

# The Pensions Regulator

## **Public service governance and administration research**

**December 2015**

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## Executive summary

1. **The survey was completed on behalf of 48% of public service pension schemes, covering approximately 85% of scheme members.**
2. **There were generally high reported levels of awareness and understanding of both the legal requirements and the regulator's code of practice**

Most respondents in each of the four scheme types<sup>1</sup> gave a response of either four or five out of five for awareness and understanding of these.

3. **Four-fifths of schemes had a pension board that was operational**

92% of schemes reported that their pension board is established, and in most of these cases (80%) also operational (with pension board meetings having commenced). The remainder reported they would be operational within six months.

4. **A quarter of schemes had a plan to ensure compliance with the legal requirements and were already addressing key risks, and two fifths had conducted a review of their scheme against the guidance and standards set out in the regulator's code of practice**

One in six (15%) schemes had conducted an in-depth review against our code of practice, while a further quarter (29%) had undertaken a high-level review.

Over half of Local government and two-thirds of Central schemes had conducted a review of their scheme. Reviews were less prevalent among Police (around a fifth) and Fire and rescue (two out of seven).

A quarter (28%) of schemes had a plan in place to ensure compliance with the legal requirements of the Public Service Pensions Act 2013 and the Public Service Pensions Act (Northern Ireland) 2014 and were already addressing key risks. Schemes were more likely to be at the earlier stage of identifying risks and issues (44%), while a third (34%) were developing or implementing a plan to address key risks and issues.

No Police schemes and very few Fire and rescue schemes were at the stage of addressing key risks.

5. **The vast majority of schemes had ensured that board members understand their roles, responsibilities and duties**

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<sup>1</sup> The four scheme types are termed: 'Central', 'Local government', 'Fire and rescue' and 'Police'. 'Central' includes centrally-administered unfunded schemes, excluding any fire and police schemes. This classification has been used to ensure consistency with the 2013 survey. For the purposes of this report, therefore, 'Police' and 'Fire and rescue' schemes which are centrally administered – ie the schemes for Scotland and Northern Ireland) – are included within their respective cohorts and not considered as 'Central' schemes.

Nearly all (93%) of schemes had produced guidance, while 94% reported the scheme manager or another person had ensured board members understand their roles, responsibilities and duties.

All Central schemes and nine in ten Local government and Police schemes stated that they had carried out these two tasks. Fire and rescue schemes were less likely (9 out of 14) to have briefed board members.

#### **6. Four fifths of schemes had developed an approach to help pension board members to acquire and retain knowledge and understanding they require**

Over four fifths of Central, Local government and Police schemes had developed a policy and arrangements to help board members to acquire and retain knowledge. For Fire and rescue, 5 out of 14 schemes had these policies and arrangements in place.

#### **7. Two thirds of schemes will review their risk management and internal control systems once or twice a year**

A quarter (26%) review or will review these arrangements every six months and a further 45% once a year. Most Central schemes reported they would every six months while Local government schemes and Police schemes were most likely to do so once a year. The most common response from Fire and rescue schemes was that they did not know.

#### **8. Two thirds of schemes had a documented service level agreement with their scheme administrator**

70% had a service level agreement in place with their scheme administrator, whether in-house or outsourced. The levels were similar among all four scheme types.

#### **9. Two thirds of schemes had measured their scheme's data against the legal requirements, with most of these measuring both data presence and accuracy**

Almost half (45%) had measured and a further quarter (24%) had partially measured their data against the legal requirements. Of the 70% who had measured their data, four fifths (82%) had measured both the presence and accuracy of the data.

Around a third of Central, Local government and Fire and rescue schemes had fully measured their data, while around two thirds of Police schemes had done so. When accounting for partial measurement also, this rose to around two thirds of Central, Local government and Police schemes, and half of Fire and rescue schemes.

Almost half (49%) of schemes were either developing or implementing a data cleansing exercise while a third of schemes (36%) were developing or implementing a data improvement plan.

Central schemes and Police schemes were most likely to be implementing a data improvement plan, while Local government schemes and Police schemes were most likely to have carried out a data cleansing exercise.

## 2. Introduction

In March 2011 the Independent Public Service Pensions Commission: Final Report<sup>2</sup> identified issues concerning the availability and transparency of information, poor administration and governance of public service pension schemes, implying costs and risks are not properly understood or managed. The report recommended that there needed to be independent oversight of these areas.

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 certain 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 The Pensions Regulator an expanded role to regulate the governance and administration of these public service pension schemes from 1 April 2015. In January 2015, we published our draft code of practice for the governance and administration of public pension service schemes (the PSPS code) which sets out the standards of conduct and practice we expect of those responsible for public service schemes, as well as practical guidance about how to comply with the legal requirements. The code came into force on 1 April 2015.

As part of our new role, we are responsible for 208 public service schemes<sup>3</sup> in respect of eight public service workforces, covering over 13 million members .

Following on from our report on the governance and administration of public service pension schemes in 2013, before the requirements from the 2013-2014 Acts came into force, this survey aimed to assess how public service schemes are meeting the new requirements and the standards to which they are being run.

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207720/hutton\\_final\\_100311.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207720/hutton_final_100311.pdf)

<sup>3</sup> Where a scheme is locally administered we have treated each local administering authority as an individual scheme.

The survey considered 10 areas and reflected the key tools and processes we consider to be benchmarks for good practice, as set out in the 'practical guidance' sections of our code:

- Action – Activity undertaken to ensure compliance with the new requirements
- Knowledge and understanding required by pension board members
- Conflicts of interest and representation
- Publishing information about schemes
- Internal controls
- Scheme record-keeping
- Maintaining contributions
- Providing information to members
- Internal dispute resolution
- Reporting breaches of the law

### 3. Methodology

As with the 2013 survey, a self-completion approach was adopted for this study 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 respondents 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

In contrast to the 2013 survey, we conducted the research in-house rather than commission it to a third-party research supplier.

The method chosen for data collection was an interactive pdf, which was emailed to named scheme contacts held by us. Respondents were encouraged to identify their scheme, but were allowed to submit responses on an anonymous basis if they wished. Where responses were attributed to a particular scheme, it was shared with our public service regulatory team. They will use this, along with information gathered from other sources, to risk assess schemes for intervention as set out in our [compliance and enforcement policy](#). This was made clear to all respondents in the communications and survey invitations.

One issue with this approach is that respondents were not routed through the questionnaire according to their previous answers, resulting in a small number of questions for whom a very small number of respondents answered in error. These have been identified where they occur in this document.

Survey responses were entered into statistical analysis software package SPSS for data analysis purposes.

#### 3.1 Sampling

As with the 2013 survey, the target audience for this research was the designated scheme contact at each of the 208 public service pension schemes for who we held nominated contact details, although it was expected that they may seek input from colleagues with specialist knowledge related to some aspects of their scheme.

A total of 187 self-completion surveys were sent to scheme contacts, 21 of which were the contact for more than one scheme.

#### 3.2 Fieldwork

The fieldwork period lasted from 22 July 2015 until 4 September 2015.

Prior to the survey being issued, an email was sent to all 187 scheme contacts for which we had details approximately one week before launch.

Several steps were taken to maximise response rates. These are detailed below.

**Table 1.2 – Activity undertaken to improve response rate**

Date	Action
17/08/15	First email chaser sent to 177 scheme contacts who hadn't yet completed the survey
18/08/15	Email sent to 630 contacts on our Public Service Pension Scheme news-by-email distribution list
26/08/15	Second email reminder sent to 157 scheme contacts
August 2015	Over 300 telephone calls were made to nominated scheme contacts to encourage response
04/09/15	Final email reminder sent to 134 scheme contacts

Table 1.3 shows the responses rate across the four scheme groupings

**Table 1.3 – Sample profile and response rates**

	Total number of schemes	Completed surveys	Response rate
<b>Fire &amp; Rescue</b>	<b>51</b>	<b>14</b>	<b>37%</b>
<b>Police</b>	<b>45</b>	<b>22</b>	<b>49%</b>
<b>Local Government</b>	<b>101</b>	<b>53</b>	<b>52%</b>
<b>Central</b>	<b>12</b>	<b>12</b>	<b>100%</b>
<b>TOTAL</b>	<b>209</b>	<b>101</b>	<b>48%</b>

Please note: survey responses were received in respect of 103 schemes, of which 101 were usable for survey analysis, and 84 attributable

Overall, the survey was completed on behalf of 48% of Public Service Pension Schemes, covering approximately 85% of scheme members. Responses were received from all the Central schemes (100%). As in 2013, (when the response rate was 53%), this compares favourably to the response rate achieved in other surveys we conducted.

### **3.3 Weighting**

The data shown throughout this report is unweighted.

### **3.4 Reporting conventions**

No comparisons have been made in this report between the findings from the four scheme types (Central, Fire and Rescue, Local government and Police). These scheme types are typically very different in nature and as such it may not be appropriate to make direct comparisons. The same approach was adopted in the 2013 survey report.

## 4. Research findings

### 4.1 Note on reporting of results

Owing to the low base sizes for three of the four scheme groupings, all findings are shown throughout this report in absolute numbers, ie they are reported as the number of schemes, not the percentage of schemes.

Owing to the low base sizes, limited comparisons are able to be drawn between the types of scheme on an individual question basis.

### 4.2 Role of respondent who took part in the survey

The most common job role reported by respondents to the survey was 'administrator' (42 out of 101, 41%). 14 respondents were pension managers/officers or fund managers, with seven pension board members and 38 'others'. The job roles of these others included Director of Operations, Director of People & Development, Director of Corporate Services and Governance & Compliance Manager.

### 4.3 Awareness and understanding of the legal governance and administration requirements and The Pensions Regulator's code of practice

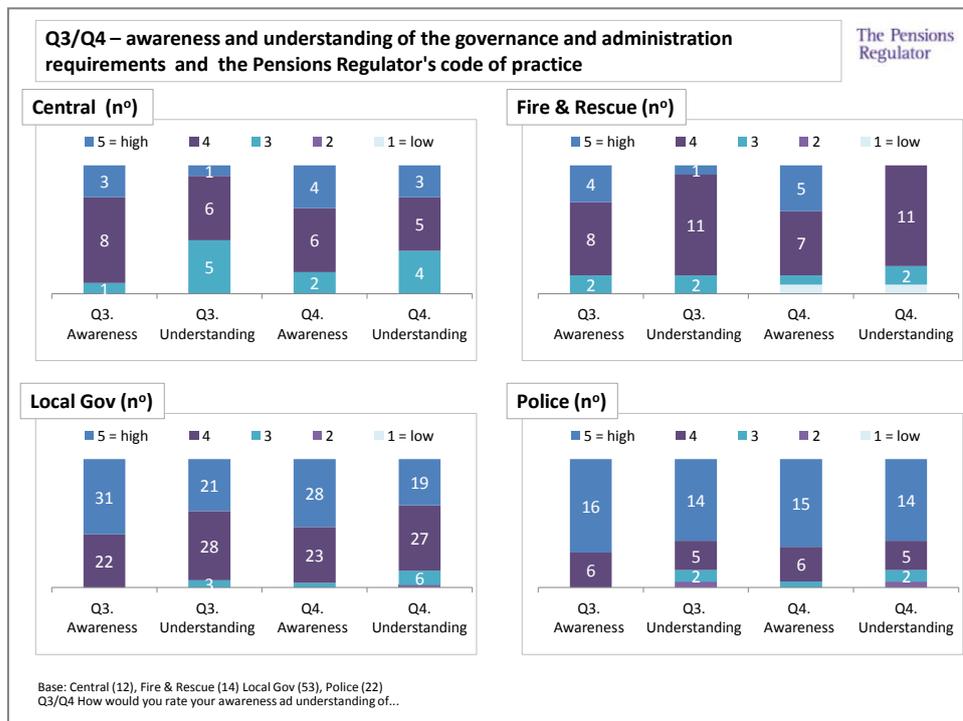
Figure 2-1 shows the reported level of awareness and understanding of:

- The legal governance and administration requirements introduced by the Public Service Pensions Act 2013
- The regulator's code of practice

Respondents rated their own awareness and understanding of these, using a scale from 1 to 5, where 1 is 'low' and 5 is 'high'.

Among the scheme contacts answering the survey, there were generally high levels of awareness and understanding of both the legal requirements and our code among all four scheme types. Most respondents gave a response of either four or five out of five.

**Figure 4.3-1 - Awareness and understanding of the governance and administration requirements introduced by the Public Service Pensions Act 2013/the Public Service Pensions Act (Northern Ireland) 2014 and The Pensions Regulator's code of practice for public service pension schemes.**



Overall, the mean scores for awareness and understanding of the governance and administration requirements were 4.5 and 4.23 respectively. The corresponding figures for awareness and understanding of our code of practice were 4.43 and 4.15 respectively.

#### 4.4 Training undertaken by respondents relating to public service pension schemes

As shown in Figure 2-2, most respondents of all four scheme types had undertaken some form of training relating to public service pension schemes.

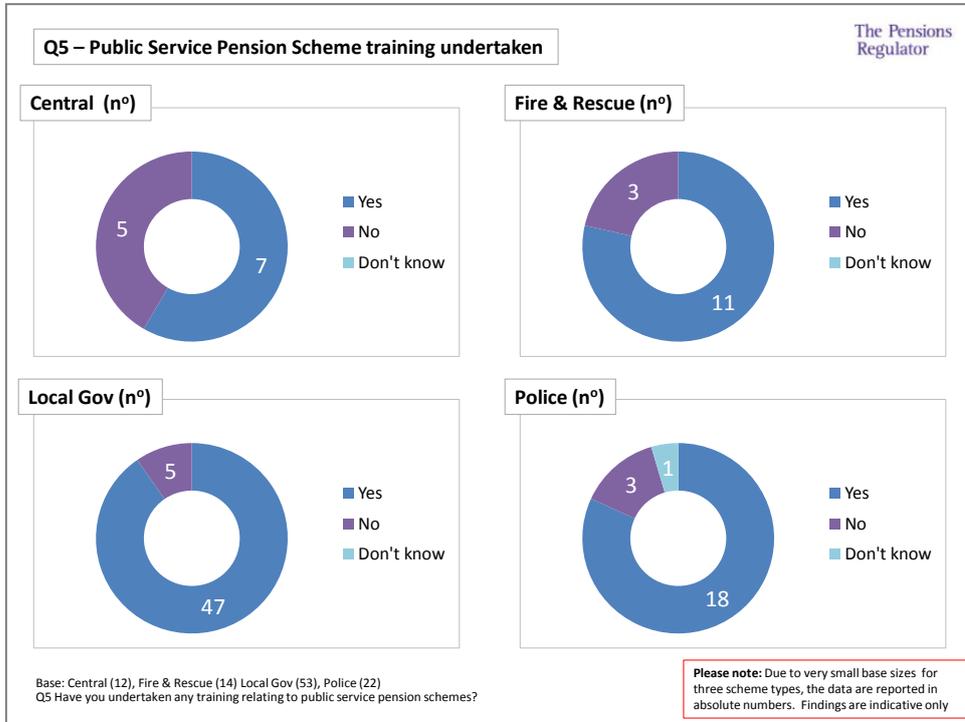
Overall, 83 out of 101 (82%) of respondents indicated they had received training.

According to respondents, where they indicated they had received training, it was provided by a mixture of different organisations:

- All seven Central scheme contacts who had received training said they received this from the regulator.
- 10 of the 11 Fire and rescue scheme contacts that had received training said they had received it from the Local Government Association (LGA).
- For Local government scheme contacts, the LGA (23), CIPFA (14) and 'Other consultants' (19) were the most common providers of training.

