

Public service pension schemes

Self-assessment tool



Information
for those
running public
service pension
schemes

October 2016

The Pensions
Regulator

Introduction

This self-assessment tool is for those involved in running public service pension schemes, including scheme managers and pension boards. It sets out key processes, tools and actions we expect to see in a well-run scheme, and will help you identify issues and actions to take to improve governance and administration in your scheme. This tool is not designed to assess compliance with the law, and does not replace a comprehensive review of your scheme against the relevant legislation and TPR's code of practice (the code), which we expect all schemes to undertake.

There are three parts to this tool: 'Governing your scheme' (page 3), 'Managing risks and resolving issues' (page 8) and 'Administration' (page 11), each of which contains a few questions. For each question, select the most appropriate answer and consider the associated Red/Amber/Green risk rating (see key on page 3) and the guidance and links provided. This tool is for your use only and TPR cannot see the answers provided. You should answer as honestly as possible, to provide you with the most accurate assessment of your scheme.

We recommend you create a plan to set out the actions you are planning to take to address any risks identified in your results, or actions you will take to help you achieve best practice. You should review progress against this plan regularly.

Further information

Statistics refer to findings from TPR's 2015 survey into the governance and administration of public service schemes¹.

If you would like to feedback on this tool, please contact us at PSPSR@tpr.gov.uk.

¹ www.tpr.gov.uk/ps-research

Red/Amber/Green rating

- R** A **Red** rating indicates a potential gap in processes, tools or actions which could pose a high risk to your ability to meet legal requirements. These areas should be considered as a priority.
- A** An **Amber** rating indicates a potential gap in processes, tools or actions which could pose a risk to your ability to meet legal requirements or more generally achieve the standards we set out in our code.
- G** A **Green** rating indicates where processes, tools or actions are in line with what we would expect to see in a well-run scheme.

Governing your scheme

Have you clearly defined and recorded the roles and responsibilities of the pension board?	
Yes	<p>G</p> <p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails. You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>
No/In progress/ Don't know	<p>A</p> <p>A number of different people are involved in governing and administering public service schemes and it's important that they clearly understand their respective responsibilities. Roles and responsibilities can vary between pension boards, depending on each scheme's regulations and working arrangements agreed with the scheme manager (eg delegated functions). It's important that you identify and document them for your board. You should involve the relevant people in defining these roles and responsibilities, in particular the scheme manager and, in the case of local government schemes, the pension committee.</p>
Have you published information about the pension board and kept it up to date?	
Yes – we publish information to legal requirements	<p>G</p> <p>Our code² sets out examples of information beyond the legal requirements we might expect to see published in a well-run scheme, such as the board's terms of reference. Publishing additional information provides greater transparency to members and other parties about the management of the scheme.</p> <p>You should monitor all published data on an ongoing basis to ensure it remains accurate and complete. You should also ensure that any information published is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further guidance about publishing scheme information is on our website³.</p>

² www.tpr.gov.uk/code14

³ www.tpr.gov.uk/PS-publishing

Have you published information about the pension board and kept it up to date? continued...

<p>Yes – we publish information to legal requirements and provide additional information about the pension board and board business</p>	<p>G</p> <p>Our code⁴ sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information about publishing scheme information is on our website⁵.</p>
<p>No</p>	<p>R</p> <p>By law, the scheme manager must publish certain information about the pension board and keep this up to date. You should ensure this information is published without delay and monitored to ensure it remains accurate and complete.</p>
<p>In progress/ Don't know</p>	<p>A</p> <p>Further information about publishing scheme information is on our website⁶. Our code⁷ also sets out additional information we might expect to see published in a well-run scheme, such as the board's terms of reference.</p>

