | 50% | 77% | 77% |

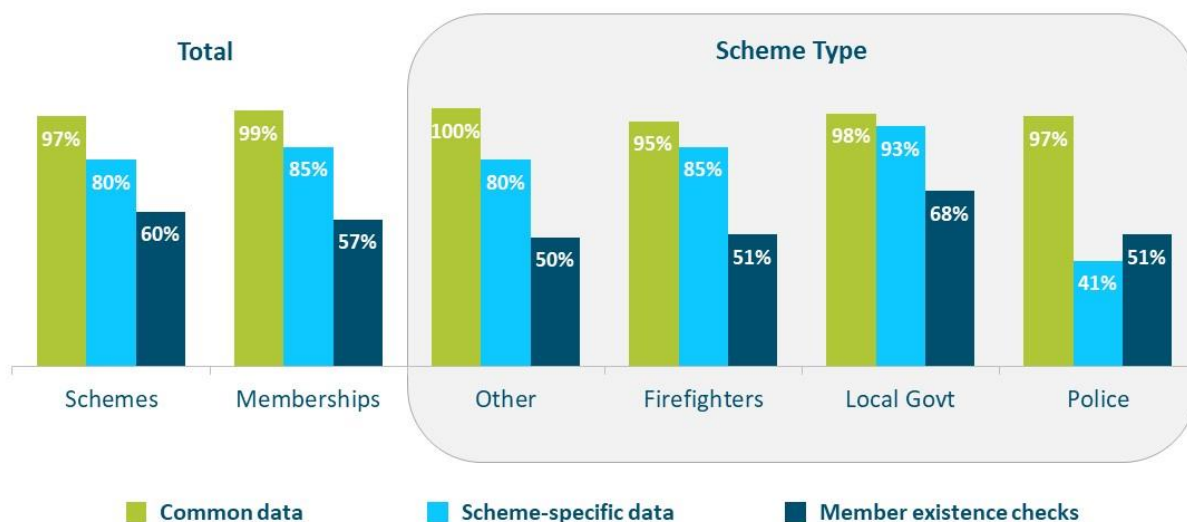
As detailed in Table 4.5.2, 58% of the schemes that had not completed a data review in the previous 12 months indicated that a review was currently underway at the time they completed the survey. Overall, this means that 91% of schemes had either completed a review in the previous 12 months or were in the process of doing one.

Table 4.5.2 Proportion of schemes where a data review was currently underway

| | Total schemes | Scheme Type | | | |
|--|---------------|-------------|---------------|------------|------------|
| | | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All not completing review in last 12 months</i> | 26 | 2 | 7 | 6 | 11 |
| Data review currently underway | 58% | 50% | 57% | 83% | 45% |
| <i>Base: All respondents</i> | 195 | 11 | 46 | 94 | 44 |
| Net: Completed data review in last 12 months or review currently underway | 91% | 91% | 87% | 98% | 80% |

All schemes that had ever completed a data review were asked to specify the types of data looked at in their most recently completed review. Overall, 97% of reviews had looked at common data, with 80% covering scheme-specific data and 60% involving member existence checks.

Figure 4.5.2 Coverage of most recently completed data review



All that have completed a data review (Base, None of these, Don't know, Did not answer question) - Schemes (180, 1%, 1%, 1%), Memberships (180, 0%, 0%, 0%), Other (10, 0%, 0%, 0%), Firefighters (39, 3%, 3%, 0%), Local Government (92, 0%, 1%, 0%), Police (39, 0%, 0%, 3%)

The proportion that had looked at common data was similar across all scheme types (ranging from 95% to 100%), but Police schemes were less likely than other scheme types to have covered scheme-specific data in their most recently completed review (41%).

Schemes that had looked at common data in their most recently completed review were asked whether they had identified any issues or problems and, if so, what action had been taken to address these issues.

Approaching three-quarters (72%) of these schemes identified issues with their common data. However, Police schemes were least likely to have done so (47%).

Most schemes had either put a data improvement plan in place but not yet completed rectification work (40%) or were in the process of developing an improvement plan (23%).

Table 4.5.3 Identifying and addressing issues with common data

| | Total | | Scheme Type | | | |
|--|------------|-------------|-------------|---------------|------------|------------|
| | Schemes | Memberships | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All looking at common data in most recently completed review</i> | 175 | 175 | 10 | 37 | 90 | 38 |
| Identified issues with common data | 72% | 69% | 60% | 73% | 82% | 47% |
| An improvement plan has been put in place and rectification work has been completed | 2% | 6% | 10% | 0% | 1% | 3% |
| An improvement plan is in place but rectification work is not yet complete | 40% | 44% | 40% | 30% | 50% | 26% |
| An improvement plan is in development | 23% | 9% | 0% | 35% | 22% | 16% |
| Rectification work has been undertaken without an improvement plan | 6% | 3% | 0% | 5% | 8% | 3% |
| No improvement plan has been developed and no work has been undertaken | 1% | 0% | 0% | 0% | 1% | 0% |
| Did not identify issues with common data | 27% | 31% | 40% | 27% | 17% | 50% |
| Don't know if identified issues | 1% | 0% | 0% | 0% | 1% | 3% |
| Did not answer if identified issues | 0% | 0% | 0% | 0% | 0% | 0% |
| Don't know action taken | 1% | 0% | 0% | 3% | 0% | 0% |
| Did not answer action taken | 1% | 6% | 10% | 0% | 0% | 0% |

Similarly, those schemes that had looked at scheme-specific data in their most recently completed review were asked whether they had identified any issues or problems and, if so, what action had been taken to address these issues.

