

Sixty second summary

The TPR jigsaw.....a picture emerges?



Peter Summers
Partner

An unmistakable picture of the role of TPR in the LGPS is emerging as various, recent communications come together on our TPR jigsaw board. Peter Summers considers how the picture that is materializing is not a pretty one for those funds that fail to heed TPR's clear warnings.

Public Sector governance and administration survey - the report back

TPR's 3rd public sector wide survey was undertaken in autumn 2017, and the results published in May. There is lots of detail and analysis in the [main research report](#) (45 pages), though many will find the lighter (9 pages) [summary and commentary paper](#) more useful.

Headline points that might be taken from these papers are:

- TPR's eyes seem to have been turned towards the LGPS for a variety of reasons (lack of survey response, reported breaches, stalled process improvements, etc.).
- The focus and style of the survey remains the same as previous years - annual benefit statement exercise, governance, Pension Board effectiveness, data quality and backlog.
- On governance, TPR continues to monitor 6 key processes (can you name them?).
- On record keeping, the TPR is on the same wavelength as the Scheme Advisory Board when it stresses the importance of good data. It does, however, seem frustrated by progress and concerned by the degree of variation in plans to improve public sector data quality.
- On reporting breaches, TPR is concerned that some funds are choosing not to report material breaches due to fear of the consequences.
- Survey results need to be interpreted carefully given the volume of responses from LGPS funds (around 40% of the total of 207 public sector arrangements surveyed).
- At times TPR acknowledges the particular challenges of the LGPS, but then seems unwilling to make any allowance for these challenges.

Overall, it is clear that TPR is looking to focus its resources on the LGPS space. The impression given is that the LGPS is holding back the other improving Public Sector arrangements. This was alluded to by the (departing) Chief Executive of TPR at the recent PLSA conference in the Cotswolds.

In keeping with its messaging to the wider world, it also uses this vehicle to let public sector arrangements know that it is “more likely” to use its enforcement powers, that it takes account of the degree of co-operation from parties and that it has the right to make public any enforcement activity it is felt forced to take.

TPR corporate plan 2018-2021

May 2018 also saw the release of the latest [TPR corporate plan](#). Whilst most of the content is directed at Trustee based arrangements, it does reflect in places TPR’s responsibility for oversight of Public Service arrangements.

Interestingly, its KPIs for the public service area (page 18) states that it will proactively engage with 100% of the “highest risk cohort” of schemes and 10% of those will be subject to “high intensity regulatory oversight”. My interpretation of this is that the “highest risk cohort” means the LGPS cohort - so 100% engagement with LGPS funds, with intensity for 10%. If this comes to pass in the next year, then it might be an idea to check that your house is tidy. If so, you can put your kettle on and feet up ahead of TPR’s visit.

Chapter 7 of 21st Century Trusteeship

The [latest instalment](#) of this TPR series stresses the importance of risk management to the good running of pension funds.

This chapter starts out by suggesting some areas of running an LGPS Fund that may be risky and then highlighting the importance of having good systems and internal controls to identify and manage these risks. Briefly touching on risk appetite and tolerance leads us to risk registers, where a fairly standard example risk register is included. The “too good, too bad” examples in this chapter are notable for their choice of bad – a lack of planning for a cyber incident (are you ready for one?). It is noticeable that this seems mostly compliance based in terms of thinking – some of the more engaging ways to consider risk being used in the public and private sector are not touched on.

Peter Summers

Partner

peter.summers@hymans.co.uk

0141 566 7735

Ian Colvin

Head of Benefits and Governance Consultancy

ian.colvin@hymans.co.uk

0141 566 7923

Peter Riedel

Senior Benefits and Governance Consultant

peter.riedel@hymans.co.uk

0141 566 7955

Andrew McKerns

Benefits and Governance Consultant

andrew.mckerns@hymans.co.uk

0141 566 7579