

Cllr Roger Philips  
Chair of the Board  
LGPS Scheme Advisory Board  
Local Government House  
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19 December 2018



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Dear Councillor Philips

**Re: Local Government Pension Scheme: Scheme Advisory Board**

Thank you for your letter of 28 November concerning improvements to the standards of governance and administration within the LGPS. I acknowledge the contribution of the Board in working alongside scheme stakeholders and our public service pensions team and it is vital that we continue working together to raise standards.

Our Public Service Pension Scheme (PSPS) Code of Practice 14 confirms what we expect of all PSPS scheme managers in order to be compliant with the legislative requirements of the Public Service Pensions Act 2013 and related legislation. Where non-compliance is identified, scheme managers should devise and implement robust and realistic improvement plans to address issues identified. Our published guidance and ongoing engagement helps us work with scheme managers to achieve compliance with the standards.

We focus on key indicators of good governance and administration when working with scheme managers in order to understand the action being taken to mitigate these risks and improve standards. These include:

- proper management of third parties
- adequate internal controls
- employer engagement and compliance
- pension board knowledge and understanding
- member communications.

To address your concern about enforcement action, first and foremost we support the implementation of suitable improvement plans by scheme managers in the first instance. Further action may follow if a scheme fails to deliver on those plans or if we find other material breach of the law. It is worth noting that in using our powers we would first establish where the fault lies behind a material breach of the law as this could be a scheme manager, but equally a participating employer or other third party.


In terms of the difficulties you highlight in scheme managers achieving the required legislative standards, our survey collates responses from the schemes themselves and tells us that some public service schemes, all of which have a CARE benefit structure, have demonstrated greater improvements in key areas when compared to the LGPS. For example, the proportion of LGPS members receiving annual benefit statements on time has not improved significantly between our last two annual surveys.

It is encouraging that you remain committed to working with us to deliver improvements in these crucial areas and are monitoring how standards are improving year on year. Seeking to implement a standard monthly data extract can only serve to improve the quality of data and record keeping as you rightly point out.

I have asked Nick Gannon (Policy Lead) and Pauline Lancum (Case Management Team Leader) arrange a meeting with the LGA to explore further ways we can collaborate to improve up governance and administration standards within the LGPS.

In 2018/19 we will continue to work with a cohort of LGPS schemes under our new approach to regulation. We will of course share the key findings from our work in due course. In the meantime the Governance and Administration survey for 2018 will offer further insights into the progress being made by the LGPS.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lesley Titcomb', with a stylized flourish at the end.

Lesley Titcomb  
Chief Executive