80% of schemes reported that they had identified issues with their scheme-specific data. As with common data, Police schemes were least likely to have found issues with their scheme-specific data (56%), although 19% of these schemes answered “don’t know” to this question.

Again, rectification work was typically planned or underway, but not yet completed; 42% had put a data improvement plan in place but not yet completed rectification work and 30% were in the process of developing an improvement plan.

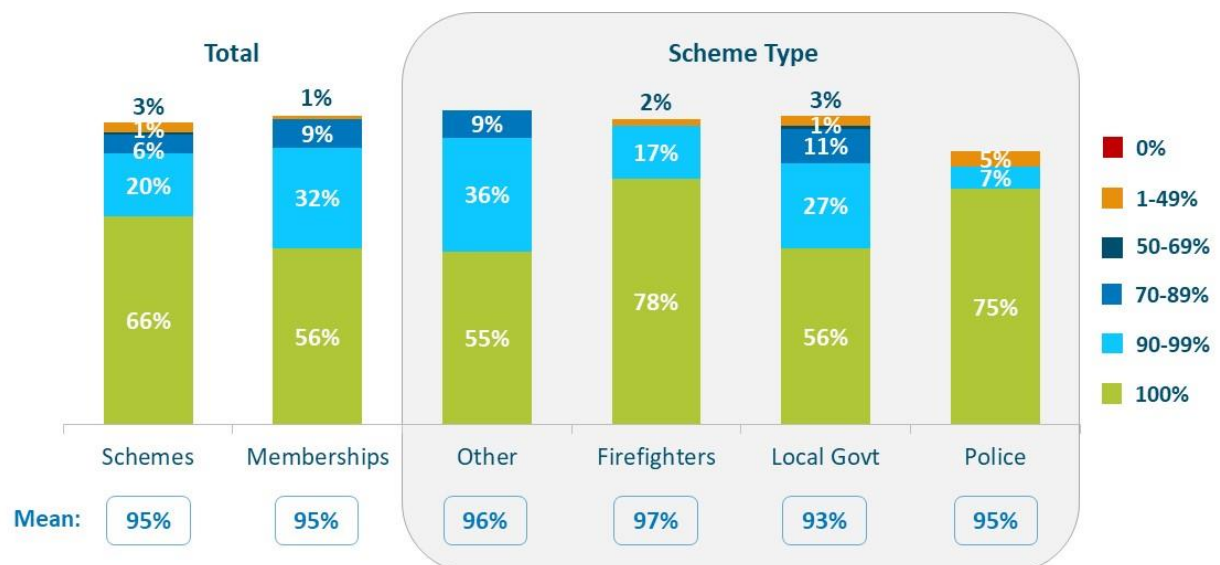
Table 4.5.4 Identifying and addressing issues with scheme-specific data

| | Total | | Scheme Type | | | |
|--|------------|------------------|-------------|-------------------|---------------|------------|
| | Schemes | Member- ships | Other | Fire- fighters | Local Govt | Police |
| <i>Base: All looking at scheme-specific data in most recently completed review</i> | 143 | 143 | 8 | 33 | 86 | 16 |
| Identified issues with scheme-specific data | 80% | 79% | 75% | 79% | 85% | 56% |
| An improvement plan has been put in place and rectification work has been completed | 2% | 1% | 0% | 3% | 2% | 0% |
| An improvement plan is in place but rectification work is not yet complete | 42% | 55% | 63% | 30% | 48% | 31% |
| An improvement plan is in development | 30% | 20% | 13% | 39% | 29% | 25% |
| Rectification work has been undertaken without an improvement plan | 4% | 3% | 0% | 3% | 6% | 0% |
| No improvement plan has been developed and no work has been undertaken | 1% | 0% | 0% | 3% | 0% | 0% |
| Did not identify issues with scheme-specific data | 15% | 20% | 25% | 15% | 13% | 25% |
| Don't know if identified issues | 5% | 1% | 0% | 6% | 2% | 19% |
| Did not answer if identified issues | 0% | 0% | 0% | 0% | 0% | 0% |
| Don't know action taken | 0% | 0% | 0% | 0% | 0% | 0% |
| Did not answer action taken | 0% | 0% | 0% | 0% | 0% | 0% |

4.6 Annual benefit statements

On average, 95% of active members had received their annual benefit statement (ABS) by the statutory deadline in 2018. Two-thirds (66%) of schemes reported that they had met this deadline for all their active members.