- For the Police schemes, information published by the regulator was identified as the most common source of training.

**Figure 4.4-1 – Training undertaken by respondents relating to public service pension schemes**



## 4.5 Pension scheme membership and status of pension board

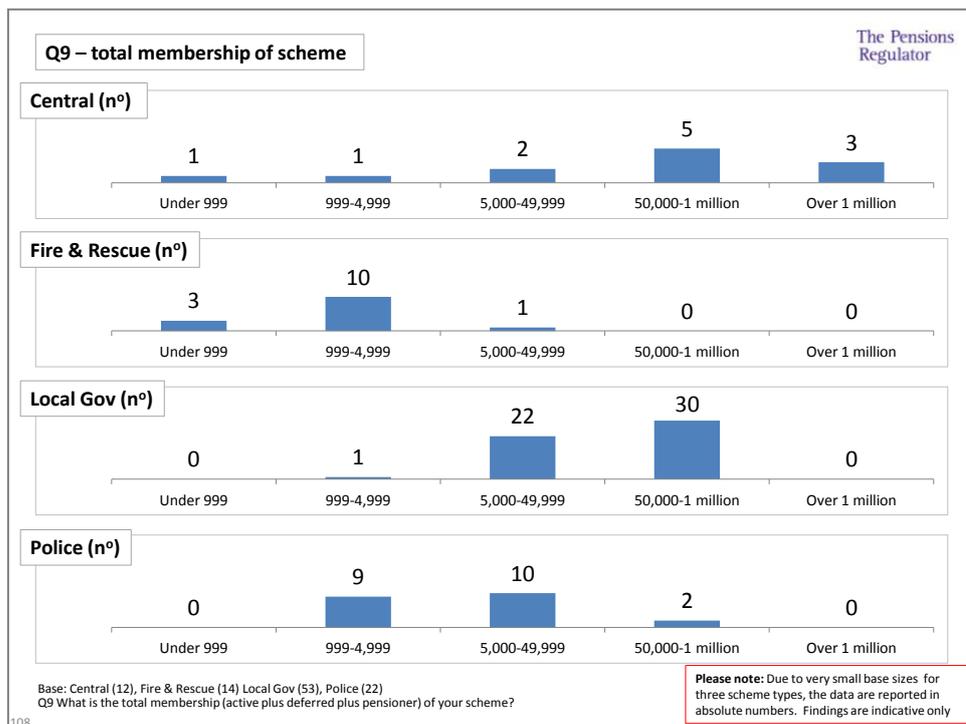
Two thirds of Central schemes (8 out of 12) reported a membership in excess of over 50,000; the three public service schemes that responded to the survey with over a million memberships were Central schemes.

The majority of Fire and rescue (13 out of 14) schemes had fewer than 5,000 memberships.

Three fifths of Local government schemes that responded had a membership of between 50,000 and one million (30 out of 53); most others (22 out of 53) were in the 5,000 and 49,999 membership range.

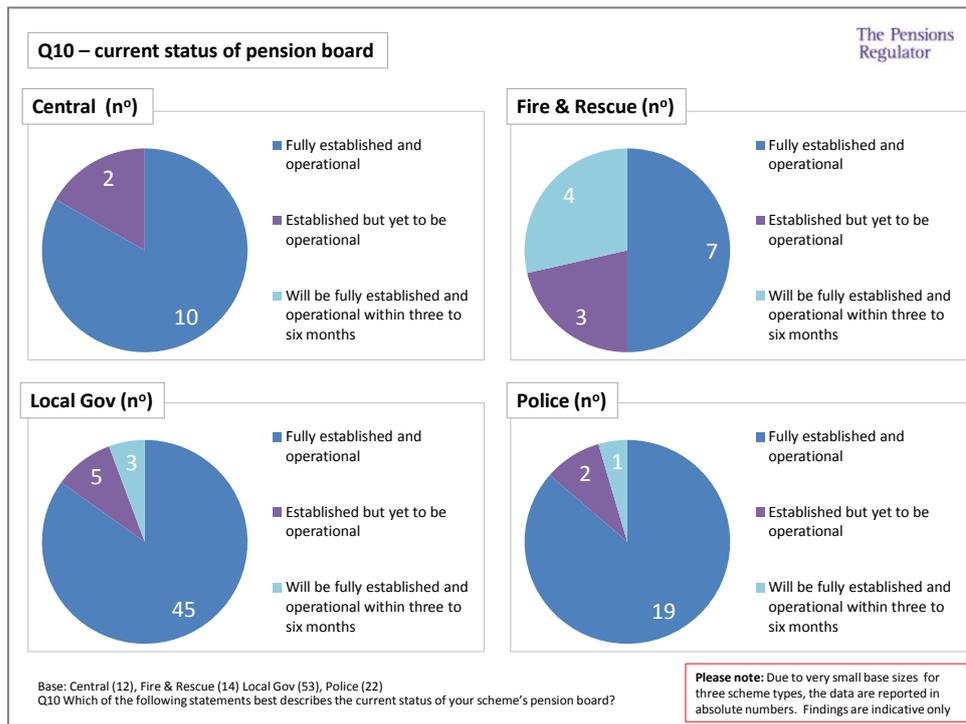
Around half of Police schemes had between 999 and 4,999 members, with around half having 5,000 to 49,999 memberships.

**Figure 4.5-1 – Total membership of scheme**



Overall (93 out of 101, 92%) of respondents identified their pension board as established (terms of reference agreed and all board members appointed). This held true across all the scheme types. Most boards (81 out of 101, 80%) were operational (with pension board meetings having commenced) while a minority were not. The remainder reported they would be operational within six months; there were no respondents that answered it would take longer than six months to operationalise.

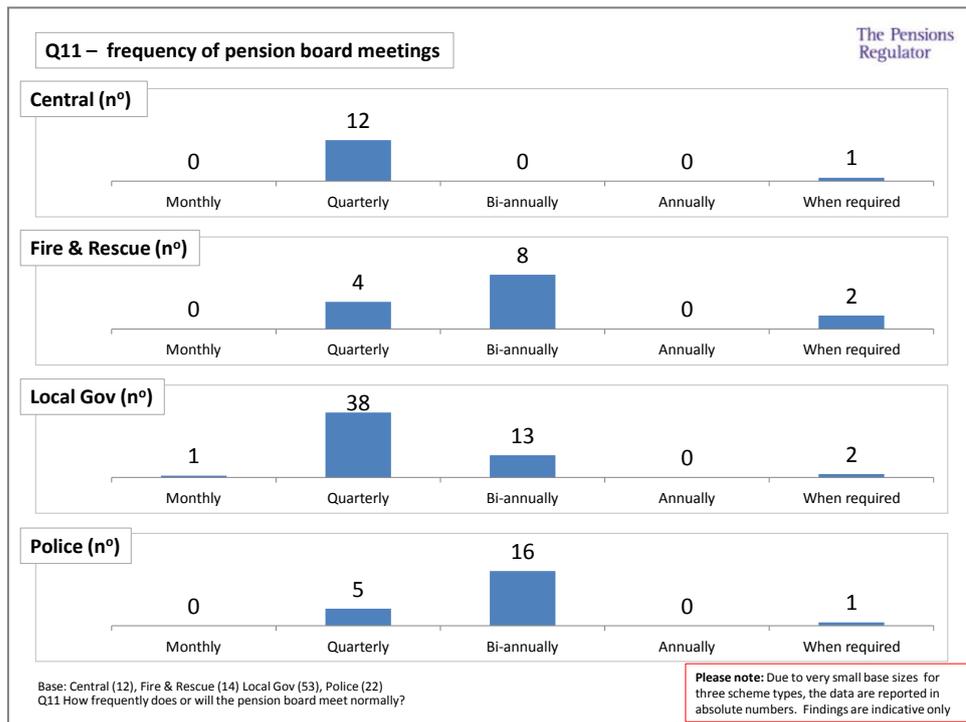
**Figure 4.5-2 - Current status of pension board**



## 4.6 Frequency of pension board meetings

The vast majority of schemes (96 out of 101, 95%) reported that their pension boards met or intend to meet at least every six months:

- All Central schemes stated they met/will meet at least quarterly (one scheme contact also stated they also met/will meet as required, if different from quarterly).
- Twelve of the 14 Fire and rescue schemes met/will meet at least every six months (four met/will meet quarterly).
- Over seven in ten Local government schemes (38 out of 53) met/will meet quarterly.
- Two in ten Police schemes (5 out of 22) met/will meet quarterly, while most others (16 out of 22) reported that their boards met/will meet on a biannual basis.

**Figure 4.6-1 - Frequency of pension board meetings**

## 4.7 Activity undertaken by schemes to ensure compliance with the legal requirements and reviewing the scheme against the code of practice

Schemes were asked about the actions completed (or being addressed) to ensure compliance with the Public Service Pensions Act 2013/the Public Service Pensions Act (Northern Ireland) 2014 and also whether the scheme had been reviewed against our code of practice for public service pension schemes.

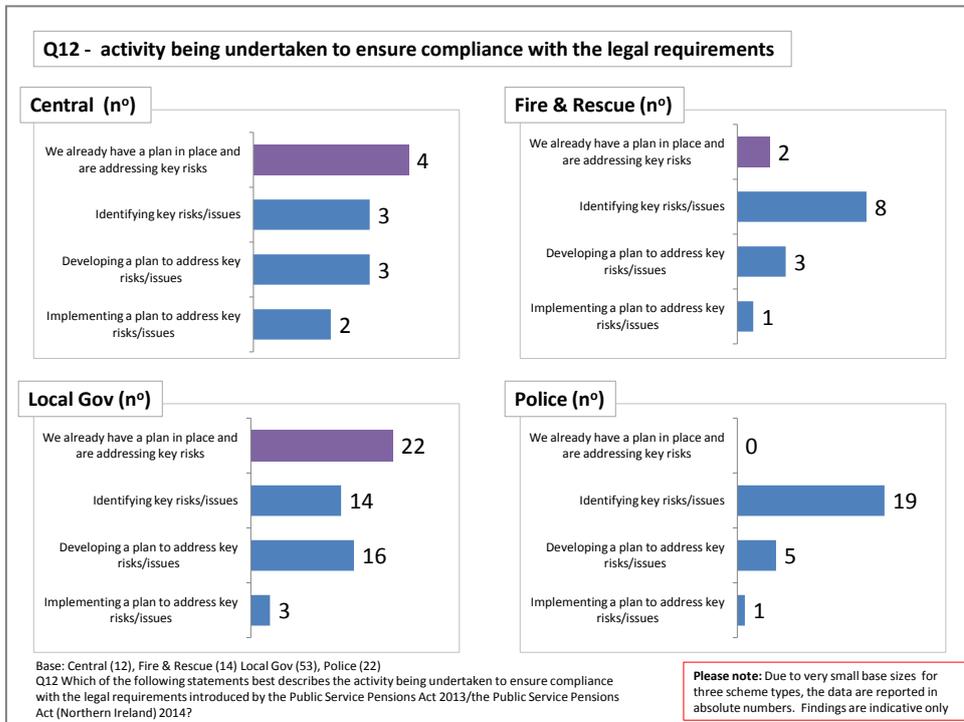
Overall, 28 out of 101 (28%) of schemes reported that they had plans in place and were addressing key risks.

The majority of Fire and rescue (12 out of 14) and all Police schemes (22 out of 22) reported that they were still at the stage of identifying, developing or implementing a plan to address key risks and issues. (Please note: respondents were able to select more than one of these options). Two Fire and rescue schemes said they had a plan in place and were addressing key risks; no Police schemes reported having reached that stage.

A third of Central schemes (4 out of 12) and a slightly higher proportion of Local government schemes (22 out of 53) reported that they had plans in place and were addressing key risks. The remainder were still at the stage of identifying, developing or implementing a plan to address key risks and issues.

In all scheme groups, fewer schemes reported that they were at the stage of implementing plans than identifying or developing plans.

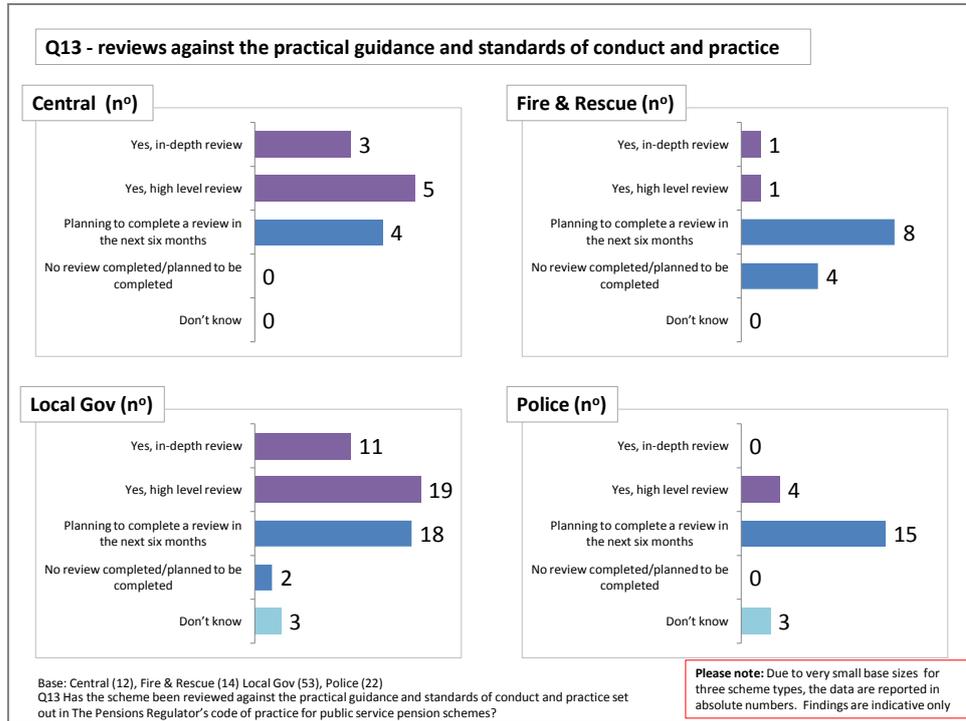
**Figure 4.7-1: Activity being undertaken to ensure compliance with the legal requirements introduced by the Public Service Pensions Act 2013/the Public Service Pensions Act (Northern Ireland) 2014**



Overall, 44 out of 101 schemes (44%) reported that they had already conducted either an in-depth or high level review of their scheme against the practical guidance and standards of conduct and practice set out in our code of practice for public service pension schemes

Over half of Local government (30 out of 53) and two-thirds of Central (8 out of 12) schemes had undertaken such a review. Most Police (15 out of 22) and Fire and rescue (8 out of 14) schemes planned to conduct a review in the next six months.