⁴ www.tpr.gov.uk/code14

⁵ www.tpr.gov.uk/PS-publishing

⁶ www.tpr.gov.uk/PS-publishing

⁷ www.tpr.gov.uk/code14

Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?	
Yes	G Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place. You should keep your processes under regular review to ensure they remain effective and fit for purpose.
No	R Board members must have the required knowledge and understanding so they can perform their role properly. Four in five public service schemes have put in place policies and arrangements for acquiring and retaining knowledge and understanding – this key process helps board members meet their legal obligations. Further practical guidance on knowledge and understanding is available in our code ⁸ .
In development /Don't know	A
Do you use the following for your pension board?	
Individual training needs analysis	
Yes	G Using individual training needs analysis can help board members identify specific individual training needs. Training is an important part of the pension board members' role and they should invest sufficient time in their learning and development alongside their other responsibilities and duties. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.
No/ Don't know	A Board members must have the required knowledge and understanding so they can perform their role properly. The training needed to acquire the degree of knowledge and understanding required may vary according to each member's role and expertise. As such, training needs may be personal to the individual and you should consider the use of individual training needs analysis. You can use our tool 'Assessing your Learning Needs' ⁹ to get you started. Further information can also be found in our code ¹⁰ and our quick guide to personal development ¹¹ .

⁸ www.tpr.gov.uk/code14

⁹ www.tpr.gov.uk/ps-assess

¹⁰ www.tpr.gov.uk/code14

¹¹ www.tpr.gov.uk/ps-develop

Do you use the following for your pension board continued...	
Training plans	
Yes	<p>G</p> <p>Board members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development. Many schemes use pension board training plans to help board members acquire and retain knowledge and understanding. If you don't already do so, you may wish to consider the use of individual training plans as the training needed may vary according to each member's role and expertise. Further information can be found in our code¹² and our quick guide to personal development¹³.</p>
No/ Don't know	<p>A</p> <p>Board members must have the required knowledge and understanding so they can perform their role properly. They should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development. You should consider the use of a pension board training plan or individual training plans. Many schemes use pension board training plans. Individual training plans enable an even more bespoke approach, which reflects the different training needs of each member. Further information can be found in our code¹⁴ and our quick guide to personal development¹⁵.</p>
Training log	
Yes	<p>G</p> <p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements. You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>
No/ Don't know	<p>A</p> <p>Board members must have the required knowledge and understanding so they can perform their role properly. You should keep appropriate records of the learning activities of the pension board. This will help demonstrate steps you have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. Further information can be found in our code¹⁶.</p>

¹² www.tpr.gov.uk/code14

¹³ www.tpr.gov.uk/ps-develop

¹⁴ www.tpr.gov.uk/code14

¹⁵ www.tpr.gov.uk/ps-develop

¹⁶ www.tpr.gov.uk/code14

Do you have a conflicts policy and procedure for pension board members?		
Yes	G	Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts. You should review the policy and procedures regularly to ensure they remain fit for purpose.
No	R	Conflicts of interest in pension board members are prohibited. You should consider putting in place conflicts policies and procedures, which include identifying, monitoring and managing any interests that have the potential to become conflicts.
In development /Don't know	A	Nine in ten public service schemes have put such processes in place. Further information is in our code ¹⁷ .
Do you have a register of interests (or equivalent)?		
Yes	G	A register is a simple and effective way of recording and monitoring interests. Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.
No	R	Conflicts of interest in pension board members are prohibited. The scheme manager must be satisfied that a pension board member doesn't have any conflicts of interest. A register is used by three quarters of public service schemes, and provides a simple and effective means of recording and monitoring interests that have the potential to become conflicts. Further information is in our code ¹⁸ .
In development /Don't know	A	

¹⁷ www.tpr.gov.uk/code14

¹⁸ www.tpr.gov.uk/code14

Managing risks and resolving issues

Do you have procedures in place for assessing and managing risk?	
Yes	G You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code ¹⁹ provides practical guidance on risk management to consider in your review.
No	R The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements. Documented risk processes are a key internal control used by three quarters of public service schemes. Not having such processes in place may put you at significant risk of not identifying, mitigating or managing risks which could have a material impact on the scheme and members. You can find further information in our code ²⁰ .
In development /Don't know	A
Do you have a risk register?	
Yes	G You should review risks regularly. Three in five public service schemes assess risks at least every quarter. The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.
No	R Four in five public service schemes operate a risk register – this key tool helps schemes manage internal and external risks. A well-designed risk register helps you focus your resources on the risks which are the most likely to occur and have the greatest potential impact on scheme operations and members. You can get started with our example risk register ²¹ .
In development /Don't know	A You should review risks regularly. Three in five public service schemes assess risks at least every quarter. Our code ²² provides further practical guidance on risk management.

