Public service governance and administration survey 2020-21 Research report

1. Executive summary

1.1 Introduction

This report summarises results from The Pensions Regulator's (TPR's) Public Service Pension Scheme (PSPS) Governance and Administration Survey 2020-21. The survey was undertaken by OMB Research, an independent market research agency, on behalf of TPR.
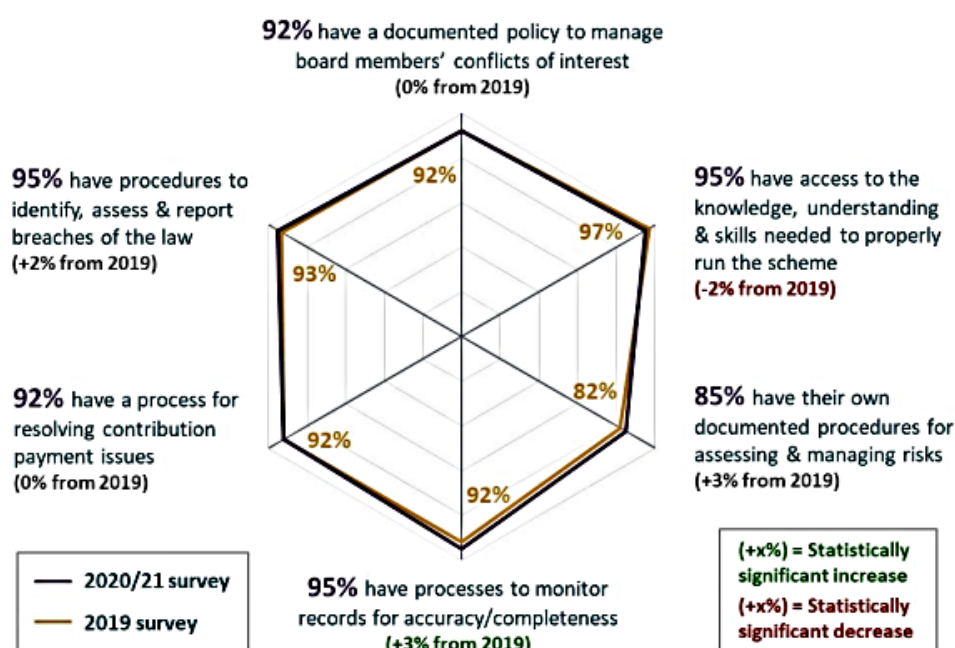
The primary objective of the survey was to track governance and administration practices among public service pension schemes. In addition, the 2020-21 survey also included new questions on schemes' response to the COVID-19 pandemic, awareness and perceptions of the pensions dashboards, and the actions taken by Local Government schemes in relation to climate related risks and opportunities.

The survey was conducted online between January and March 2021, and was completed by representatives of 193 public service pension schemes out of the existing entirety of 206.

1.2 Key processes

There was little change since 2019 for the key processes that The Pensions Regulator (TPR) monitors as indicators of public service scheme performance. However, the proportion of schemes with all six processes in place increased to 70% from 64% in 2019.

Figure 1.2.1 Schemes' performance on key processes

92% have a documented policy to manage board members' conflicts of interest (0% from 2019)

95% have procedures to identify, assess & report breaches of the law (+2% from 2019)

95% have access to the knowledge, understanding & skills needed to properly run the scheme (-2% from 2019)

92% have a process for resolving contribution payment issues (0% from 2019)

85% have their own documented procedures for assessing & managing risks (+3% from 2019)

95% have processes to monitor records for accuracy/completeness (+3% from 2019)

92% 97% 93% 82% 92% 92%

— 2020/21 survey
— 2019 survey

(+x%) = Statistically significant increase
(+x%) = Statistically significant decrease

1.3 The pension board

Approaching half of schemes held four or more pension board meetings in the previous 12 months, a fall from 2019. The mean number of current board members at the time they completed the survey was 7.1.

1.4 Managing risk

Risk exposure was reviewed at the majority of board meetings, but there was a fall in the proportion of schemes with their own risk register.

1.5 Administration and record-keeping

As in the 2019 survey findings, administration was included on the agenda at the majority of board meetings and three-quarters of schemes had an administration strategy.

Four in ten schemes stated that all their employers had always provided data on time in the last 12 months (40%) and had always provided accurate and complete data (39%), consistent with the 2019 results.

A higher proportion of schemes (64%) reported that all their employers had submitted all data electronically in the last 12 months.

1.6 Cyber security

Nine in ten schemes (90%) had at least half of the recommended cyber risk controls in place, an improvement since 2019. The proportion who reported experiencing any cyber breaches or attacks in the last 12 months was lower than in 2019.

1.7 Annual benefit statements

Over nine in ten active members received their annual benefit statement by the statutory deadline in 2020, unchanged from 2019. More schemes achieved this for all their active members than in 2019.

1.8 Resolving issues

Around 10,000 complaints were estimated to have been made to public service schemes in the last year. This equated to 0.6 complaints per 1,000 members, a similar ratio to in 2019.

1.9 Reporting breaches

The vast majority of schemes maintained documented records of breaches of the law identified (98%), included the decision on whether to report to TPR in these records (95%), and provided the pension board with reports on any breaches (95%).

1.10 Addressing governance and administration issues

The remediation (McCloud) process, scheme complexity and the volume of changes required to comply with legislation were seen as the top barriers to improving scheme governance and administration in the next 12 months.

Improved governance and administration was primarily attributed to a better understanding of the risks facing the scheme.

1.11 COVID-19 pandemic

Almost all schemes had a business continuity plan in place prior to the COVID-19 pandemic, and these were widely felt to have been effective.

1.12 Pensions dashboards

While awareness of the dashboards was near universal and most schemes believed they were a good idea, there were some concerns about schemes' ability to implement them.

1.13 Climate change

Nine in ten Local Government schemes had allocated time or resources to assessing any financial risks and opportunities arising from climate change, and most were aware of the Taskforce on Climate-related Financial Disclosures (TCFD).

1.14 Perceptions of TPR

More schemes agreed that TPR was fair, clear, approachable and evidence-based than in 2019.

TPR was widely felt to be effective at improving standards of governance and administration. It was also perceived to be clear about its administration expectations, effective at changing behaviour among its regulated audiences, and proactive at reducing risks to member benefits.