**Figure 4.7-2: Reviews against the practical guidance and standards of conduct and practice set out in The Pensions Regulator's code of practice for public service pension schemes**



## 4.8 Roles, responsibilities, knowledge and understanding

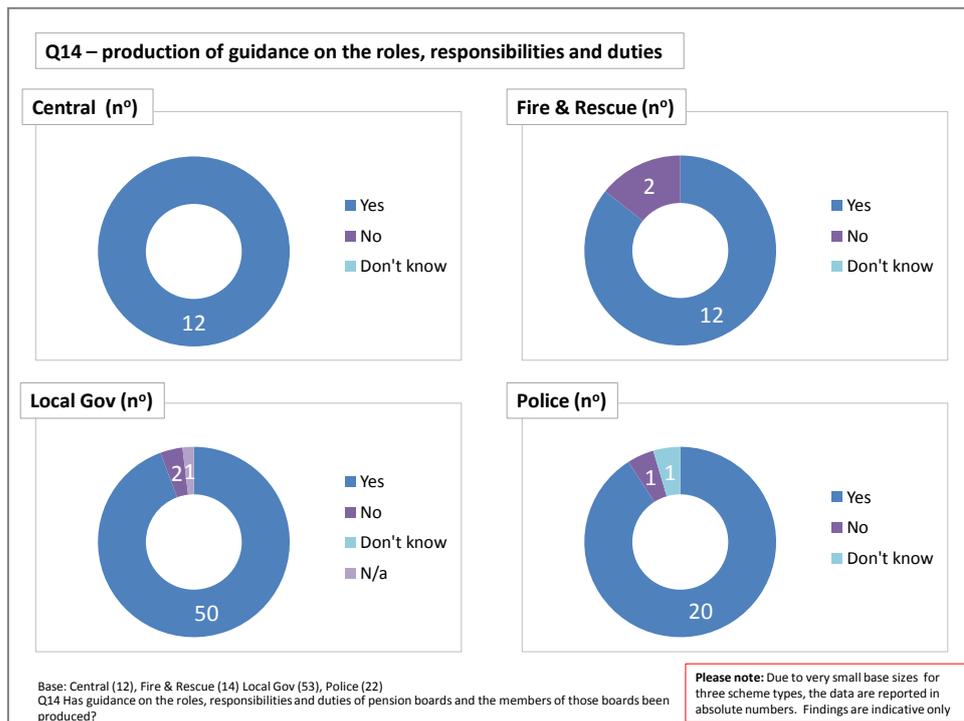
All Central schemes and nine in ten Local government (50 out of 53) and Police (20 out of 22) schemes stated that they had:

- Produced guidance on the roles, responsibilities and duties of pension boards and the members of those boards and;
- Ensured that pension board members fully understood their roles, responsibilities and duties.

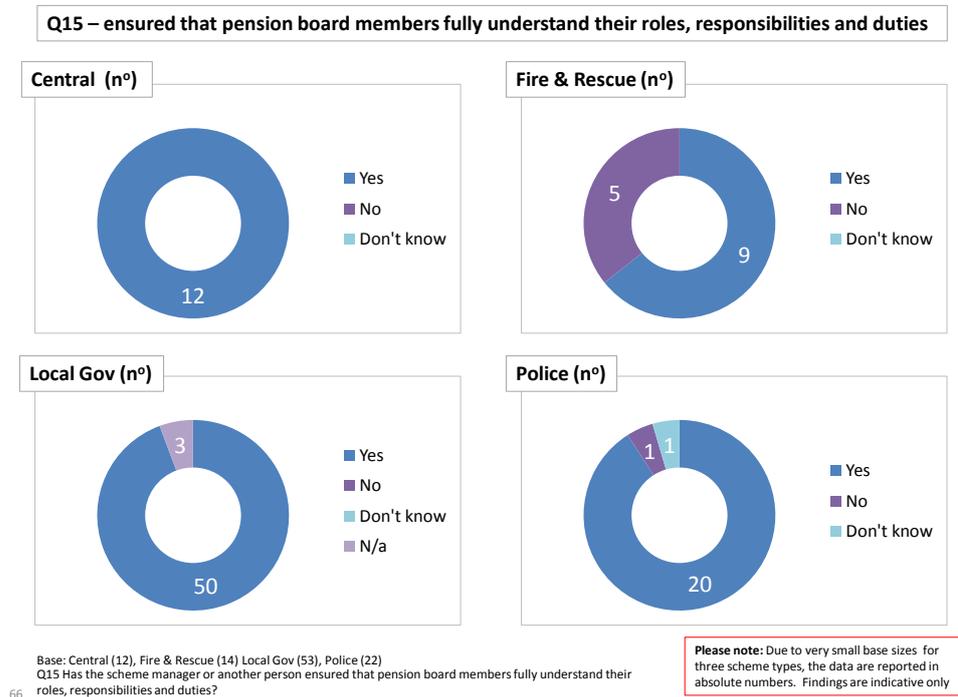
Overall, this equated to 94 out of 101 (93%) of schemes producing guidance and 91 out of 101 (90%) ensuring their boards understood their role.

Although most Fire and rescue schemes (12 out of 14) reported that they had produced guidance, fewer (9 out of 14) stated the scheme manager or another person had ensured the board members fully understood their role.

**Figure 4.8-1: Production of guidance on the roles, responsibilities and duties of pension boards and the members of those boards**



**Figure 4.8-2: Scheme manager or another person has ensured that pension board members fully understand their roles, responsibilities and duties**



Overall, 79 out of 101 schemes (78%) reported having developed policies and arrangements to help pension board members to acquire and retain required knowledge and understanding. This was the case for over four-fifths of Central (11 out of 12), Local government (46 out of 53) and Police (18 out of 22) schemes. For Fire and rescue, 5 out of 14 schemes had these policies and arrangements in place.

In terms of the specific policies and arrangements that schemes stated had been developed, the focus was on training frameworks, training logs and pension board training plans rather than individual training plans.

**Figure 4.8-3: Policies and arrangements to help pension board members to acquire and retain the knowledge and understanding they require**

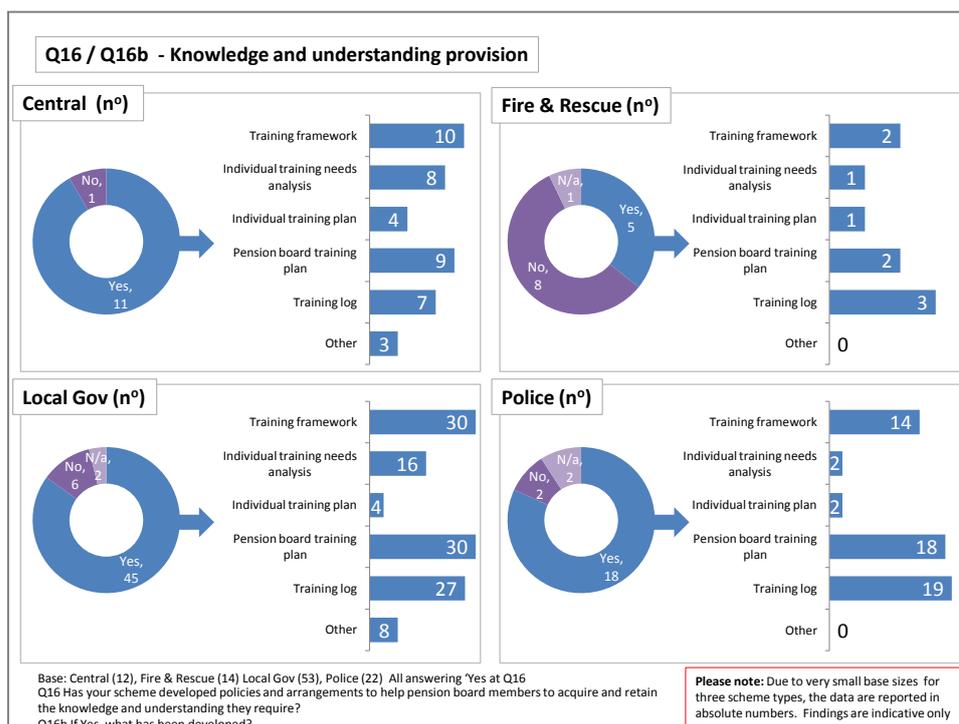


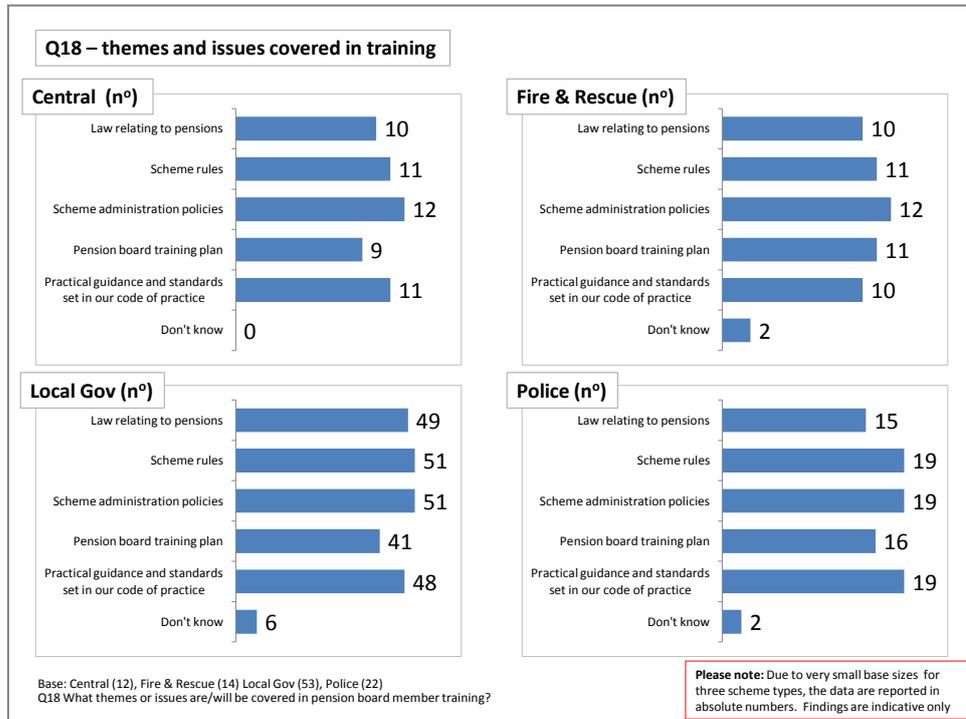
Table 4.8.1 below summarises the key sources of training identified for each scheme type. In addition to the sources identified below, for local government schemes the 'Local Government Association' (12) and 'Actuary' (9) also received high numbers of mentions.

**Table 4.8.1 – Top 3 sources of pension board training by scheme type (numbers of mentions)**

Central	Local government	Fire & Rescue	Police
The Pensions Regulator	Investment adviser	Local Government Association	The Pensions Regulator
Responsible/administering authority	Responsible/administering authority	The Pensions Regulator	Chartered Institute of Public Finance and Accountancy
Actuary	The Pensions Regulator	-	-

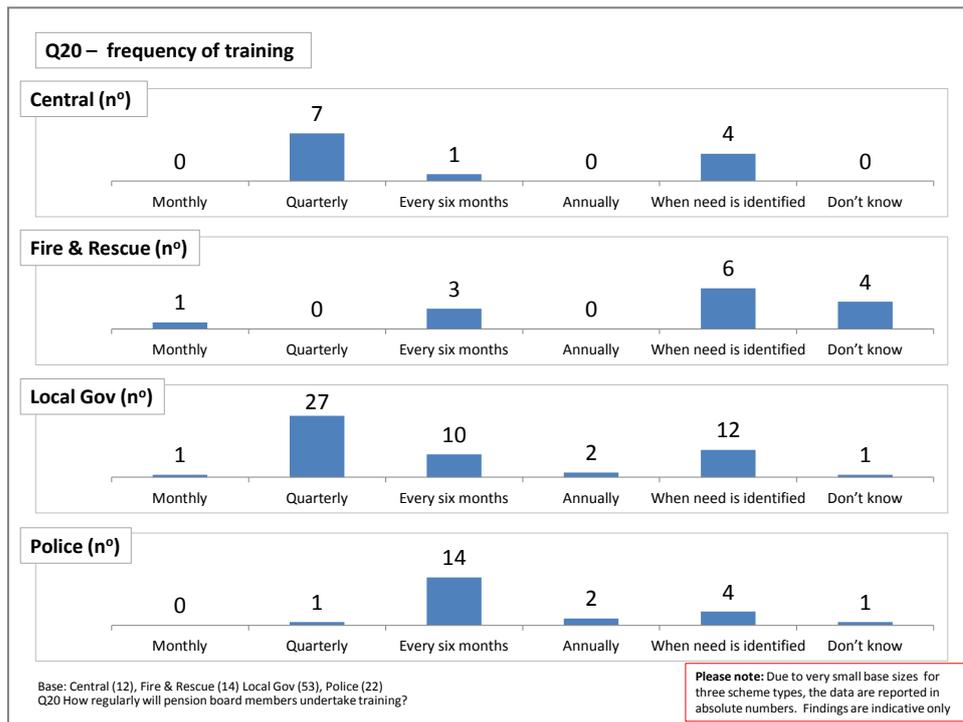
Most schemes reported that their board member training covered a wide remit, with scheme administration policies (94 out of 101, 93%), scheme rules (92 out of 101, 91%) and practical guidance and standards in the code of practice (88 out of 101, 87%) being the three areas mentioned most frequently. These areas were cited by all types of scheme.

**Figure 4.8-4: Themes and issues covered in pension board member training**



Overall, almost two thirds (63 out of 101, 62%) of schemes reported that training will take place either quarterly or every 6 months. Around half of Central (7 out of 12) and Local Government (27 out of 53) schemes answered that training will be conducted quarterly. Among Police schemes, the majority conducted training every six months (14 out of 22). For Fire & Rescue schemes, training was reported to be on a relatively 'ad hoc' basis, with 6 out of 14 stating it was whenever needed and 4 out of 14 reporting that they 'don't know'.

**Figure 4.8-5: Frequency of pension board member training**



## 4.9 Conflicts of interest

Overall, 88 out of 101 (87%) of schemes reported that they have a conflicts policy and procedure for pension board members, with 79 out of 101 (78%) having a register of interests in place.

All 12 Central schemes reported they had a conflicts of interest policy in place; 11 also stated that they had procedures that require board members to disclose interests which could become conflicts of interest prior to appointment and a register of interests (nine of the 11 updated this quarterly). Similar questions were asked in the 2013 survey relating to the presence of a conflicts policy and procedure and register of interests; more Central schemes reported they had these in place in the 2015 survey versus the 2013 survey. 4 out of 11 schemes reported they had these in place in the 2013 survey.

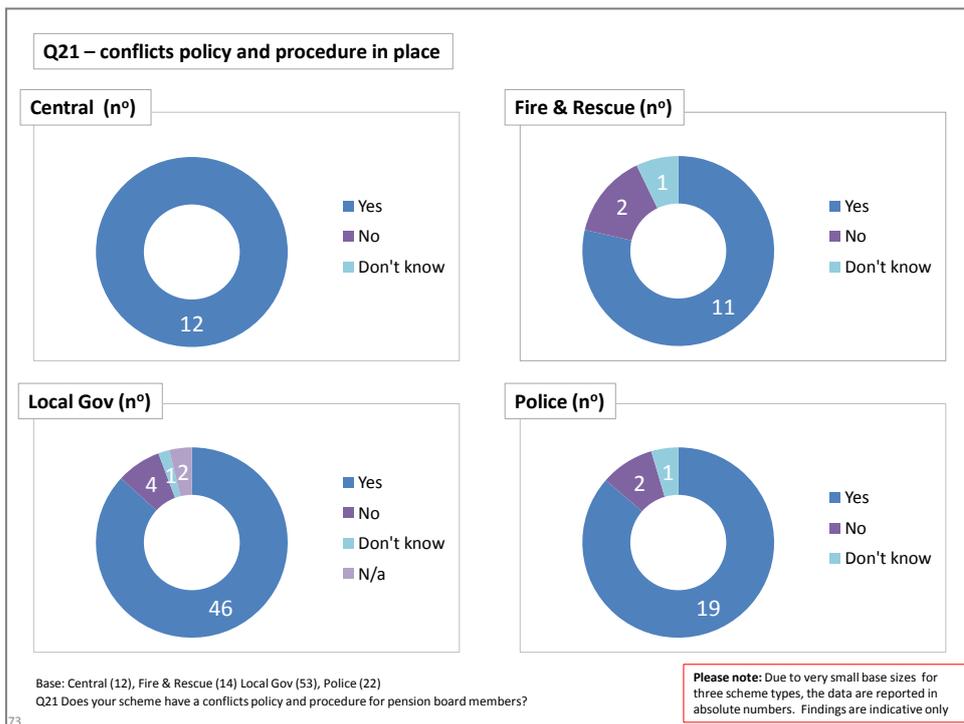
Over three-quarters of Fire and rescue schemes (11 out of 14) stated they had a conflicts policy in place, while a lower number (8 out of 14) had procedures that require disclosure of interests prior to appointment and a register of interests. Five out of the eight schemes with a risk of interests reported that they updated this quarterly.

