Dear Colleague,

LGPS Administration Benchmarking & Resources

Let me begin with an introduction, from January 2019 I have been appointed as the Chair of the CIPFA Pensions Panel. In my existing role as CFO at Lincolnshire County Council I have been closely involved with the LGPS for many years and more recently I have supported the development of our regional asset pool (Borders to Coast).

During this time I have come appreciate the role of the LGPS and the importance of the staff who ensure it operates effectively at a local level. Indeed discussions at Pension Panel meetings have highlighted how crucial it is to have a properly trained and resourced team to meet the challenges now emerging.

The Pension Regulator has become more involved in the Scheme in recent years and in 2018 focused on the LGPS particularly around data quality. Overall the Scheme has again showed its resilience and performed well but it is clear that there remain issues in dealing with a significant increase in employing bodies on top of a CARE Scheme.

We are all aware of the challenges around resources during this period of austerity and pension funds as with all other services should be as efficient as possible. However, the current pressures and increased complexity facing the LGPS require an increase in resources to ensure that the huge challenge of establishing asset pools as well as the increasing administrative requirements do not create an unmanageable risk. 2019 is a Valuation year for the LGPS in England and Wales and the importance of accurate and reliable data cannot be understated when considering future contribution rates.

CIPFA has recently published its updated Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition). The guidance includes a new requirement for Funds to provide a statement on the value for money achieved by the administration function. This intended to increase the focus upon the Administration function and allow those involved in the governance arrangements to monitor performance and manage risks.

The new guidance also offers a suggested approach to producing key performance indicators which was developed in conjunction with a working group of leading practitioners. The aim is to achieve a standard set of indicators which will improve the consistency and comparability of reporting and help Funds identify areas of strong and weak practice. The Panel are keen to urge all Funds to consider these tables and where possible produce information on a ‘best endeavours’ basis for 2018/19. CIPFA accepts this may be more difficult for some Funds and would welcome all feedback to help us develop this initiative.

In order to support practitioners we have also updated our Pensions Administration Benchmarking Service to mirror the requirements in the Annual Report Guidance. We hope this will make the benchmarking service more relevant and increase participation which will lead to more useful information for all Funds and
LGPS stakeholders. The pension panel hope that this tool will be used by more Funds to help us build a better picture of the current state of administration in the LGPS.

CIPFA has also recently issued A Guide to Administration in the LGPS which is a short document designed to provide an insight into the function for Pension Committee Members, Local Pension Board Members and those new to the LGPS.

The Guide was developed with colleagues at AON and we hope it will be circulated widely to support the discussions around administrative challenges.

CIPFA is also looking to support the Scheme Advisory Board’s Good Governance Project and we are working with Hymans Robertson to gather the views of S151 officers and feedback more broadly on current governance arrangements.

The level of scrutiny on LGPS Funds has never been higher both from internal sources such as Local Pension Boards but particularly from external sources such as The Pensions Regulator, Pensions Ombudsmen and the national press. It is therefore essential that funds have the necessary capacity to meet these challenges otherwise there is a significant risk of censure and the subsequent reputational damage at local and national level. CIPFA would expect funds to be taking the necessary advice and comparing its costs and service delivery (through benchmarking and other analysis) to ensure they are in line with the rest of the LGPS and achieving the standards expected by their members.

CIPFA’s Pension Panel aims to support all those involved in delivery of the LGPS and has produced a range of Guidance to assist practitioners and will continue to do so. The Panel is always keen to hear the views of its members with regard to pensions and works closely with Treasurer Societies as required.

Kind Regards,

Pete Moore
Chair CIPFA Pensions Panel