Figure 4.6.1 Proportion of active members receiving annual benefit statement by statutory deadline in 2018



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 4%, 1%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 2%, 0%), Local Government (94, 2%, 0%), Police (44, 9%, 5%)

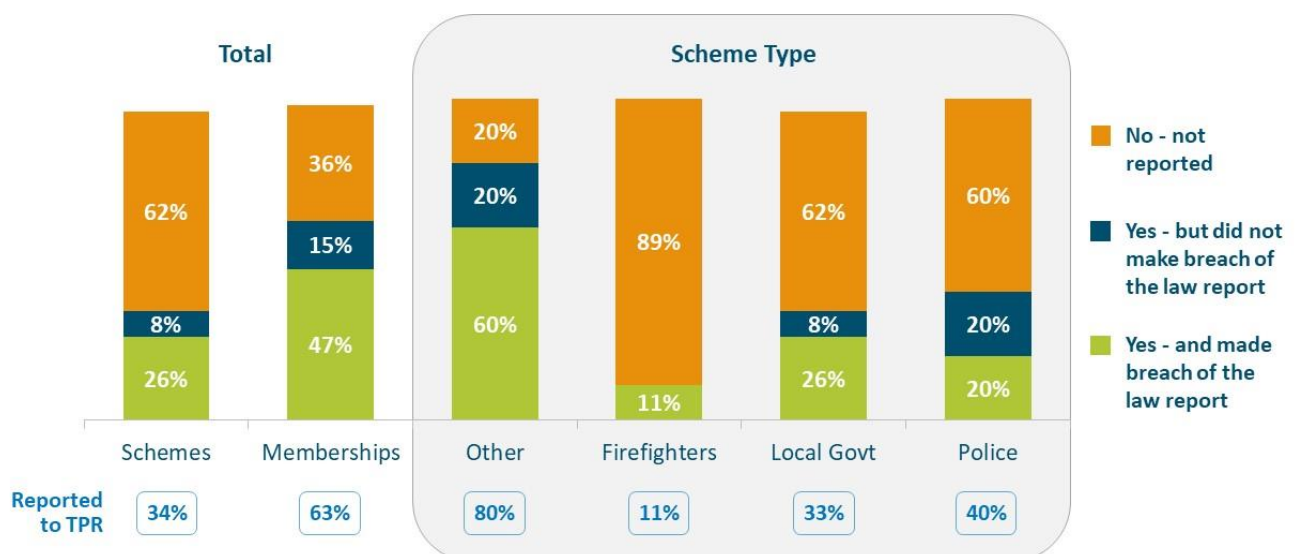
Around three-quarters of Firefighters' and Police schemes had met the ABS deadline for all their active members in 2018 (78% and 75% respectively). This proportion was lower for 'Other' (55%) and Local Government (56%) schemes, both of which are primarily multi-employer schemes and typically have a greater number of memberships.

As shown in Table 4.6.1, there was no change since 2017 in the mean percentage of members receiving their ABS by the deadline. However, there was an increase in the proportion of schemes stating that all their active members had received their ABS on time (from 60% in 2017 to 66% in 2018). This improvement was evident for 'Other' and Local Government schemes (+10 and +11 percentage points respectively).

Table 4.6.1 Proportion of active members receiving annual benefit statement by statutory deadline – Time series

| | | Scheme Type | | | | |
|---------------------------|------|---------------|-------|--------------|------------|--------|
| | | Total schemes | Other | Firefighters | Local Govt | Police |
| Mean | 2018 | 95% | 96% | 97% | 93% | 95% |
| | 2017 | 93% | 91% | 93% | 92% | 97% |
| | 2016 | 75% | 75% | 46% | 87% | 82% |
| 100% received by deadline | 2018 | 66% | 55% | 78% | 56% | 75% |
| | 2017 | 60% | 45% | 73% | 45% | 79% |
| | 2016 | 43% | 36% | 32% | 45% | 54% |

The schemes that missed the ABS deadline for any of their active members were asked whether they reported this to TPR. A third (34%) had done so, with most of these making a breach of the law report (26%).

Figure 4.6.2 Proportion of schemes reporting to TPR that they missed the deadline for issuing active member statements

All where deadline was missed for any active members (Base, Don't know, Did not answer question) - Schemes (58, 2%, 2%), Memberships (58, 1%, 1%), Other (5, 0%, 0%), Firefighters (9, 0%, 0%), Local Government (39, 3%, 3%), Police (5, 0%, 0%) – **Caution: Low base sizes for individual scheme types**

Most 'Other' schemes (80%) reported the missed deadline, with 60% making a breach of the law report. However, the majority of Firefighters' (89%), Local Government (62%) and Police (60%) schemes that missed the deadline did not report it to TPR.

As detailed in Table 4.6.2, there was no change from 2017 in the overall proportion of schemes that reported the missed ABS deadline to TPR. However, there was an increase among 'Other schemes' (+13 percentage points) and a decrease among Firefighters' schemes (-56 percentage points). It should be noted that the 2018 figure for Firefighters' is based on just 9 schemes that had missed the deadline for any of their active members.

Table 4.6.2 Proportion of schemes reporting to TPR that they missed the deadline for issuing active member statements – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 34% | 80% | 11% | 33% | 40% |
| PSPS Survey 2017 | 41% | 67% | 67% | 29% | 57% |

Half (50%) of the schemes that did not report the missed ABS deadline to TPR indicated that this was because it was not material as few statements were affected. A further 22% stated that it was not material as there was a very short delay.