Over four-fifths of Local government schemes reported they had a conflicts policy in place (46 out of 53), and procedures that require board members to disclose interests prior to appointment (45 out of 53). Slightly fewer had a register of

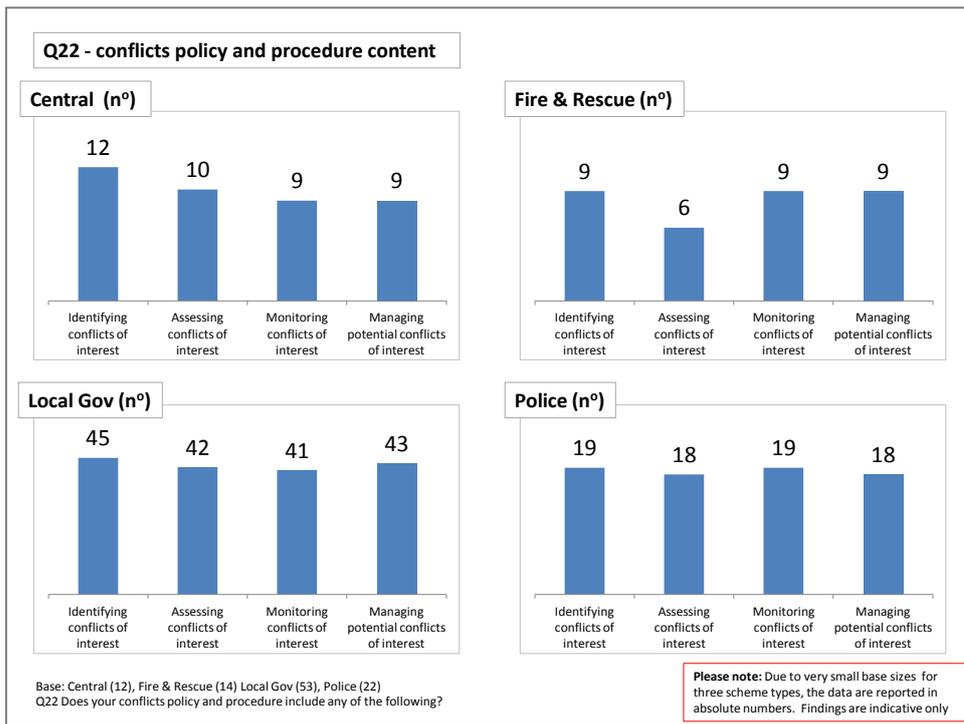
interests in place (41 out of 53). Results were very similar to the 2013 survey where equivalent questions were asked.

Over four-fifths of Police schemes reported they had a conflicts policy in place (19 out of 22). Almost all Police schemes (21 out of 22) had procedures that require board members to disclose interests prior to appointment and a majority (19 out of 22) had a register of interests in place. Of those with a risk register, this was most commonly updated on an annual basis (14 out of 19).

**Figure 4.9-1: Conflicts policy and procedure in place for pension board members**



**Figure 4.9-2: Conflicts policy and procedure content**



**Figure 4.9-3: Procedures that require disclosure of interests which could become conflicts of interests prior to appointment**

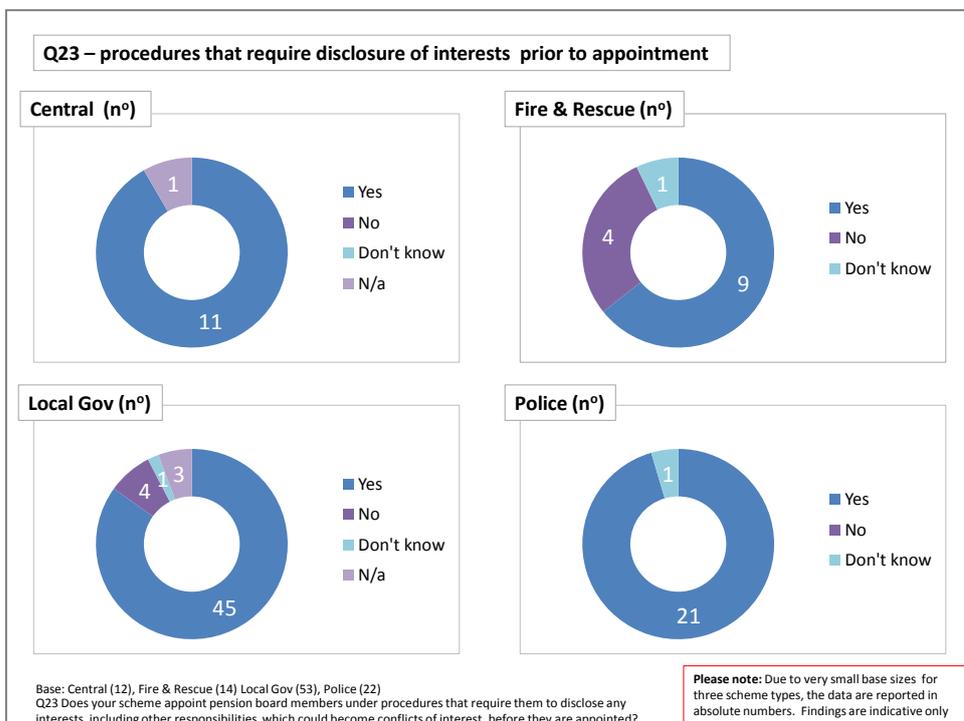


Figure 4.9-4: Register of interests in place

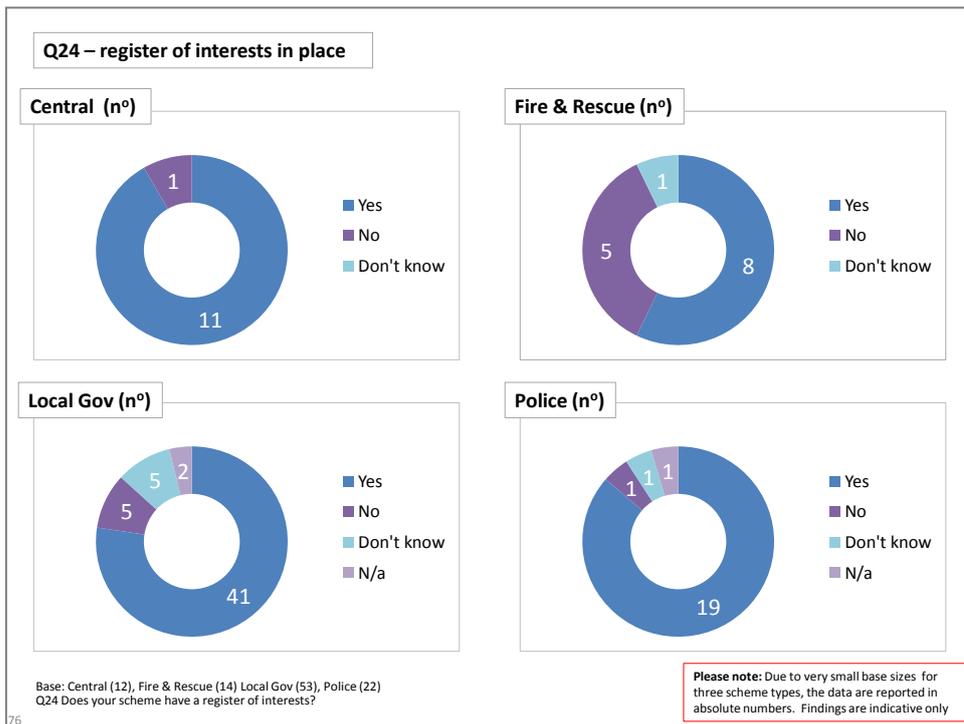
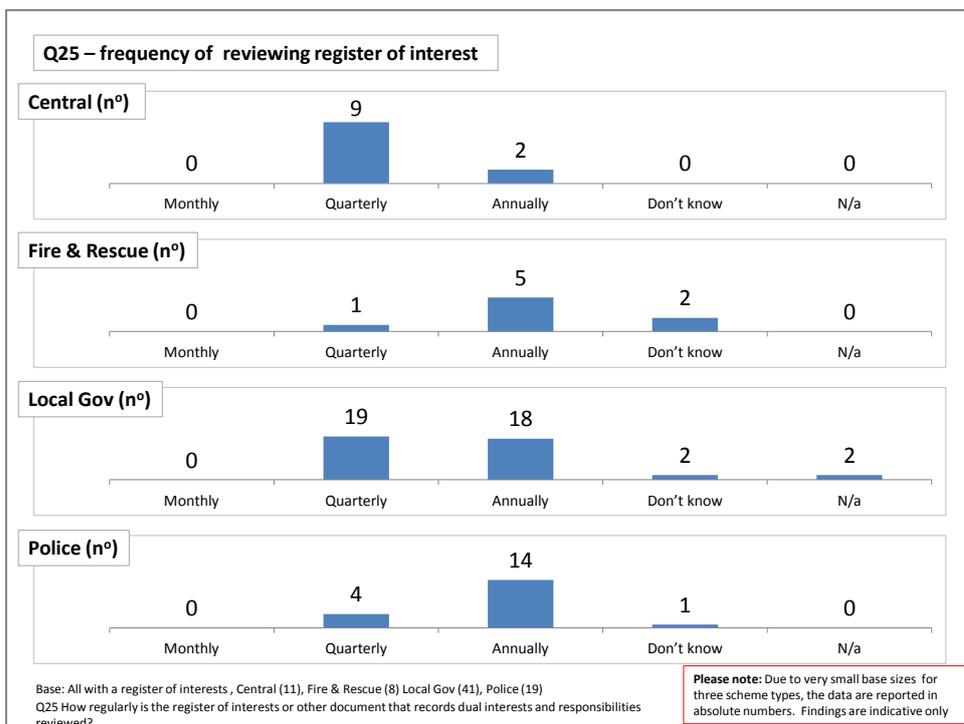


Figure 4.9-5: Frequency of reviewing register of interest or other document that records dual interests and responsibilities

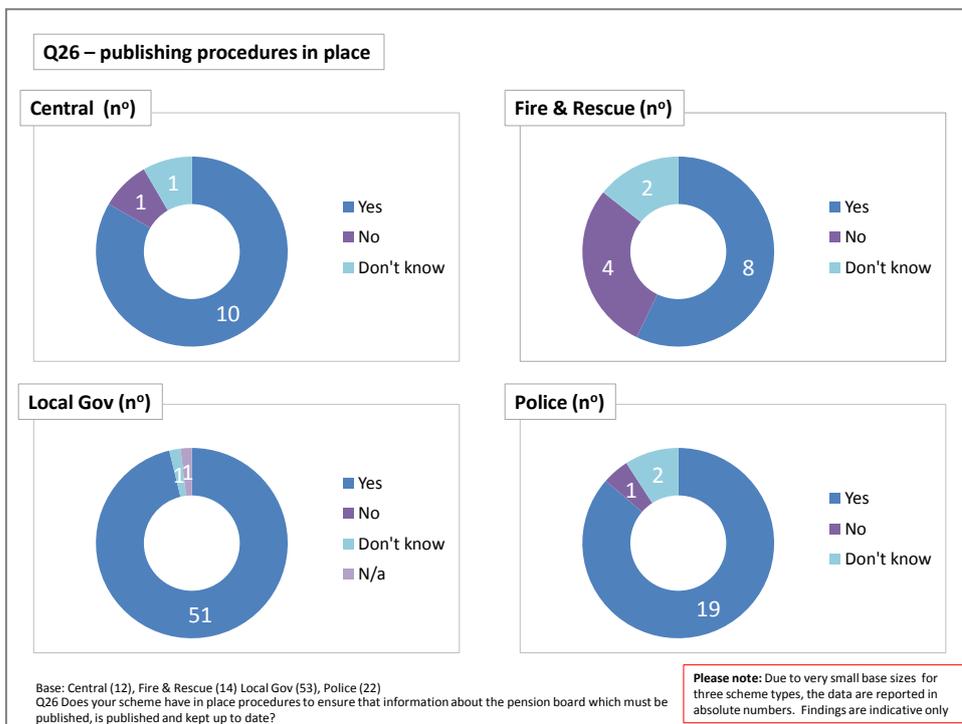


## 4.10 Publishing information about pension boards

Almost all Central (10 out of 12), Local government (51 out of 53) and Police schemes (19 out of 22) reported that they had in place procedures to ensure that information about the pension board which must be published, was published and kept up to date. Within Fire and rescue schemes, over half (8 out of 14) had procedures in place.

Overall, 88 out of 101 (87%) reported that this was the case.

**Figure 4.10-1: Publishing procedures in place to ensure that information about the pension board which must be published, is published and kept up to date**



Schemes were also asked about their plans to publish additional information (not specified in legislation) about the pension board. In total, 49 out of 101 schemes responded:

- 24 had plans to publish additional data, primarily relating to meeting agendas and minutes
- 11 had no plans to publish additional data
- 14 had not yet decided whether or not to publish additional data

## 4.11 Internal controls

Overall, 57 out of 101 (56%) conducted risk assessments at least quarterly, and 83 out of 101 (82%) had a risk register in place. 77 out of 101 (76%) had documented procedures for assessing and managing risk.

All Central schemes conducted risk assessments at least quarterly, and all had a risk register in place. Additionally, all of the Central schemes had documented procedures for assessing and managing risk – of which two-thirds (8 out of 12) (do or will) review the effectiveness of risk management and internal control systems at least every six months.

Almost half of Fire and rescue schemes conducted risk assessments quarterly (6 out of 14). Around a third had a risk register in place (5 out of 14) and documented procedures for assessing and managing risk (5 out of 14). In terms of reviewing the effectiveness of its risk management and internal control systems, almost half (6 out of 14) stated they do or will do this once a year or more, while half (7 out of 14) 'don't know' how frequently they do or will do this.

Among Local government schemes, two-thirds conducted risk assessments at least quarterly, and the vast majority had a risk register in place (48 out of 53). Four-fifths of Local government schemes had documented procedures for assessing and managing risk – of which around a fifth do or will review the effectiveness of risk management and internal control systems at least every six months. Over half (29 out of 53) do or will do this at least once a year.

Around half of Police schemes conducted risk assessments every six months (13 out of 22), and the majority had a risk register in place (18 out of 22). The majority (18 out of 22) also had documented procedures for assessing and managing risk – of which almost three-quarters (16 out of 22) do or will review the effectiveness of risk management and internal control systems once a year or more.