¹⁹ www.tpr.gov.uk/code14

²⁰ www.tpr.gov.uk/code14

²¹ www.tpr.gov.uk/ps-risk-register

²² www.tpr.gov.uk/code14

Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?	
Yes	<p>G</p> <p>You should review the effectiveness of your internal controls regularly, including those of your outsourced service providers. You should ensure that you receive sufficient assurance from providers on the services they provide – it should be sufficiently detailed and comprehensive for you to properly assess the effectiveness of their internal controls. Our code²³ provides further guidance on internal controls.</p>
No	<p>R</p> <p>The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements. This applies equally where schemes outsource services. Nine in ten public service schemes ensure outsourced service providers demonstrate that they have adequate internal controls in place. You should ask providers to demonstrate this in tenders for delivering services, and incorporate these requirements in your contracts. Our code²⁴ provides further guidance on internal controls.</p>
In progress/ Don't know	<p>A</p> <p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements. You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>
We don't use outsourced services	N/A
Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in-house or outsourced?	
Yes	<p>G</p> <p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements. You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>
No/In development /Don't know	<p>A</p> <p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered. You need to be confident that your administrator is delivering its services and take steps to address poor performance.</p> <p>Seven in ten public service schemes report having a documented service level agreement in place with their scheme administrator – this enables them to measure the timeliness, quality and accuracy of administration. Our code²⁵ provides further guidance on internal controls.</p>

²³ www.tpr.gov.uk/code14

²⁴ www.tpr.gov.uk/code14

²⁵ www.tpr.gov.uk/code14

Are your internal dispute resolution arrangements clearly communicated to members and others?	
Yes	<p>G</p> <p>You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do. You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code²⁶.</p>
No/In progress/Don't know	<p>A</p> <p>Internal dispute resolution arrangements provide formal procedures for disputes to be investigated and decided upon quickly and effectively. They play a key role in the effective governance and administration of a scheme.</p> <p>You should confirm and communicate your arrangements to members, for example in the joining booklet. Some public service schemes provide this information in other written communications, for example in benefit or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website. Further information on internal dispute resolution is available in our code²⁷.</p>
Do you have procedures in place to identify, assess and report breaches of the law?	
Yes	<p>G</p> <p>You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed. If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code²⁸ details information you should include in a report.</p>
No	<p>R</p> <p>Scheme managers, pension board members and certain other parties have a duty to report breaches of the law to us in certain circumstances. You should make sure you have effective procedures to identify, assess and report breaches. This is critical in order to reduce risk in your scheme and to help you meet your legal duty. Our code²⁹ provides practical guidance on what procedures should cover, how to assess if a breach should be reported to us and what to report.</p>
In development/Don't know	<p>A</p>

²⁶ www.tpr.gov.uk/code14

²⁷ www.tpr.gov.uk/code14

²⁸ www.tpr.gov.uk/code14

²⁹ www.tpr.gov.uk/code14

Administration

Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?	
Yes	G You must provide us with certain information and keep this information up to date, and complete a scheme return when asked. To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal, Exchange ³⁰ and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.
No	R You must provide us with certain information and keep this information up to date, and complete a scheme return when asked. Scheme managers can be fined if they don't comply. To help you meet your legal duties, you should assign a person to act as a contact for TPR and provide us with the information required. In larger schemes, this may be assigned to several people. You should make sure this person (or people) has access to our online portal Exchange ³¹ . Further information is available on our website ³² .
In development /Don't know	A
Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?	
Yes	G Processes should cover all membership types and you should review these regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code ³³ and on our website.
No	R Scheme managers must ensure that certain data is complete and accurate. This applies equally in respect of active, deferred, pensioner members and beneficiaries. Failure to maintain complete and accurate records can affect your ability to carry out basic functions.
In development /Don't know	A Four in five schemes have put in place record-keeping policies and procedures for all types of members and beneficiaries. You should establish or review your record-keeping processes immediately. Guidance can be found in our code ³⁴ and on our website.