As detailed in Figure 4.6.2, 90% of schemes reported that all the annual benefit statements they sent out to members in 2018 contained all the data required by regulations.

All schemes indicated that at least 70% of the statements they sent out contained all the required data, and the mean was 100%¹³.

Figure 4.6.2 Proportion of annual benefit statements sent out in 2018 that contained all the data required by regulations

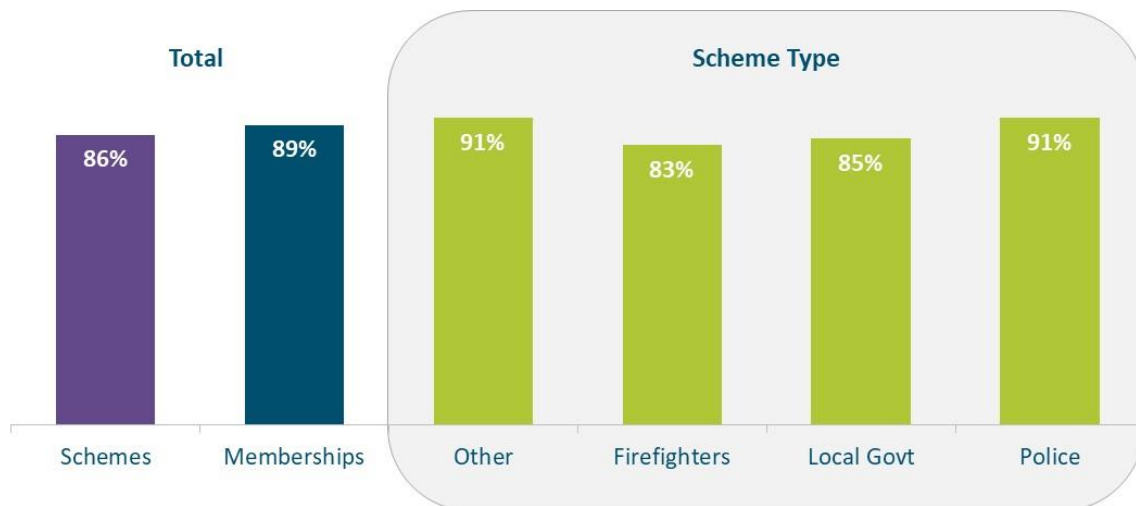
All respondents (Base, Don't know, Did not answer question) - Schemes (195, 4%, 0%), Memberships (195, 2%, 0%), Other (11, 0%, 0%), Firefighters (46, 7%, 0%), Local Government (94, 4%, 0%), Police (44, 2%, 0%)

¹³ 99.7% when shown to 1 decimal place.

4.7 Resolving issues

The majority (86%) of schemes had a working definition of what constitutes a complaint. There was little variation by scheme type, although 'Other' and Police schemes were slightly more likely to have a definition (91%) than Firefighters' (83%) or Local Government schemes (85%).

Figure 4.7.1 Proportion of schemes with a working definition of what constitutes a complaint



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 3%, 0%), Memberships (195, 6%, 0%), Other (11, 9%, 0%), Firefighters (46, 4%, 0%), Local Government (94, 2%, 0%), Police (44, 2%, 0%)

Schemes were asked to provide details of the number of complaints they had received in the previous 12 months. This data has been used to estimate the total number of complaints received by public service schemes and show the number of complaints per 100 members, as set out in Table 4.7.1 below.

Table 4.7.1 Estimated total complaints received in last 12 months

| | Total schemes | Scheme Type | | | |
|-----------------------------------|---------------|-------------|--------------|------------|----------|
| | | Other | Firefighters | Local Govt | Police |
| Total memberships | 16,882,497 | 10,011,614 | 115,841 | 6,385,338 | 369,704 |
| Mean number of complaints | 61 | 790 | 2 | 20 | 5 |
| Total complaints (grossed up) | 11,052 | 8,687 | 116 | 2,025 | 224 |
| Share of all memberships | 100% | 59% | 1% | 38% | 2% |
| Share of all complaints | 100% | 79% | 1% | 18% | 2% |
| Complaints per 100 members | 7 | 9 | 10 | 3 | 6 |

Overall, an estimated 11,052 complaints were made to public service schemes in the previous 12 months, equating to 7 complaints per 100 members.

Local government schemes were proportionally least likely to generate complaints, with this group accounting for 38% of all public service memberships but 18% of all complaints. There were an estimated 3 complaints per 100 members for this scheme type. In comparison Police schemes received 6 complaints per 100 members, 'Other' schemes received 9 per 100 members, and Firefighters' schemes received 10 per 100 members.

On average, 43% of complaints had entered the internal dispute resolution (IDR) process. The mean was 60% for Firefighters', 50% for 'Other', 42% for Police and 36% for Local Government schemes. The proportions had not changed since 2017, when the mean for all schemes was 44%.

As detailed in Table 4.7.2, the most common types of complaints received by public service schemes related to eligibility for ill health benefit (39%), disputes or queries about the amount of benefit paid (31%), slow or ineffective communication (29%) and delays to benefit payments (28%).