Figure 4.11-1: Frequency of risk assessment

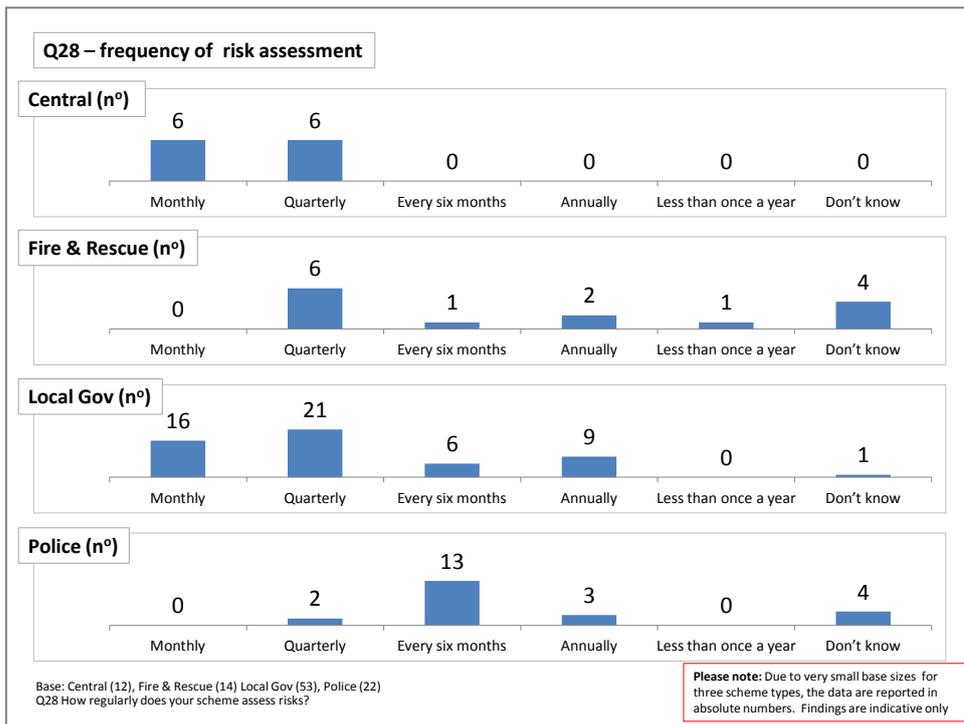
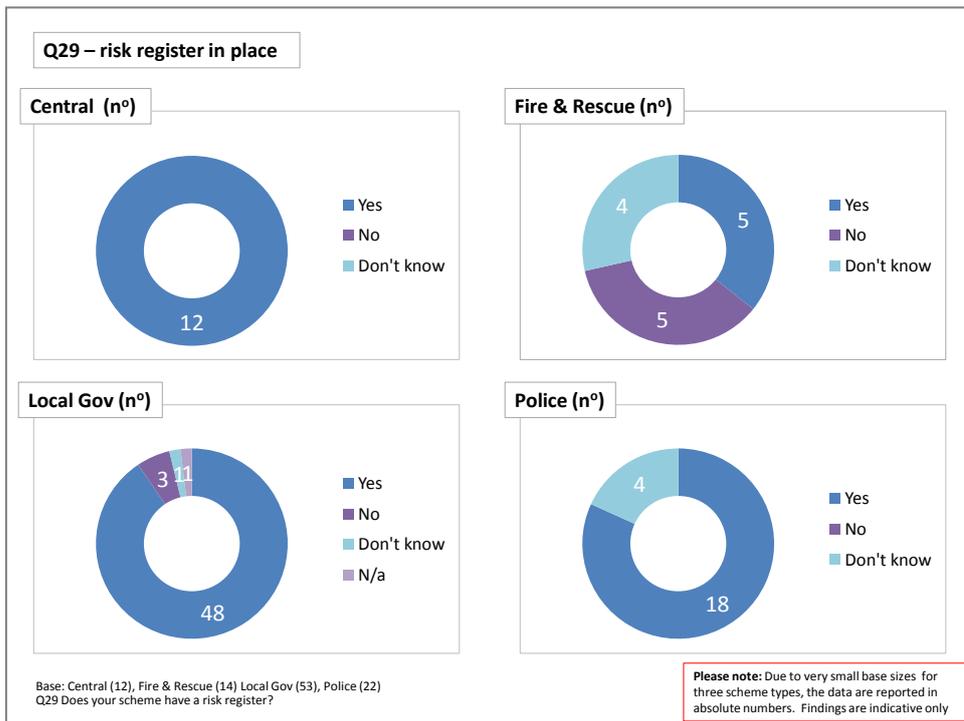
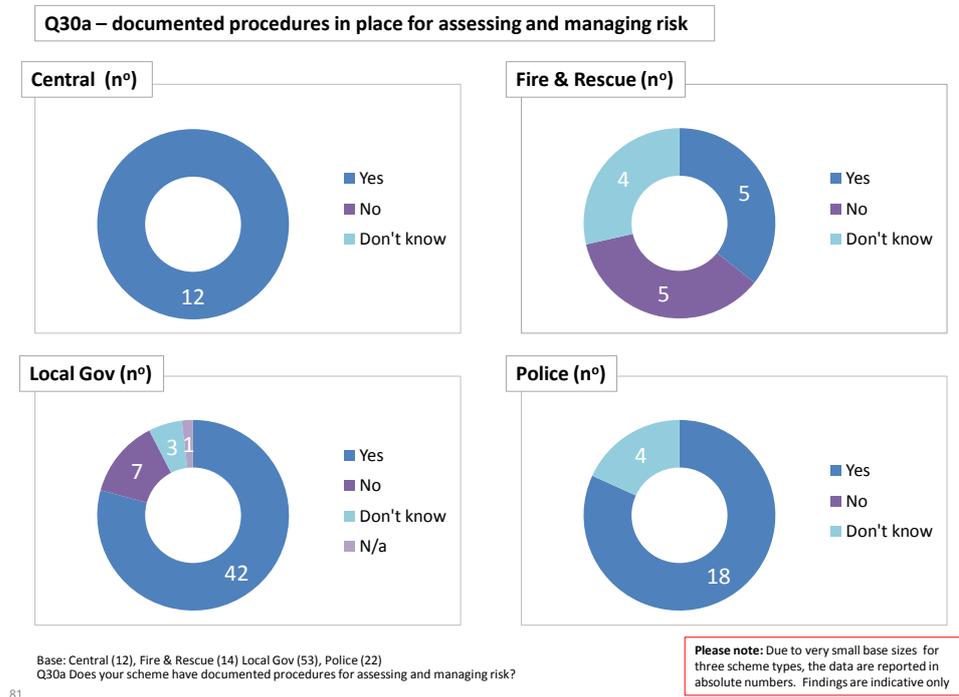


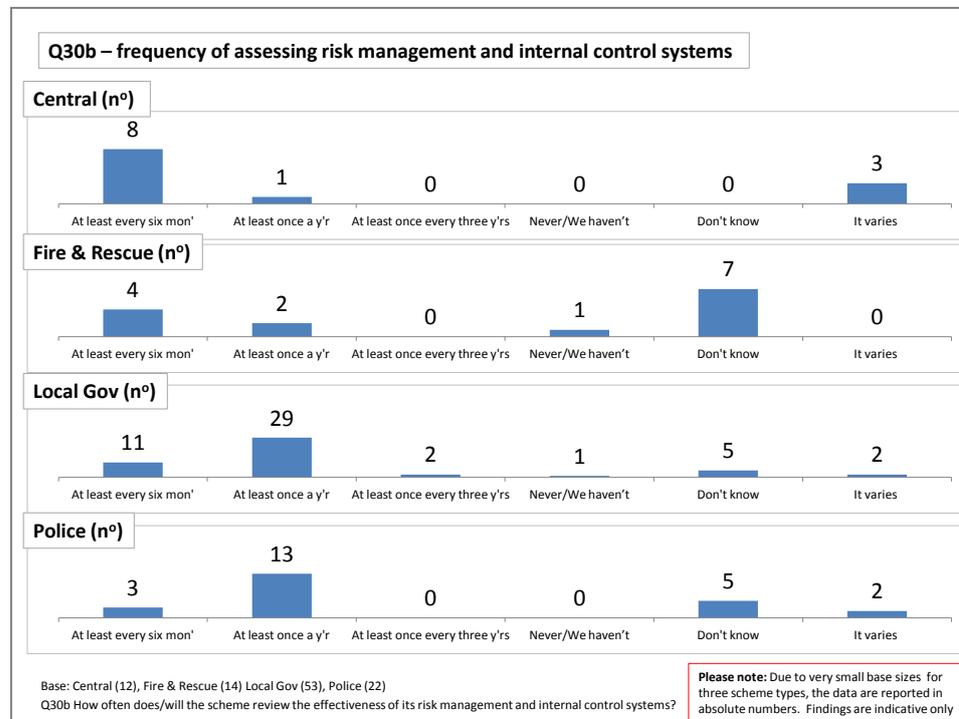
Figure 4.11-2: Risk register in place



**Figure 4.11-3: Documented procedures in place for assessing and managing risk**



**Figure 4.11-4: Frequency of reviewing effectiveness of risk management and internal control systems**

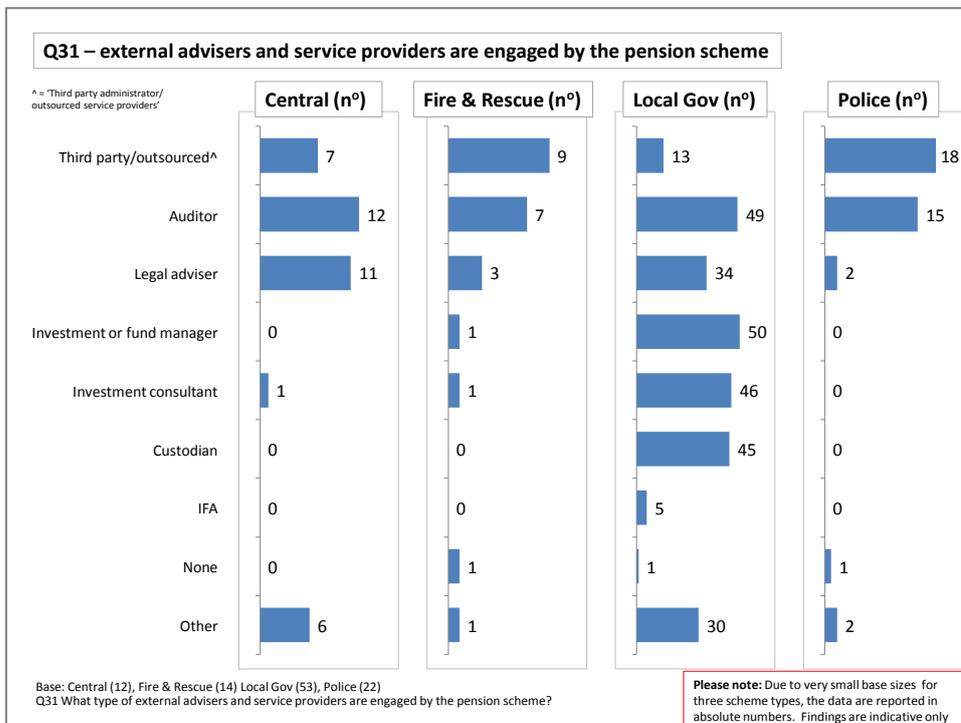


## 4.12 External advisers and service providers

Overall, 47 out of 101 (47%) used third party administrators, and 83 out of 101 (82%) reported the use of an auditor.

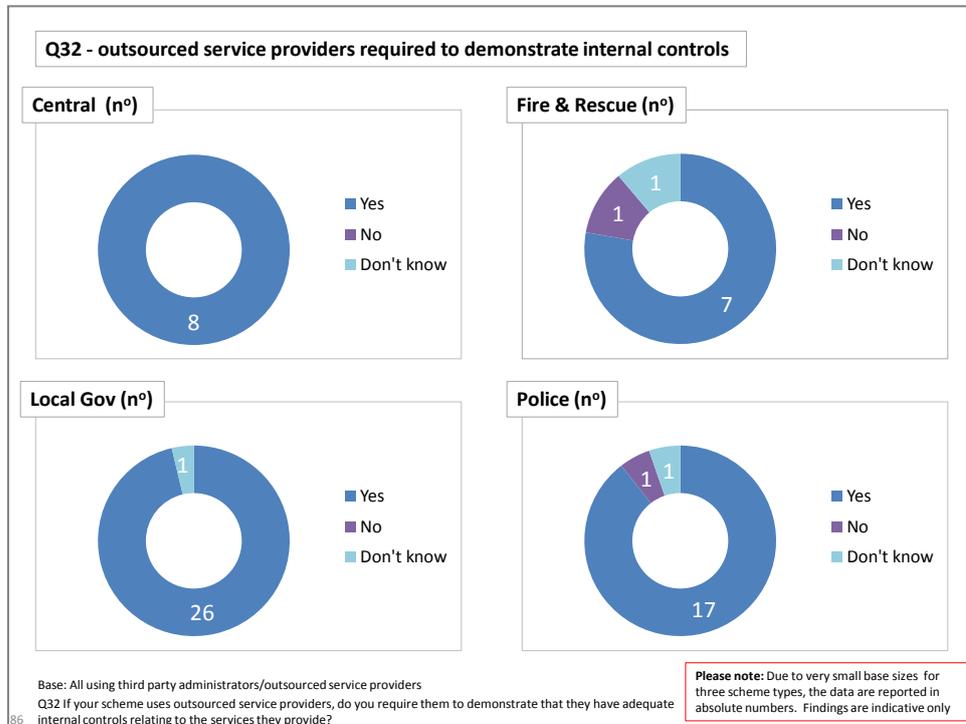
The types of external advisers and service providers engaged by Central, Fire and rescue and Police schemes tended to be similar. All three schemes mainly used ‘Third party administrator/ outsourced service providers’ and ‘auditors’; Central schemes also used ‘legal advisers’. Local government schemes used a wider range of advisers and providers – mainly investment/fund managers, auditors, investment consultants and custodians. A large minority (24 out of 53) of Local Government schemes reported retaining the services of an actuary.

**Figure 4.12-1: External advisers and service providers engaged by the pension scheme**



Among schemes that used third party administrators or outsourced providers, almost all required the supplier to demonstrate adequate internal controls – regardless of scheme type.