³⁰ www.tpr.gov.uk/exchange

³¹ www.tpr.gov.uk/exchange

³² www.tpr.gov.uk/ps-reporting

³³ www.tpr.gov.uk/code14

³⁴ www.tpr.gov.uk/code14

Do you have controls in place to ensure that your employer(s) provide timely, accurate and complete data?	
Yes	G Receiving good data from your employer(s) is key to your ability to maintain accurate scheme records. Though nine in ten public service schemes require employers to provide timely, accurate and complete data, schemes have reported that a significant proportion of employers do not provide this as a matter of course. This can create significant record-keeping issues, even for single employer schemes. You should work with employers to ensure that scheme and employer processes are effective and fit for purpose. Our guide to issuing annual benefit statements ³⁵ highlights examples of best practice for communicating and working with employers.
No	R Scheme managers must keep records of specific member data. Most of this information will come from your employer(s) so you should ensure that employers have processes in place to provide you with the right data at the right time and in the right format. Poor data can create significant issues, even in single employer schemes. Some schemes provide specific training to employers on data requirements. Further information can be found in our code ³⁶ and our guide to issuing annual benefit statements ³⁷ .
In development /Don't know	A
When did you last carry out a data review exercise?	
Within the last year	G You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform. Further information on record-keeping can be found in our code ³⁸ and on our website.
More than a year ago/Never	R A data review is a key action we would expect a well run scheme to undertake at least annually. A review enables you to identify gaps and data quality issues, and take action to resolve these. Nine in ten public service schemes plan to review their data at least once a year. The Record Keeping Regulations set out records scheme managers are required to keep and you should measure your data against these requirements. Your review should include an assessment of the accuracy and completeness of the member data held. Further information can be found in our code ³⁹ and on our website.
Don't know	A

³⁵ www.tpr.gov.uk/ps-benefit

³⁶ www.tpr.gov.uk/code14

³⁷ www.tpr.gov.uk/ps-benefit

³⁸ www.tpr.gov.uk/code14

³⁹ www.tpr.gov.uk/code14

Where you have identified poor quality or missing data, do you have an improvement plan to address issues?	
Yes	G Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.
No	R You should continually review your data and carry out a data review exercise at least once a year. You should then ensure the necessary steps are taken to resolve any issues identified. A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data. Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.
In development /Don't know	A
Not required	G You should continually review your data and carry out a data review exercise at least once a year. You should then ensure that the necessary steps are taken to resolve any issues identified. A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data where they arise.
Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?	
Yes	G You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code ⁴⁰ and our Managing contributions checklist ⁴¹ .
No	R The scheme manager of a public service scheme must establish and operate internal controls. This should include processes around payments of contributions. Four in five public service schemes have such processes in place. Schemes should monitor contributions on an ongoing basis and regularly check payments received against the payments which were due. Schemes should take steps to resolve payment failures. The scheme manager must report these where they believe they are likely to be of material significance to TPR. Further information is available in our code ⁴² . You can also use our Managing contributions checklist ⁴³ to evaluate how effectively your scheme manages contributions.
In development /Don't know	A

⁴⁰ www.tpr.gov.uk/code14

⁴¹ www.tpr.gov.uk/ps-checklist

⁴² www.tpr.gov.uk/code14

⁴³ www.tpr.gov.uk/ps-checklist

Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?	
Yes	<p>G You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members. Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements⁴⁴.</p>
No/In progress/ Don't know	<p>A You should consider undertaking a lessons learned exercise once your statements are issued, including getting feedback from stakeholders involved. This is particularly important when you have implemented new requirements. Processes should be updated, and remedial work scheduled, in time for the next cycle. Some issues to consider in your review are included in our guide to issuing annual benefit statements⁴⁵.</p> <p>Where issues resulted in a failure to comply with legal duties (eg a failure to provide benefit statements) and you consider this is likely to be of material significance to us, you should submit a breach of law report.</p>
Have you taken steps to ensure member communications are clear, accurate and easily accessible?	
Yes	<p>G You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways – by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>
No/In progress/ Don't know	<p>A Good communications are key to ensure members are able to engage with their pension provision, and effectively plan for retirement. You should design and deliver communications that are clear and simple to understand, as well as being accurate and easily accessible. Avoid jargon where possible, explain technical terms clearly and make sure you're consistent in the language you use.</p> <p>There are a number of ways you can find out about members' information needs and their views on your communications – you should choose methods appropriate to the size of your scheme and available resources. Examples include speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>

⁴⁴ www.tpr.gov.uk/ps-benefit

⁴⁵ www.tpr.gov.uk/ps-benefit

How to contact us

Napier House
Trafalgar Place
Brighton
BN1 4DW

www.tpr.gov.uk

www.trusteetoolkit.com

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