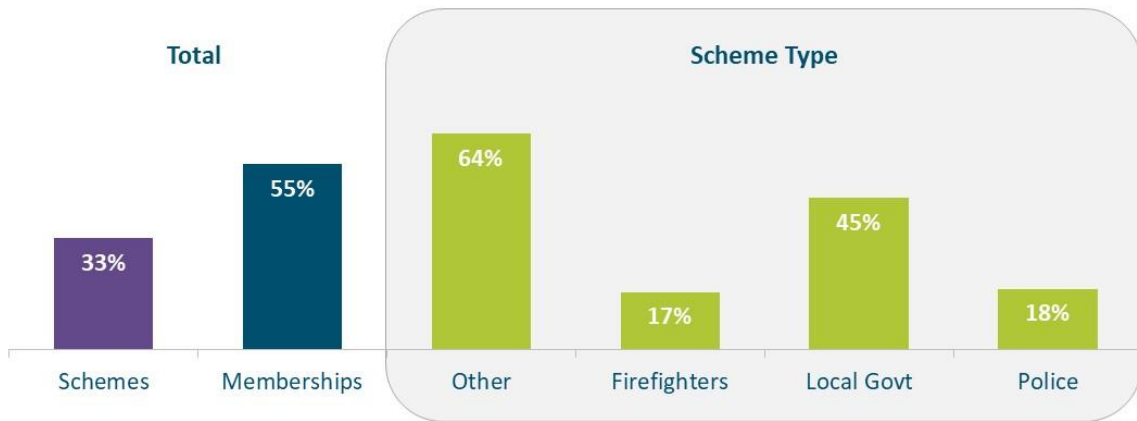
Table 4.7.2 Top types of complaints received

| Top Mentions (5%+) | Total schemes | Scheme Type | | | |
|--|---------------|-------------|---------------|------------|--------|
| | | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All that received complaints</i> | 166 | 10 | 29 | 89 | 38 |
| Eligibility for ill health benefit | 39% | 30% | 28% | 58% | 5% |
| Disputes or queries about the amount of benefit paid | 31% | 40% | 28% | 29% | 34% |
| Slow or ineffective communication | 29% | 40% | 34% | 33% | 13% |
| Delays to benefit payments | 28% | 30% | 14% | 40% | 11% |
| Inaccuracies or disputes around pension value or definitions | 21% | 30% | 28% | 15% | 26% |
| Delay or refusal of pension transfer | 18% | 0% | 7% | 29% | 5% |
| Inaccurate data held and/or statement issued | 12% | 20% | 14% | 9% | 16% |
| Pension overpayment and recovery | 12% | 20% | 3% | 8% | 26% |
| Don't know | 6% | 0% | 0% | 4% | 16% |
| Did not answer question | 1% | 0% | 0% | 0% | 3% |

There was some variation by scheme type in the nature of the complaints received. Police schemes were more likely than other types of scheme to receive complaints related to pension overpayment and recovery (26%). Complaints related to eligibility for ill health benefit were most prevalent among Local Government schemes (58%).

A third (33%) of schemes had carried out satisfaction surveys among their members and beneficiaries. ‘Other’ and Local Government schemes were most likely to have done so (64% and 45% respectively).

Figure 4.7.2 Proportion of schemes that carry out a satisfaction survey among their members and beneficiaries



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 5%, 1%), Memberships (195, 1%, 0%), Other (11, 0%, 0%), Firefighters (46, 13%, 0%), Local Government (94, 1%, 0%), Police (44, 7%, 2%)

4.8 Reporting breaches

The vast majority of schemes had procedures in place to identify breaches of the law (94%) and to assess these and report them to TPR if required (95%). All of the 'Other' schemes had both procedures in place, but Firefighters' schemes were least likely to have them (89% for both).

Figure 4.8.1 Proportion of schemes with procedures to identify breaches of the law and assess breaches of the law and report these to TPR if required



All respondents (Base, Don't know if procedures to identify, Did not answer if procedures to identify, Don't know if procedures to report, Did not answer if procedures to report) - Schemes (195, 3%, 0%, 2%, 0%), Memberships (195, 1%, 0%, 1%, 0%), Other (11, 0%, 0%, 0%, 0%), Firefighters (46, 4%, 0%, 2%, 0%), Local Government (94, 1%, 0%, 2%, 0%), Police (44, 5%, 0%, 2%, 0%)

The proportion of schemes with procedures to both identify and assess and report breaches of the law has increased over time (53% in 2015, 84% in 2016, 90% in 2017 and 93% in 2018). All scheme types have seen an increase over this period.

