

LPB annual wrap-up training 2020

10 June 2020

Agenda

- Welcome and Introductions
 - Group Discussion
 - Age Discrimination Remedy
 - TPR Governance & Administration Survey Results 2019
 - Governance and Management Stakeholders
 - Six key principles
-

Introduction

Who are we?

- LGA is a politically-led, cross-party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government.
 - The pensions team sits alongside our workforce colleagues to work with public sector bodies to manage their workforce and pensions, and our particular role is to work with the Fire and Rescue representing employers' interests to central government and other bodies on Firefighters Pensions policy.
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An important note

- These slides are intended to provide an overview of the scheme regulations and should not be regarded as a complete guide
 - Please note that it is the responsibility of each FRA to apply the rules of the pension scheme in accordance with their interpretation of the scheme and to obtain legal advice where they consider this is necessary.
 - The information contained in these slides have been provided to give some guidance on the rules of the pension scheme, however they should be used only as an informal view of the interpretation of the firefighters' pension scheme as only a Court can provide a definitive interpretation of legislation.
-

- Don't

- Police

- Inspect

- Regulate

- Report

- Whistle Blow

- Do

- Advise

- Guide

- Help

- Steer

Administration and management

- Each of the 45 England Fire & Rescue Authorities are responsible for the management and administration of the scheme and are defined in law as the [scheme manager](#)
 - This responsibility is managed differently within each FRA depending on governance.
 - Each FRA is required to administer and manage the scheme
 - Currently 18 different pension administrators across the 45 FRAs, a list of Authorities and their administrators can be found [here](#).
-

Funding

- The top up grant provided from central government covers pension payments only. It does not fund administration and management of the scheme.
 - Unlike centrally administered schemes, where the employers pay an administration levy, FRAs have to fund pension costs arising from the administration and management of the scheme from their operating accounts.
-

Group discussion



- What do you think is most challenging for board members?
-

A quick straw poll...

1. Has there been an increase in breaches of law?
 2. How would you expect to be informed of breaches?
 3. Have any changes been made to your LPB risk register?
-

Has there been an increase in breaches of law?

Don't Know



Yes, compliance



No

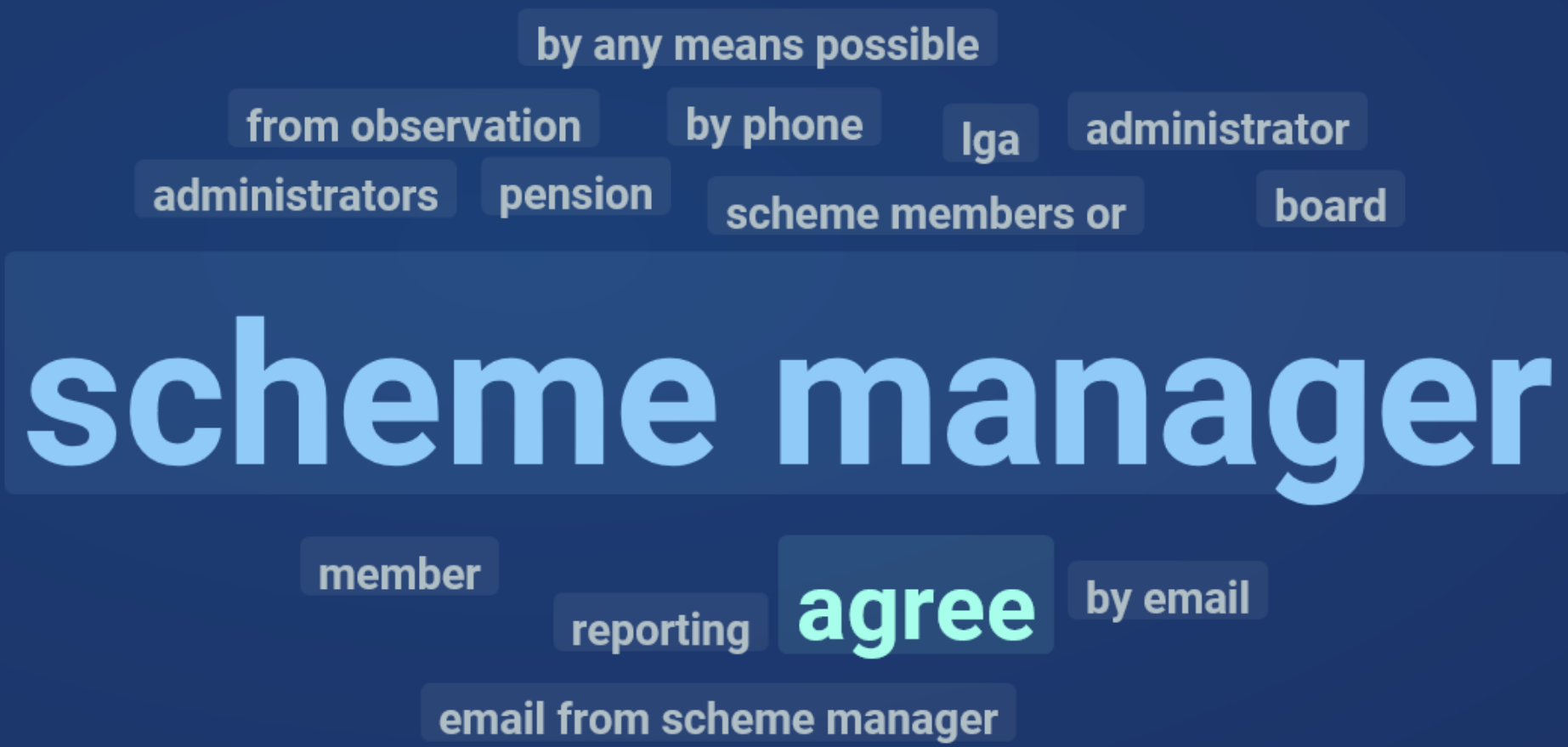


Yes, due to Covid and information sharing



How would you expect to be informed of breaches?