**Figure 4.12-2: Outsourced service providers required to demonstrate that they have adequate internal controls relating to the services they provide**

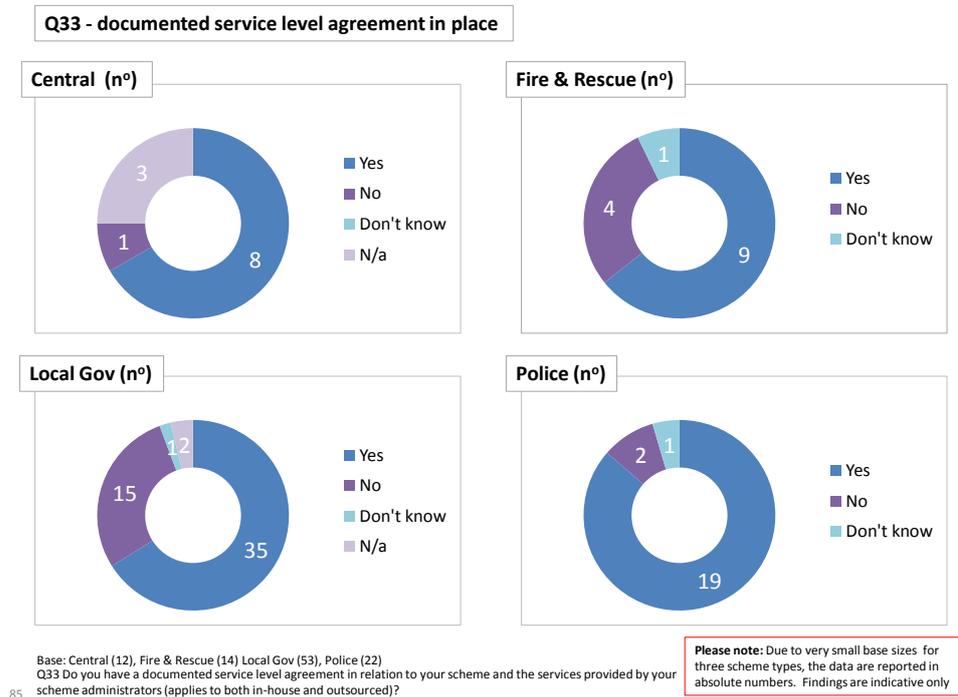


PLEASE NOTE: A small number of respondents provided an answer for Q32 despite their response to Q31 indicating that their scheme did not use outsourced service providers. As such there are additional responses included in the above Figure.

Overall, 71 out of 101 (70%) of schemes reported having a documented service level agreement in relation to their scheme and the services provided by their scheme administrators, regardless of whether administration was carried out in-house or provided by a third party.

Around two-thirds of Central (8 out of 12) Fire and rescue (9 out of 14) and Local government (35 out of 53) schemes had a documented service level agreement in relation to their scheme and the services provided by scheme administrators (in-house and outsourced). Almost 9 in 10 Police schemes (19 out of 22) had these in place.

**Figure 4.12-3: Documented service level agreement in place in relation to the scheme and the services provided by their scheme administrators**



Overall, 43 out of 101 (43%) of schemes received information on their administrator's internal controls on a monthly or quarterly basis.

The frequency with which information was reported to be received on administrators' internal controls varied within scheme types:

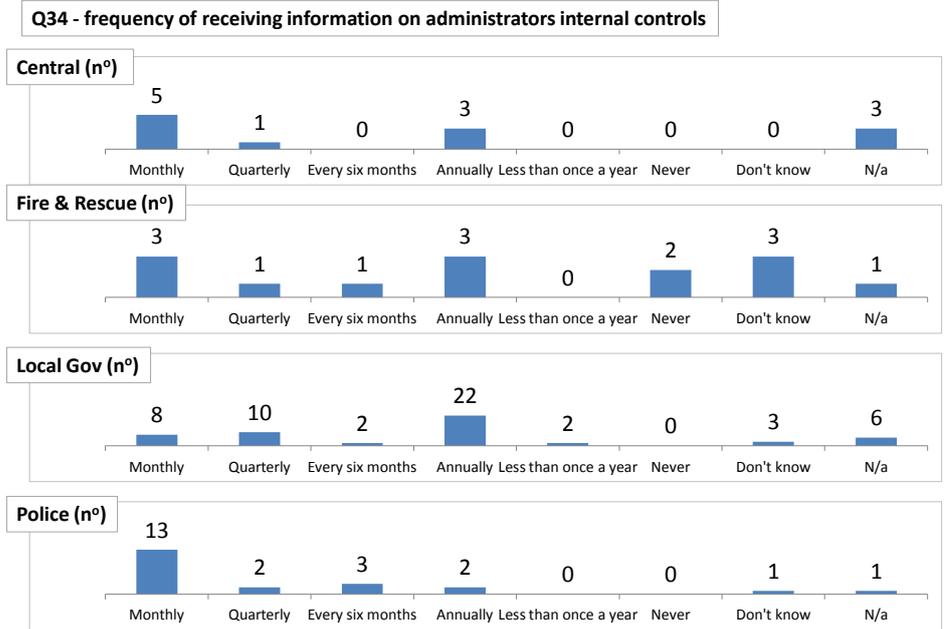
Central schemes most commonly received information on internal controls relating to the services that administrators provided 'monthly' (5 out of 12) or 'annually' (3 out of 12).

The frequency of information on administrator's internal controls varied between the individual Fire and rescue schemes, for example: three schemes received information 'monthly', three schemes received this 'annually', three schemes stated 'don't know' and a further three schemes stated 'never' or 'no answer'.

Two-fifths of Local government schemes received information on internal controls relating to the services that administrators provided 'annually' (22 out of 53); slightly less than one-fifth received this 'monthly' (8 out of 53) or 'quarterly' (10 out of 53).

Police schemes most commonly received information on internal controls relating to the services that administrators provided 'monthly' (13 out of 22).

**Figure 4.12-4: Frequency of information on internal controls relating to the services that administrators provide**

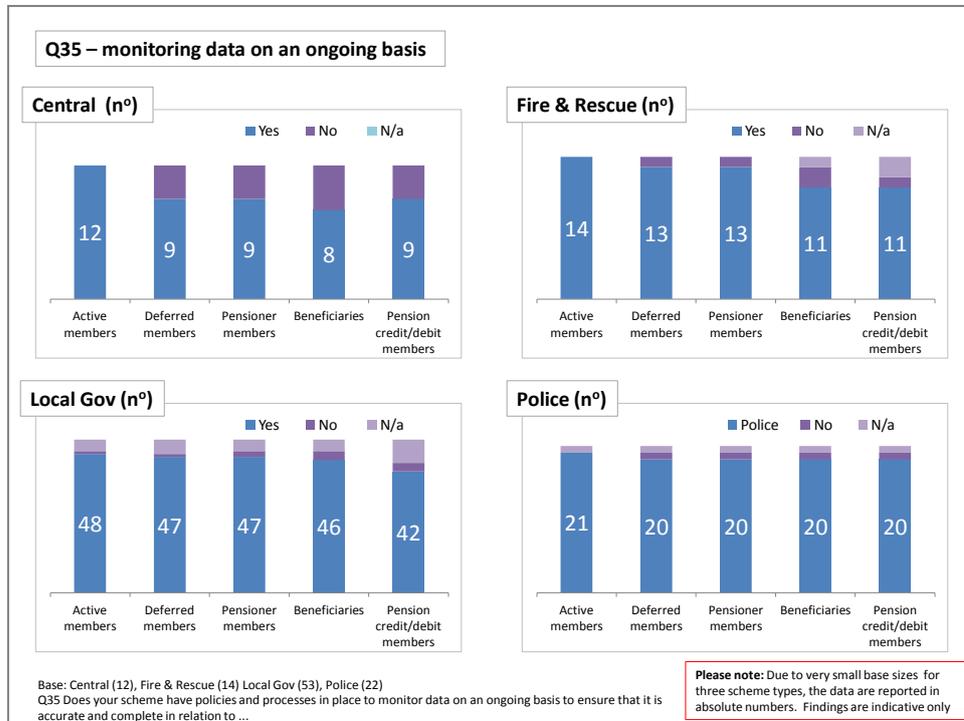


Base: Central (12), Fire & Rescue (14) Local Gov (53), Police (22)  
 Q34 How frequently do you receive information on internal controls relating to the services that administrators provide?

**Please note:** Due to very small base sizes for three scheme types, the data are reported in absolute numbers. Findings are indicative only

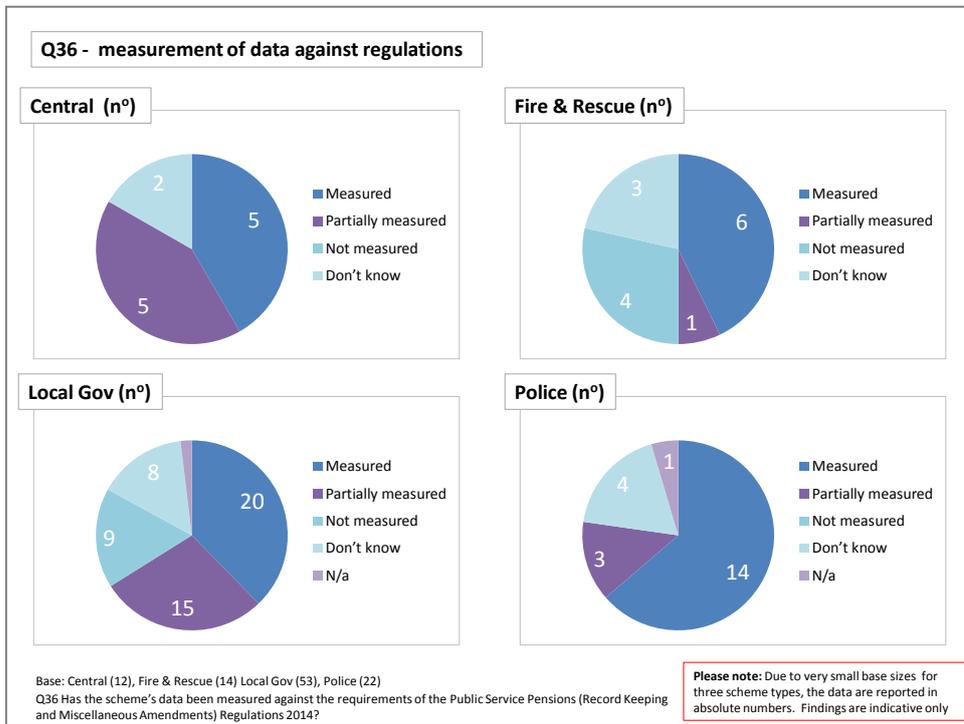
## 4.13 Scheme record-keeping and data monitoring

**Figure 4.13-1: Policies and processes in place to monitor data on an ongoing basis to ensure that it is accurate and complete**

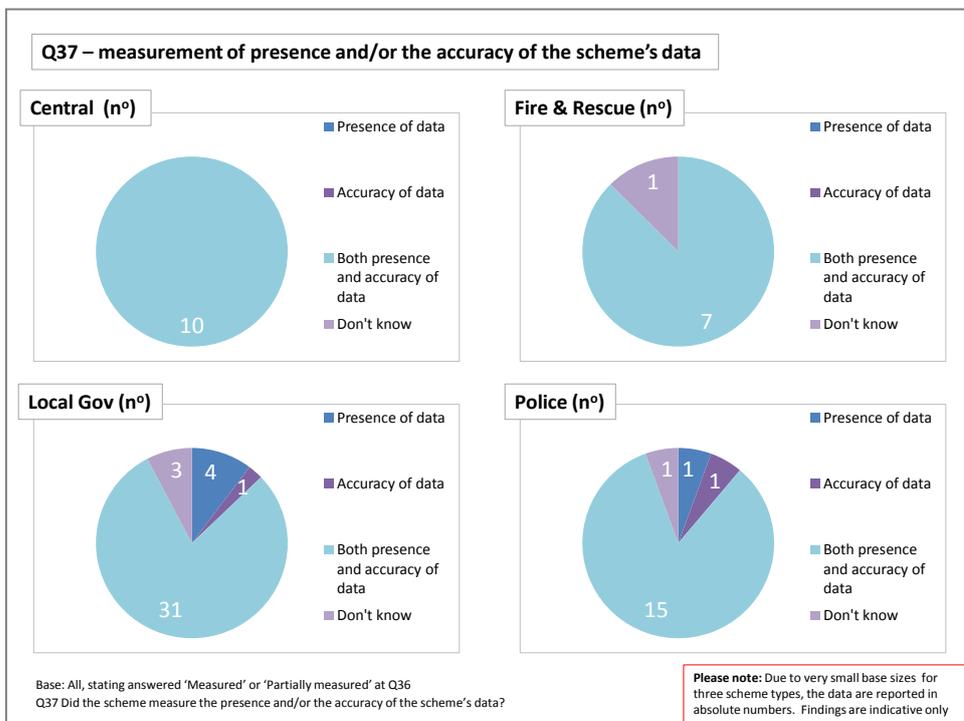


Policies and processes for ongoing monitoring of member data were in place for almost all schemes in respect of 'active members'. There were more gaps regarding record-keeping for other member types. Data monitoring policies and processes for deferred members, pensioner members, beneficiaries and pension credit / debit members were not in place in a significant minority of Central schemes.

**Figure 4.13-2: Measurement of data against requirements of the Public Service (Record Keeping and Miscellaneous Amendments) Regulations 2014**



**Figure 4.13-3: Measurement of presence and/or the accuracy of the scheme's data**



PLEASE NOTE: A small number of respondents provided an answer for Q37 despite their response to Q36 indicating that their scheme had not measured its data against the regulations. As such there are additional responses included in the above Figure.

**Figure 4.13-4: Actions taken to resolve any data issues identified**



PLEASE NOTE: A small number of respondents provided an answer for Q38 despite their response to Q36 indicating that their scheme did not measure its data against the regulations. As such there are additional responses included in the above Figure.

Overall, 45 out of 101 schemes (45%) had measured their data, with a further 24 out of 101 (24%) having partially measured the scheme's data against the requirements of the Record Keeping Regulations<sup>4</sup>. Of these 69 schemes, 63 had measured both the presence and accuracy of data.

The majority (10 out of 12) of Central schemes had measured the scheme's data against the Regulations (5 out of 12 measures and 5 out of 12 partially measured). Of those who had conducted these measurements, all measured the presence and accuracy of the scheme's data. The main action taken by seven schemes to resolve any data issues identified were a 'data improvement plan being implemented'. Data cleansing exercises will or had been carried out by four schemes.

Half of Fire and rescue schemes (7 out of 14) had measured the scheme's data against the Regulations (6 out of 14 measures and 1 out of 14 partially measured). Of those who provided a response relating to conducting these measurements, the majority (7) measured the presence and accuracy of the scheme's data. Data cleansing exercises will or had been carried out by six schemes to resolve any data issues identified.

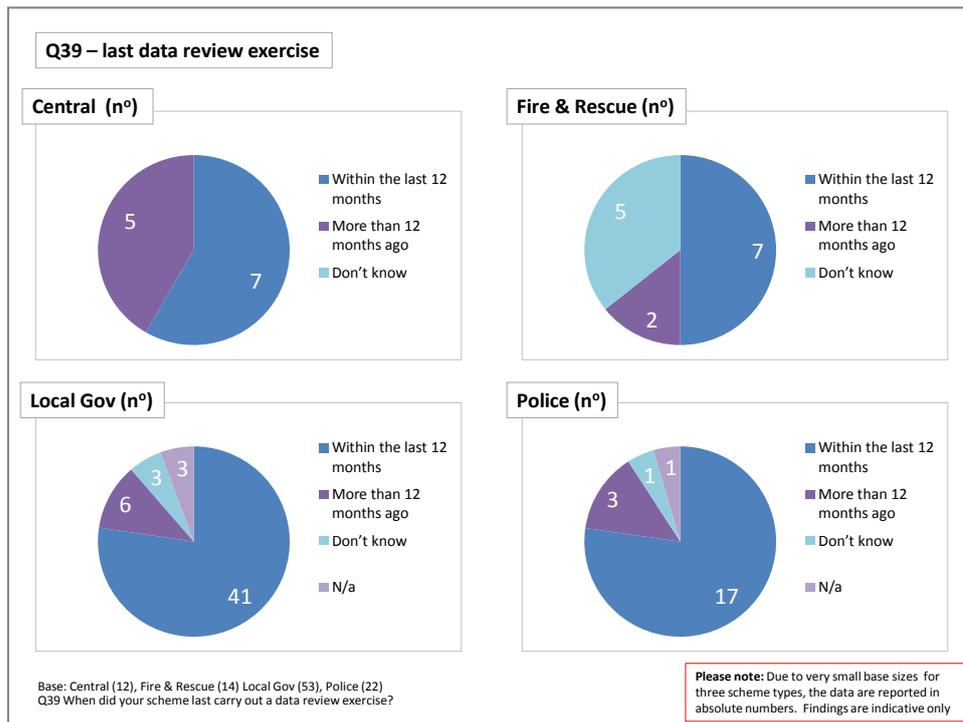
<sup>4</sup> Public Service (Record Keeping and Miscellaneous Amendments) Regulations 2014.