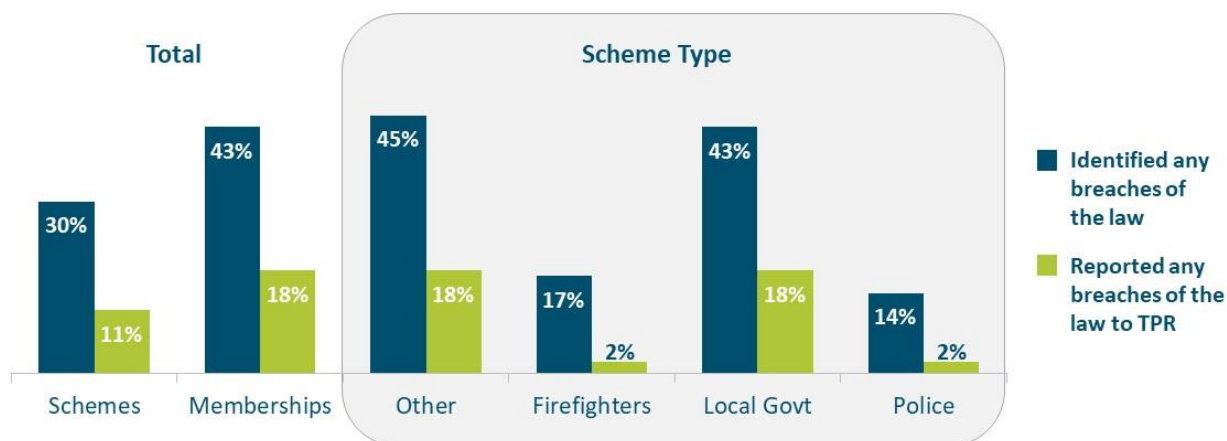
Table 4.8.1 Proportion of schemes with procedures to both identify and assess and report breaches of the law – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 93% | 100% | 89% | 94% | 93% |
| PSPS Survey 2017 | 90% | 100% | 84% | 95% | 84% |
| PSPS Survey 2016 | 84% | 100% | 78% | 91% | 69% |
| PSPS Survey 2015 | 53% | 67% | 36% | 51% | 73% |

In addition to asking whether schemes had procedures to identify, assess and report breaches of the law, the survey also captured data on the proportion that had done so in the previous 12 months. For these questions, schemes were asked to exclude any breaches relating to their annual benefit statements.

Almost a third (30%) of schemes had identified non-annual benefit statement breaches of the law in the previous 12 months, and 11% had reported breaches to TPR in this period as they thought they were materially significant (i.e. around a third of those identifying breaches reported a breach to TPR).

Figure 4.8.2 Proportion of schemes that had identified any breaches of the law and reported any breaches to TPR in the last 12 months (excluding those relating to annual benefit statements)



All respondents (Base, Don't know if identified any breaches, Did not answer if identified, Don't know if reported, Did not answer if reported) - Schemes (195, 4%, 1%, 0%, 1%), Memberships (195, 1%, 0%, 0%, 0%), Other (11, 0%, 0%, 0%, 0%), Firefighters (46, 0%, 0%, 0%, 0%), Local Government (94, 1%, 0%, 0%, 0%), Police (44, 16%, 2%, 0%, 2%)

The proportion identifying breaches in the previous 12 months was highest for 'Other' and Local Government schemes (45% and 43% respectively), and these scheme types were also most likely to have reported breaches to TPR (18% in each case). Not only were Firefighters' and Police schemes less likely to have identified breaches, but they were also proportionally less likely to have reported these (2% in each case).

Larger schemes were more likely to have identified non-ABS breaches than smaller schemes; 49% of those with over 30,000 memberships had done so in the previous 12 months, compared with 25% of those with 5,001-30,000 memberships and 15% of those with 5,000 or fewer memberships. The proportion reporting breaches to TPR followed a similar pattern with 21% of those with over 30,000 memberships reporting a breach, compared with 7% of those with 5,001 to 30,000 memberships and 3% of those with 5,000 or fewer memberships.

As shown in Table 4.8.2, where breaches were identified they were most commonly attributed to the scheme's employers. Half (52%) of those identifying breaches stated that these were caused by late or non-payment of contributions by the employer(s), and a third (34%) cited failure of the employer(s) to provide timely, accurate or complete data.

Table 4.8.2 Causes of breaches identified (excluding those relating to annual benefit statements)

| | Total | |
|--|---------|-------------|
| | Schemes | Memberships |
| <i>Base: All identifying breaches of the law (not related to ABS)</i> | 59 | 59 |
| Late or non-payment of contributions by the employer(s) | 52% | 50% |
| Failure of the employer(s) to provide timely, accurate or complete data | 34% | 29% |
| Management of transactions (e.g. errors or delays in payments of benefits) | 25% | 35% |
| Failure to maintain records or rectify errors | 24% | 19% |
| Systems or process failure | 19% | 7% |
| Other employer-related issues | 12% | 4% |
| Lack of knowledge and understanding | 2% | 1% |
| Other | 18% | 31% |
| Don't know | 0% | 0% |
| Did not answer question | 0% | 0% |

4.9 Addressing governance and administration issues

All schemes were asked to identify the top three barriers to improving their scheme governance and administration over the next 12 months. The most widely mentioned were the complexity of the scheme (70%), lack of resources or time (47%), the volume of changes required to comply with legislation (45%) and the recruitment, training and retention of staff and knowledge (39%).

