

Sixty second summary

LGPS Funds restructuring for best practice Governance and Administration

Enhancing current governance and administration structures

With the increasing expectations from TPR, members, committees and pension boards, governance and administration restructures are in the air.

- Many LGPS funds are restructuring to cope with data quality requirements
- Good governance outcome also expected to put pressure on current structures
- End of 2019 is an ideal time to take stock and properly review your current structure and delivery methods

LGPS Funds look to drive structural ‘fit for purpose’ changes

The Pensions Regulator (TPR) announced on Wednesday 2 October that it will be asking the Trustee Boards of 400 schemes to conduct a data review within 6 months. Not all of those asked will be within the public sector, but some will. And for any LGPS funds that may be on this list, it will mean another large task to add to a very long list of priorities.

“The move comes as TPR tightens its regulatory grip to drive up standards of governance and administration and deliver better outcomes for pension savers¹.”

But it is not only TPR demands that are impacting LGPS funds. Members, pension committees and pension boards have increasingly demanded more from their fund’s governance and administration teams and that has led many funds to look at their present structure and reviewing if it is meeting these increased demands.

Time for funds to ‘stop and think’

It is not only this TPR exercise that is causing many funds to reconsider their current governance and administration structures. The current governance and administration horizon is filled with challenges:

- **Data improvement plans** – whether you are in the 400 or not, the valuation process has most likely thrown up some challenges with your data and record keeping. These may be isolated issues or indicate a need for significant improvement. The main recommendation is to make sure you have a strong data improvement plan in order to reap the benefits of better data.
- **Being ‘regulator ready’** – our recent sixty second [summary](#) highlights the outcomes of the ‘deep dive’ exercise held by the Regulator earlier this year and the subsequent engagement report and recommendations. We suggest focussing on the 3 ‘p’s
 - Policies – Ensure all the required statutory and best practice policies are in place and up to date

¹ Excerpt from 2nd October press release

- Processes – Be able to clearly demonstrate all the processes you need to follow in managing your fund
- People – Make sure your Pension Committee and Pension Board are appropriately knowledgeable and working effectively
- **Delivery of the 2019 valuation** – we are now moving into arguably the busiest phase of the valuation with employer engagement top of the pile. Our recent webinar on engaging with employers highlights how having an effective employer communications and engagement strategy is key to delivering a successful valuation. You can listen to the webinar [here](#).
- **Good Governance** – the two working groups formed to take forward the proposals from the Hymans Good Governance Report (these groups are looking at defining good governance outcomes and options for independent assessment of those outcomes) will soon deliver their findings to the Scheme Advisory Board. Funds will need to consider what these findings mean to them and how they can be ready for any likely changes.
- **Use of technology** - the last few years has seen more funds using system middleware solutions to combat data inaccuracy. Those funds that are currently doing this recognise the game changing effect this has on existing administration team structures
- **Member & employer demands** - in this key area the increasing volume and complexity of technical queries received by funds shows no signs of slowing down.

It is for these reasons and many more that LGPS funds are having a ‘stop and think’. Do we have the structure and people in place to deliver all that is expected of our fund?

As we approach the end of 2019 (how did we get here so quick?), now is an ideal time to do a proper and thorough review of your current structure and delivery methods.

Hymans Robertson support

Using our experience and skills in benefits and governance consulting and project management, we've been supporting multiple funds as they look to enhance and improve their current governance and administration structures.

Whether this is running a planning day focussing on all the things listed above (plus many others), supporting development and delivery of a key project, an internal governance or administration review or more specialist support with data and member issues. We're here to help support your goals and objectives.

Please get in contact with any of the team below to discuss the support we can offer your fund.

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