Among Local government schemes, two-thirds had measured the scheme's data against the Regulations (20 out of 53 measured and another 15 out of 53 partially measured). Of those who provided a response relating to conducting these measurements, the majority (31) measured the presence and accuracy of the scheme's data. Local government schemes were split between planning and having completed actions to resolve any data issues identified:

- Seven schemes were developing a data improvement plan, nine had this in place.
- Data cleansing exercises were to be carried out by 11 schemes, 13 schemes had already conducted them.
- 'Other' actions were also planned/being carried out by eight schemes.

Over three-quarters of Police schemes had measured the scheme's data against the Regulations (14 out of 22 measures and 3 out of 22 partially measured). Of those who provided a response relating to conducting these measurements, the majority (15) measured the presence and accuracy of the scheme's data. 12 Police schemes had implemented data improvement plans and had carried out data cleansing exercises. Furthermore 'other' actions were also planned/being carried out by eight schemes.

**Figure 4.13-5: Last data review exercise**



Overall, 72 out of 101 (71%) schemes reported that they had conducted a data review within the last year.

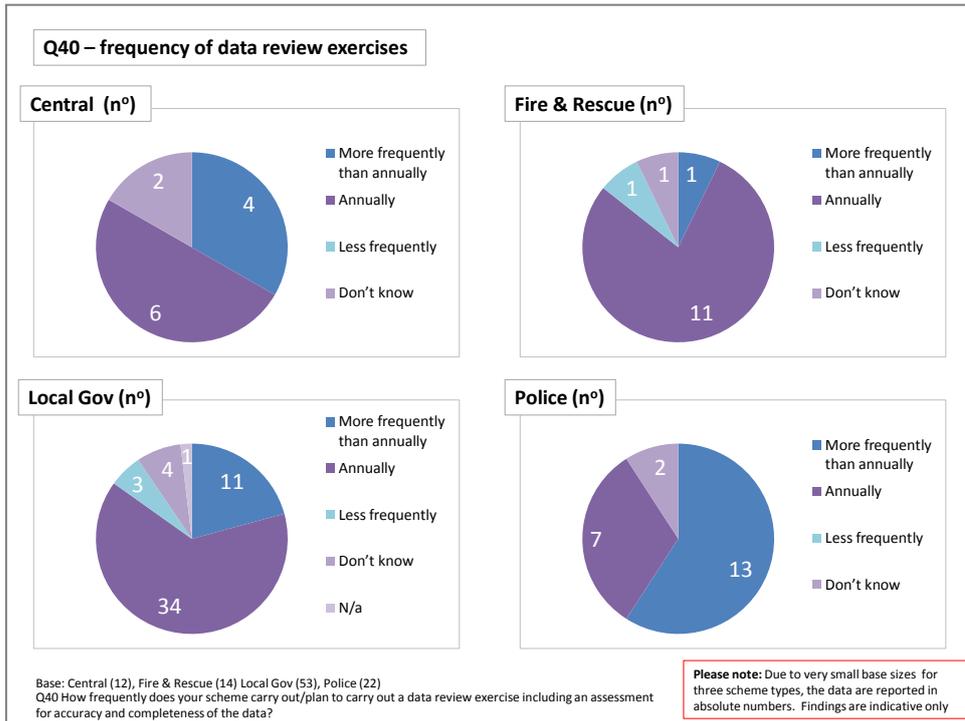
Over half of Central schemes had conducted a data review exercise in the last year (7 out of 12); and the majority currently carried out or planned to carry out future data review exercises (including an assessment for accuracy and completeness of the data) at least annually (6 out of 12 annually, 4 out of 12 more frequently).

Half of Fire and rescue schemes had also conducted a data review exercise in the last year (7 out of 14) and the majority currently carried out or planned to carry out future data review exercises annually (11 out of 14)

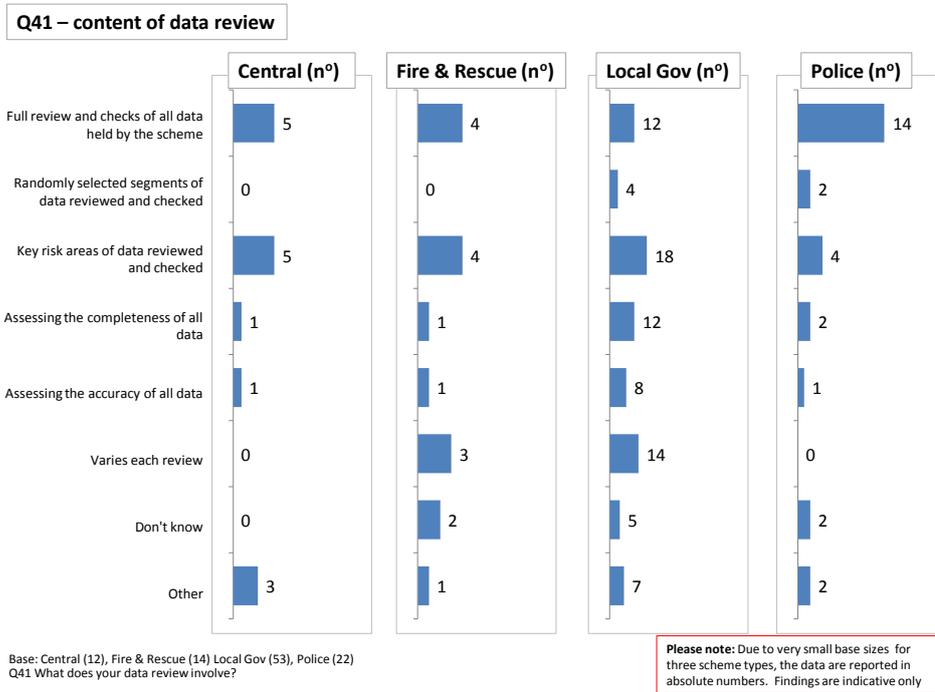
Among Local government schemes, data review exercises were most frequently carried out within the last 12 months (41 out of 53). Over three-fifths of Local government schemes currently carried out or planned to carry out future data review exercise annually (34 out of 53), with one-fifth planning to conduct data reviews more frequently than annually (11 out of 53).

The majority of Police schemes (17 out of 22) had carried out a data review exercise in the last year. Looking ahead, almost all schemes currently carried out or planned to carry out future data review exercise at least annually (7 out of 22 annually, 13 out of 22 more frequently).

**Figure 4.13-6: Frequency of data review exercise including an assessment for accuracy and completeness of the data**



**Figure 4.13-7: Content of data review**



Schemes data review involved a wide range of activities:

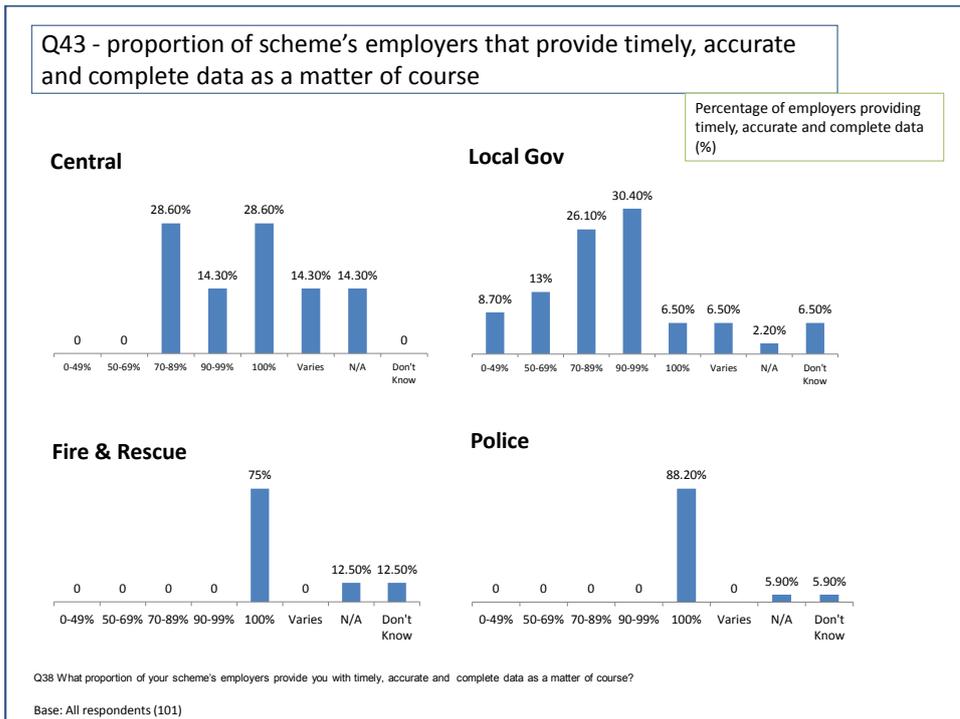
- A full review and checks of all data held by the scheme was one of the most common tasks identified by those answering for Central (5 out of 12), Fire & Rescue (4 out of 14) and Police (14 out of 22) schemes.
- Key risk areas of data reviewed and checked was also a top mentioned activity among Central (5 out of 12), Fire & Rescue (4 out of 14) and Local Government (18 out of 53) schemes.
- Assessing the completeness of all data was also part of the review among several Local Government schemes (12 out of 53).
- A quarter of Local Government schemes (14 out of 53) mentioned that the content varied in each review.

**Figure 4.13-8: Schemes require participating employers to provide timely and accurate data**



In all scheme types the vast majority of schemes require employers to provide data on a timely and accurate basis. In a minority of cases, Central schemes, Fire and rescue schemes and Police schemes do not have this requirement.

**Figure 4.13-9: Proportion of scheme employers which provide data that is timely, accurate and complete as a matter of course**



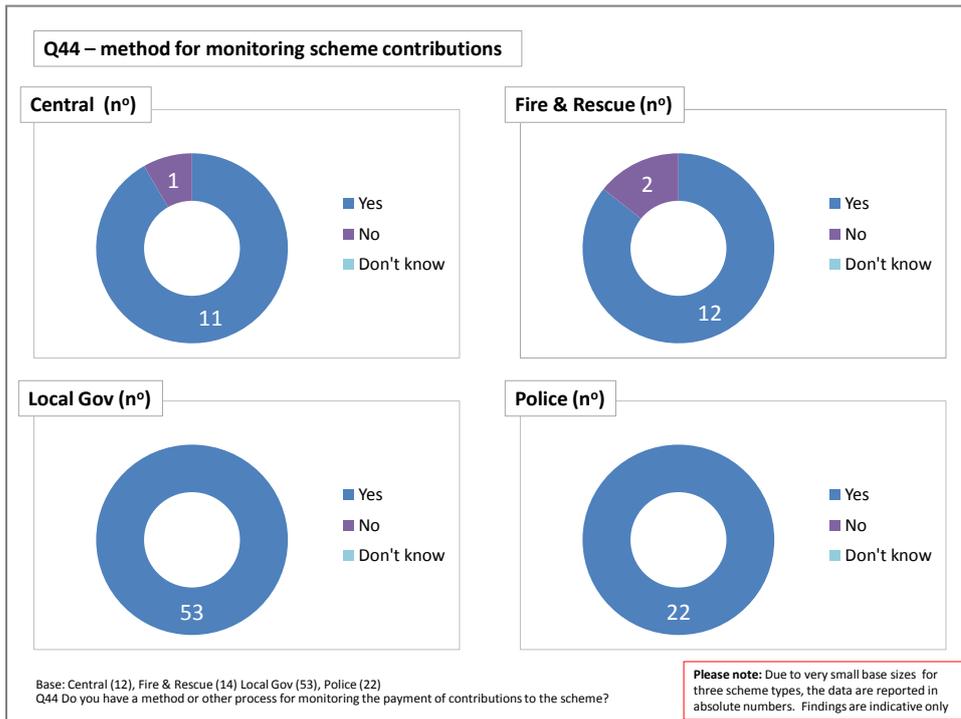
Overall (51%) of schemes reported that 90%-100% of scheme employers provided schemes with timely, accurate and complete data as a matter of course; three in ten (32%) stating 100%.

3 out of 7 Central schemes submitted that 90% of employers provided timely, accurate and complete data. The same figure for Local government schemes was 17 out of 46 schemes. Most Fire and rescue (6 out of 8 schemes) and Police schemes (15 out of 17) who answered the question indicated that 100% of employers provided timely, accurate and complete data.

## 4.14 Maintaining contributions

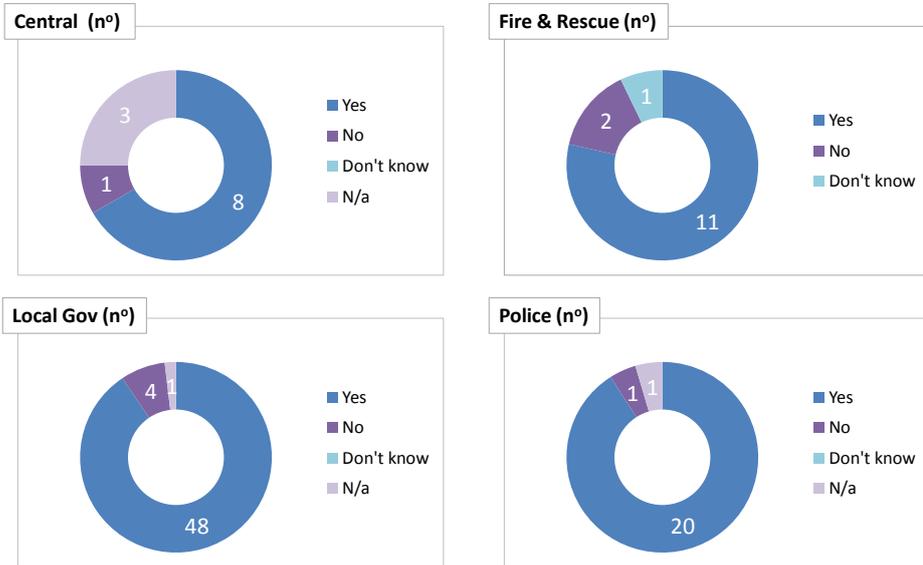
Almost all schemes (98 out of 101, 97%) regardless of type had a method or other process for monitoring the payment of contributions to the scheme in place. The vast majority also had processes in place to resolve payment issues and assess whether to report payment failures.