Table 4.9.1 Barriers to improving governance and administration over the next 12 months

| | Total schemes | Scheme Type | | | |
|--|---------------|-------------|---------------|------------|--------|
| | | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All respondents</i> | 195 | 11 | 46 | 94 | 44 |
| Complexity of the scheme | 70% | 82% | 83% | 60% | 75% |
| Lack of resources or time | 47% | 45% | 54% | 47% | 41% |
| The volume of changes that are required to comply with legislation | 45% | 27% | 46% | 43% | 55% |
| Recruitment, training and retention of staff and knowledge | 39% | 9% | 37% | 49% | 25% |
| Employer compliance | 28% | 18% | 0% | 56% | 2% |
| Issues with systems (IT, payroll, administration systems, etc.) | 21% | 45% | 26% | 19% | 14% |
| Lack of knowledge, effectiveness or leadership among key personnel | 4% | 0% | 4% | 2% | 9% |
| Poor communications between key personnel | 2% | 0% | 0% | 2% | 2% |
| Other barriers | 6% | 27% | 2% | 6% | 5% |
| There are no barriers | 3% | 9% | 2% | 1% | 5% |
| Don't know | 1% | 0% | 0% | 0% | 2% |
| Did not answer question | 0% | 0% | 0% | 0% | 0% |

Complexity of the scheme was the most commonly identified barrier for all scheme types. Local Government schemes were more likely than other scheme types to highlight employer compliance (56%).

Overall, 3% of schemes indicated there were no barriers to improving their governance and administration (a drop of 7 percentage points from 2017), with this rising to 9% for 'Other' schemes.

All schemes were asked to what they would attribute any improvements made to their governance and administration in the last 12 months.

A variety of improvement drivers were identified, but the major ones were better understanding of the underlying legislation and standards expected by TPR (67%) and better understanding of the risks facing the scheme (63%). A further 45% attributed this to improved engagement by TPR.

This pattern was similar for each scheme type, although improved engagement by TPR was more likely to be mentioned by Police and 'Other' schemes (59% and 55% respectively).

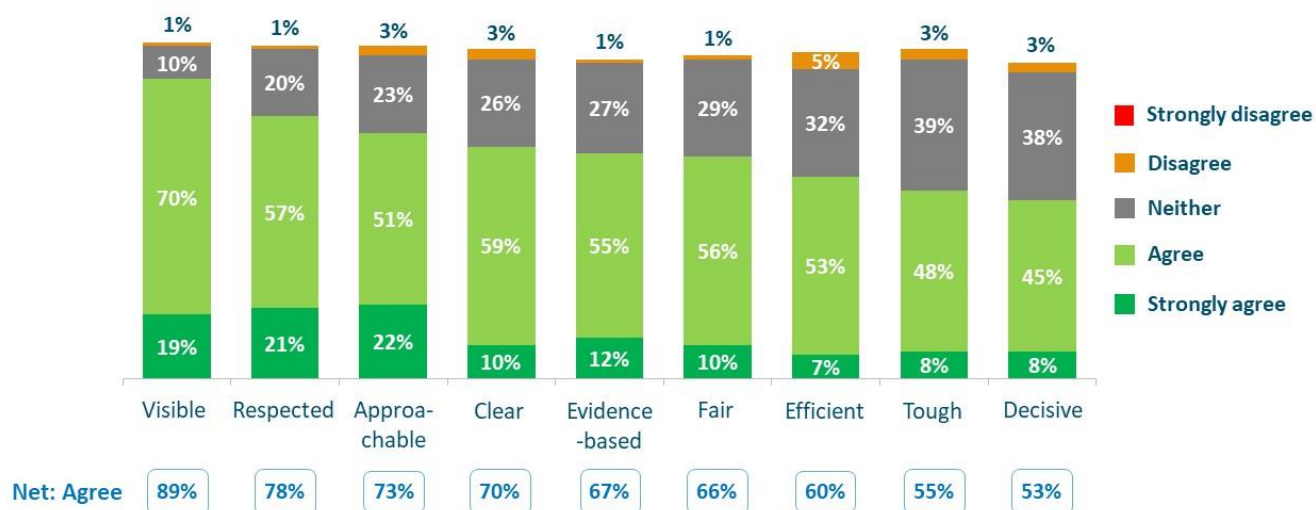
Table 4.9.2 Drivers of improvements to governance and administration in the last 12 months

| | Total schemes | Scheme Type | | | |
|--|---------------|-------------|---------------|------------|--------|
| | | Other | Fire-fighters | Local Govt | Police |
| <i>Base: All respondents</i> | 195 | 11 | 46 | 94 | 44 |
| Improved understanding of underlying legislation and standards expected by TPR | 67% | 55% | 67% | 67% | 68% |
| Improved understanding of the risks facing the scheme | 63% | 36% | 67% | 67% | 55% |
| Improved engagement by TPR | 45% | 55% | 39% | 40% | 59% |
| Pension board action | 39% | 27% | 39% | 45% | 30% |
| Resources increased or redeployed to address risks | 37% | 36% | 24% | 48% | 27% |
| Administrator action | 32% | 36% | 26% | 39% | 20% |
| Scheme manager action | 30% | 45% | 33% | 35% | 11% |
| Other | 9% | 0% | 11% | 10% | 9% |
| No improvements in the last 12 months | 3% | 0% | 7% | 2% | 2% |
| Don't know | 4% | 0% | 7% | 2% | 11% |
| Did not answer question | 0% | 0% | 0% | 0% | 0% |

4.10 Perceptions of TPR

When asked for their perceptions of TPR, schemes were most likely to agree that the organisation is visible and respected (89% and 78% respectively) and least likely to agree that it is tough and decisive (55% and 53% respectively).

