

Scheme Advisory Board

8 October 2015

For the attention of LGPS administering authorities in England & Wales
LGPS Fund Chairs of Pension Committees
Chief Executives
Chief Financial Officers

Dear colleague,

Risk of censure by The Pensions Regulator (TPR)

I am writing on behalf of The Local Government Pension Scheme Advisory Board ([SAB](#)), a body set up under Section 7 of the Public Service Pensions Act 2013, to remind you of the need to meet your statutory scheme duties, and to highlight the potential risk of censure faced by administering authorities, and the Section 101 Committees with the delegated oversight of the pensions function, if those duties are not met.

This fact was evidenced in a survey recently conducted by the Local Government Association which found that only seven of the 73 administering authorities that responded would meet the statutory requirement to publish all Annual Benefit Statements by 31st August.

The SAB recognises the current pressure on resources faced by administering authorities. However, LGPS administering authorities must ensure that sufficient resources are maintained to meet the statutory obligations placed on them to manage the scheme. Where sufficient resources are not provided, there are a number of potentially negative outcomes including:

- Censure by the Pensions Regulator (TPR) for non-compliance with the requirements of the Public Service Pensions Act 2013 and other primary legislation.
- Findings against the authority by the Pensions Ombudsman.
- Failure to fulfil financial responsibilities in accordance with Accounts and Audit (England) regulations 2011.
- Failure of internal control systems for financial and investment activities (Accounts and Audit (England) regulations 2011 and CIPFA/LASAAC code of practice).
- Overpayment or underpayment of pension amounts.
- Incomplete data leading to valuation assumptions which could result in increased employer contributions.
- Incorrect tax liabilities for the authority, participating employers, and scheme members.

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Given the current financial strain on councils, it is important to be clear that the cost of those resources necessary for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009). There should therefore be no direct impact on the authority's revenue account costs.

The requirement for a new design of benefit statement is only one of a number of areas of increased demands on administering authorities others include:

- A new scheme design introduced in April 2014.
- New local governance arrangements (pension boards) which came into effect in April 2015.
- Ending of contracting out in April 2016 (estimated to cost between £30m and £100m across all LGPS funds).

Pensions (and the LGPS in particular) remain an area of significant change and high profile, as evidenced in the Summer Budget announcement on pooled investments, both within government and the media. Administering authorities will therefore come under an increasing level of scrutiny with regard to compliance and should ensure they have the necessary capacity in place.

As ever, the SAB welcomes feedback from the LGPS community particularly with regards to the administration of the Scheme by administering authorities. Please contact the SAB Secretariat, (email elaine.english@local.gov.uk) if you would like to share your views in respect of this matter or to find out more about the work of the Board.

Yours faithfully,



Joanne Segars

Chair, Scheme Advisory Board

www.lgpsboard.org