**Figure 4.14-1: Method or other process for monitoring the payment of contributions into the scheme**



**Figure 4.14-2: Processes in place to resolve payment issues and assess whether to report payment failures**

Q45 – processes for resolving payment issues and assessing whether to report payment failures

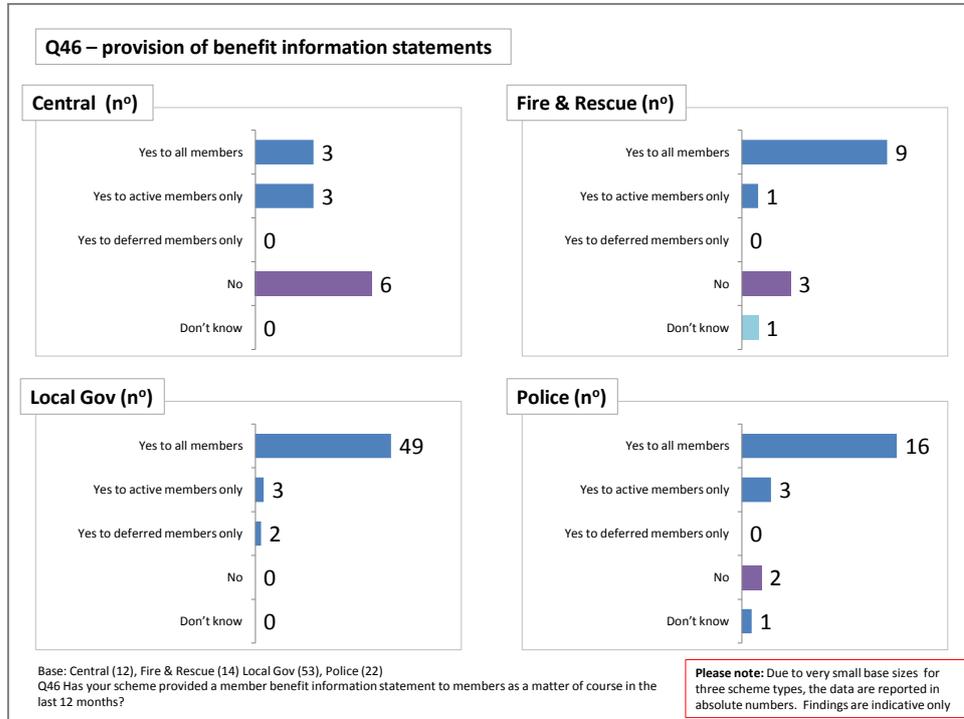


Base: Central (12), Fire & Rescue (14) Local Gov (53), Police (22)  
 Q45 Does your scheme have a process to resolve payment issues and assess whether to report payment failures?

**Please note:** Due to very small base sizes for three scheme types, the data are reported in absolute numbers. Findings are indicative only

## 4.15 Providing information to members

**Figure 4.15-1: Provision of benefit information statements to members as a matter of course in the last 12 months**



Overall, 77 out of 101 (76%) of schemes reported that they had issued a member benefit statement to all members as a matter of course in the last 12 months.

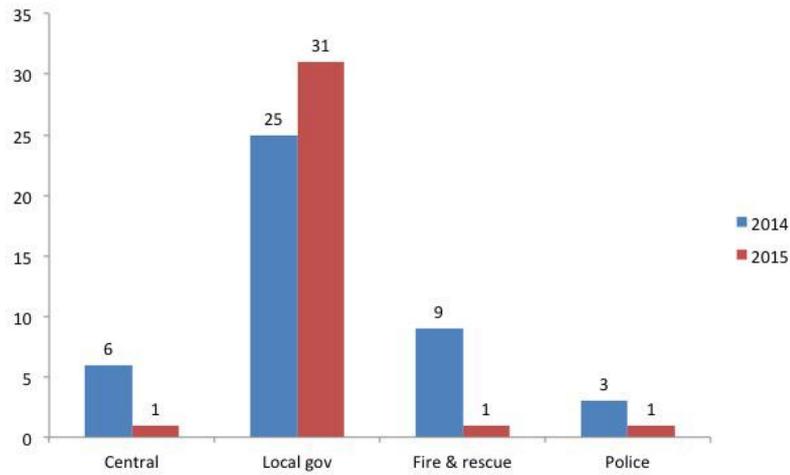
Half of Central schemes (6 out of 12) had provided member benefit information statements to members as a matter of course in the last 12 months. Three provided these to all members and three to active members only.

The majority of Fire and rescue (9 out of 14) and Police (16 out of 22) schemes had provided member benefit information statements to all members as a matter of course in the last 12 months

Among Local government schemes, all schemes had provided member benefit information statement to members as a matter of course in the last 12 months, with the vast majority being provided to all members (49 out of 53).

**Figure 4.15-2: Year that the member benefit statement refers to**

**Q47 – Year member benefit information statement relates to**



Base: Central (12), Fire & Rescue (14) Local Gov (53), Police (22)

Q47 If Yes, what scheme year does the member benefit information statement relate to?

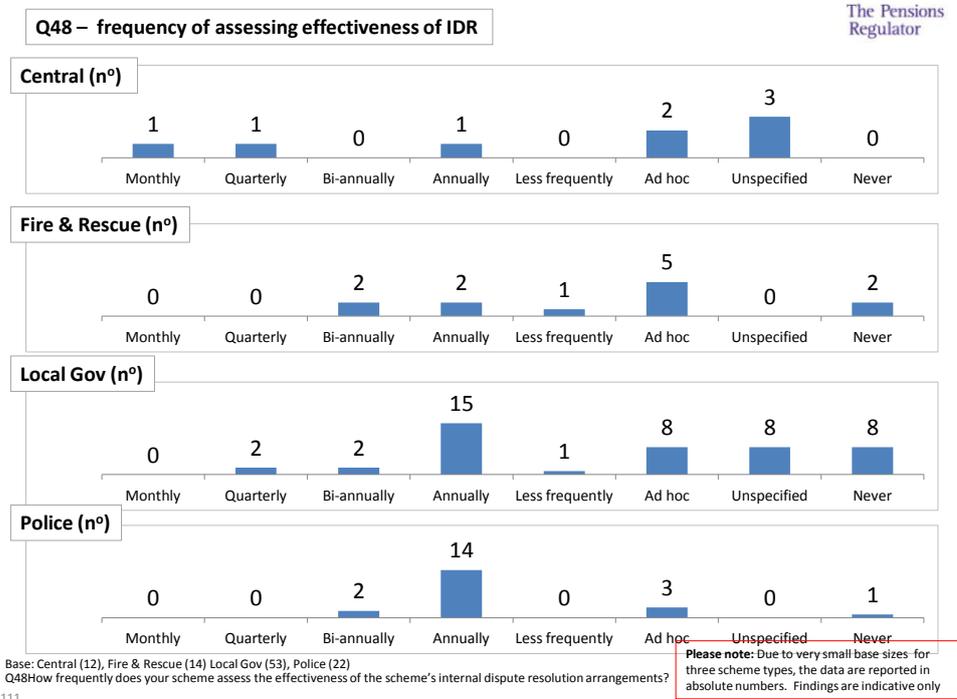
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**Please note:** Due to very small base sizes for three scheme types, the data are reported in absolute numbers. Findings are indicative only

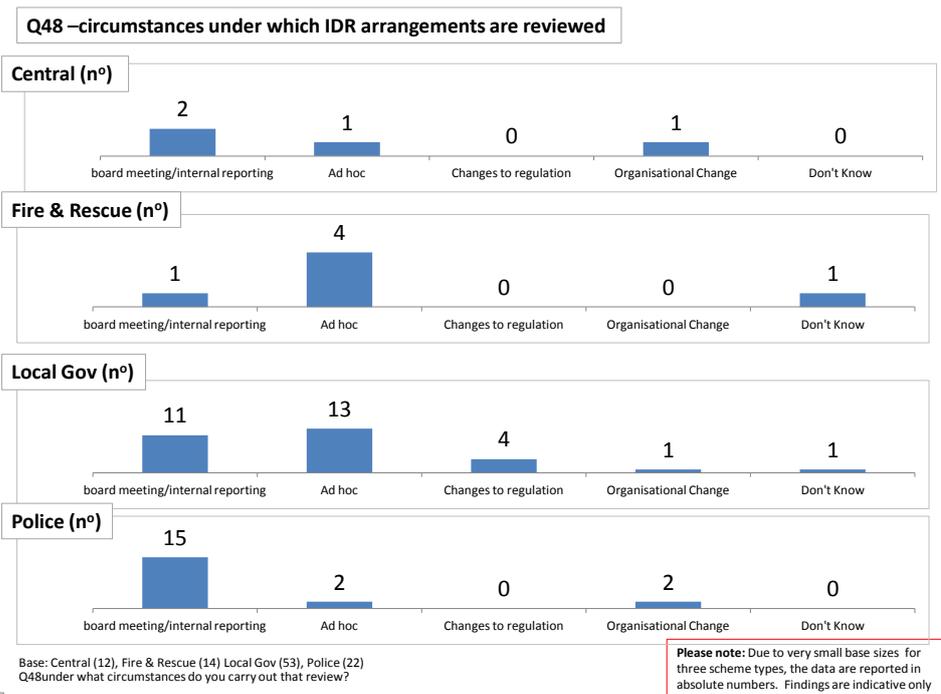
Of the schemes that had provided a member benefit statement in the previous 12 months, the majority related to the year ended 31 March 2014 for Central, Fire and rescue and Police schemes. For Local government, the majority related to the year ended 31 March 2015.

## 4.16 Internal Dispute Resolution

**Figure 4.16-1: frequency of assessing effectiveness of Internal Dispute Resolution arrangements**



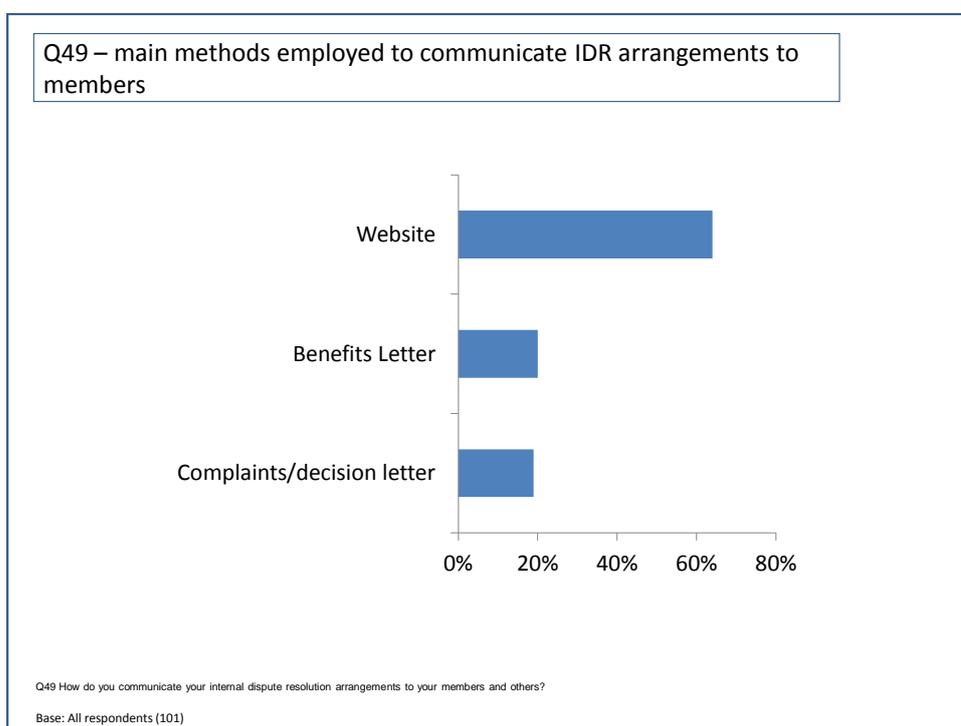
**Figure 4.16-2: circumstances under which Internal Dispute Resolution arrangements are reviewed**



In terms of internal dispute resolution (IDR) arrangements, assessments tended to be carried out on infrequent or ad hoc basis for all scheme types. 14 out of 22 Police schemes and 15 out of 53 Local Government schemes reported that they carried out reviews annually. Schemes reported that they typically reviewed arrangements as part of a wider internal reporting review.

Online methods were prevalent as a form of communication, but IDR arrangements were either included with or mentioned in hard copy communications by a large minority of schemes. This was consistent across all scheme types.

**Figure 4.16-3: main methods employed to communicate Internal Dispute Resolution arrangements to members**



## 4.17 Reporting breaches

Training was provided to the scheme managers and pension board members on their duty to report breaches of the law to the regulator for 71 out of 101 (70%) schemes. Overall, 56 out of 101 (55%) schemes reported that their scheme had procedures in place to enable the scheme manager, pension board members and those who have a duty to report to identify and assess breaches of the law.

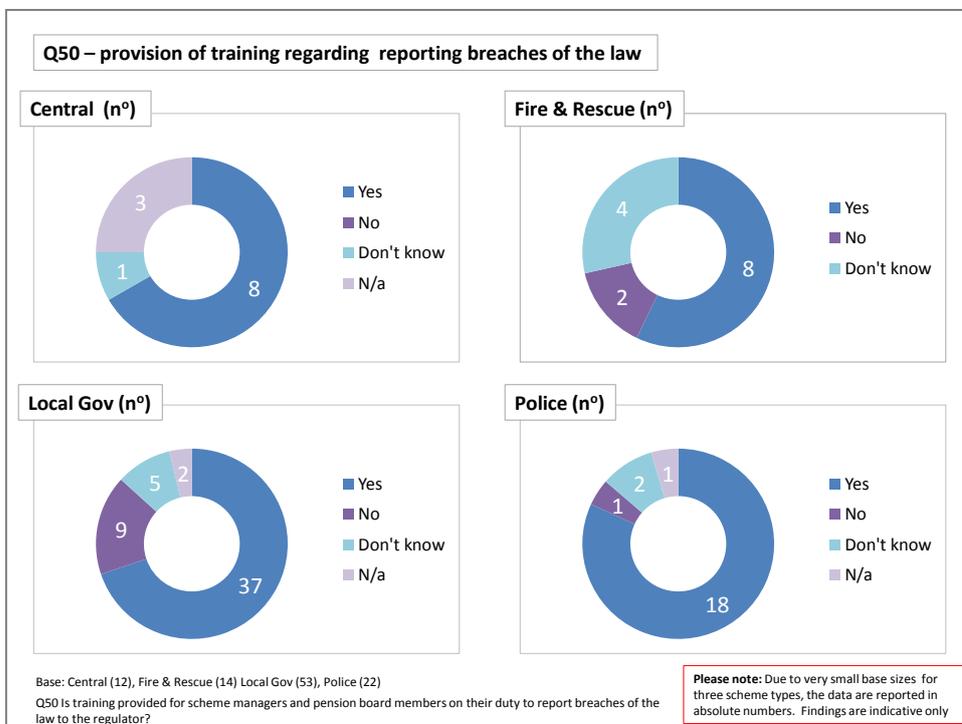
Among Central schemes, training was provided in two-thirds of the schemes (8 out of 12). The same proportion of schemes (8 out of 12) had procedures in place regarding identifying and assessing breaches of the law.

Just over half (8 out of 14) of Fire and rescue schemes stated training was provided regarding reporting breaches of the law, with five schemes stating they had procedures relating to identifying and assessing breaches of the law in place.

Training was provided regarding duties to report breaches of the law among two-thirds of Local government schemes (37 out of 53). With regard to having procedures in place relating to identifying and assessing breaches of the law, half of the Local government schemes stated they were doing this (27 out of 53).

The vast majority of Police schemes (18 out of 22) provided training regarding reporting breaches of the law. Around three-quarters (16 out of 22) had procedures relating to identifying and assessing breaches of the law in place.

**Figure 4.17-1: Provision of training for scheme managers and pension board members on their duty to report breaches of the law to the regulator**



**Figure 4.17-2: Procedures in place to enable the scheme manager, pension board members and those who have a duty to report to identify and assess breaches of the law**