Figure 4.10.1 Perceptions of TPR



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 0-6%, 0-1%)

Few schemes actively disagreed with each of the descriptors of TPR, with those that did not agree typically indicating that they neither agreed nor disagreed with each one. 'Other' schemes generally had the most positive perception of TPR although they were comparatively less likely to view TPR as tough (36%, compared with over 50% for all other scheme types).

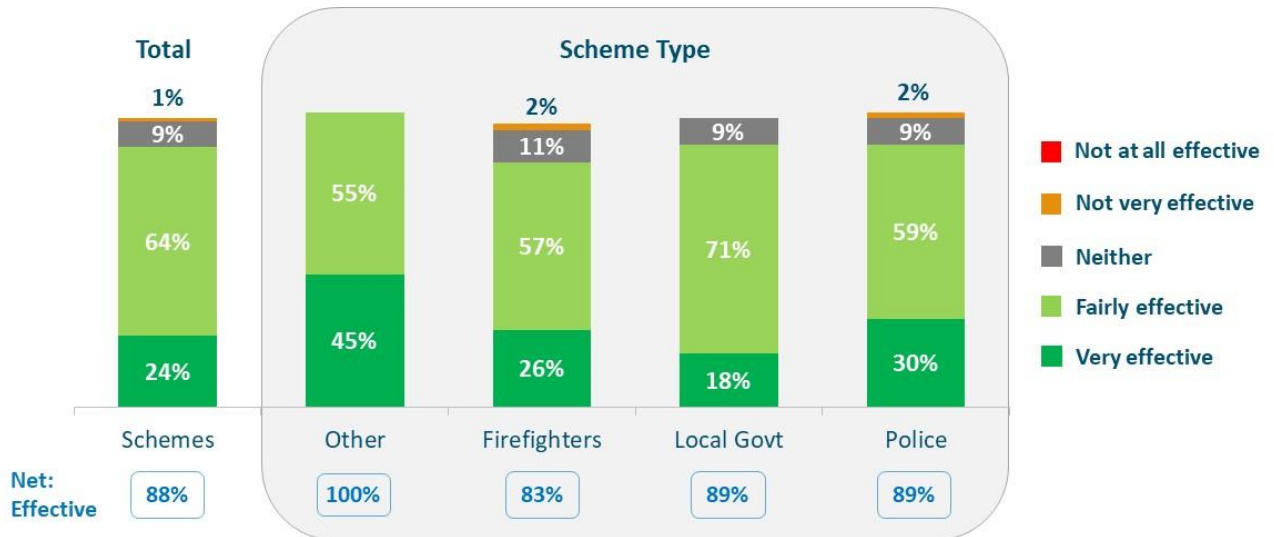
There were increases since 2017 in the proportion seeing TPR as tough (+8 percentage points), evidence-based (+7 percentage points) and visible (+5 percentage points). However, there were decreases in the proportion seeing TPR as respected (-6 percentage points) and fair (-5 percentage points).

Table 4.10.1 Proportion of schemes agreeing with descriptors of TPR – Time series

| | Visible | Respected | Approachable | Clear | Evidence-based |
|------------------|---------|-----------|--------------|----------|----------------|
| PSPS Survey 2018 | 89% | 78% | 73% | 70% | 67% |
| PSPS Survey 2017 | 84% | 84% | 73% | 73% | 60% |
| | Fair | Efficient | Tough | Decisive | |
| PSPS Survey 2018 | 66% | 60% | 55% | 53% | |
| PSPS Survey 2017 | 71% | 64% | 47% | 50% | |

Schemes were also asked how effective they believed TPR to be at improving standards of governance and administration in public service pension schemes. Overall, 88% judged TPR to be effective, with a quarter (24%) describing it as very effective.

Figure 4.10.2 Overall perception of TPR’s effectiveness



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 2%, 0%), Other (11, 0%, 0%), Firefighters (46, 4%, 0%), Local Government (94, 2%, 0%), Police (44, 0%, 0%)

‘Other’ schemes were most positive, with 45% rating TPR as very effective (and all believing it to be at least fairly effective).

There was little change in perceptions of TPR’s effectiveness since 2017, although the proportion of Firefighters’ schemes describing TPR as effective fell (from 92% to 83%).

Table 4.10.2 Proportion of schemes rating TPR as very or fairly effective – Time series

| | Total schemes | Scheme Type | | | |
|------------------|---------------|-------------|--------------|------------|--------|
| | | Other | Firefighters | Local Govt | Police |
| PSPS Survey 2018 | 88% | 100% | 83% | 89% | 89% |
| PSPS Survey 2017 | 91% | 100% | 92% | 90% | 91% |
| PSPS Survey 2016 | 82% | 82% | 82% | 85% | 74% |