0 1 0



Have any changes been made to your LPB risk register due to the pandemic

0 1 0

Pending for the next board meeting



No, we haven't thought about it



Yes



No, we don't believe there is any risk



COVID-19 governance survey now open

- (only) 10 responses to date – 8 June
 - 90% have held or planning to hold virtual meetings
 - Communication between stakeholders has not been affected
 - 80% have or planning to revise their risk register
 - [Complete the survey now!](#)
-



- How are you assisting your scheme manager in the management of the pension scheme?
 - Please enter comments in the chat or put your virtual hand up!
-

A few examples



Age Discrimination

Remedy.....

Government to remedy public service pension schemes - including NHS & firefighter pensions

Welcome to the first edition of our new-look Public Sector Pensions Update.

In this edition, we focus on recent developments in the *McCloud* case.

[Pensions update: McCloud/Sargeant fact sheet](#)

Firefighters win back pensions in blow to government

Update on McCloud case

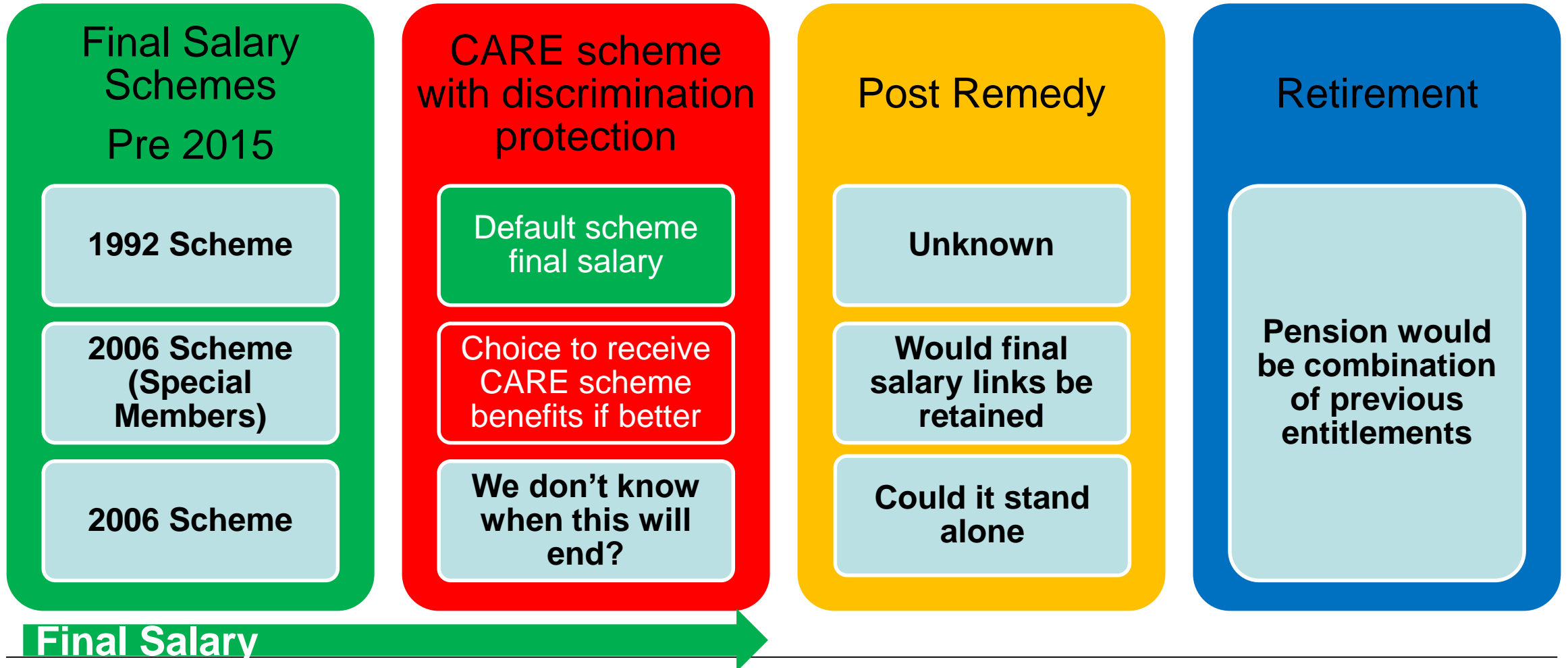
- The case is on the [transitional provisions](#) of the 2015 scheme.
- It is these provisions that allowed certain members by virtue of age to remain protected in the final salary scheme or move to the 2015 scheme at a later date.
- Tested in Court by the McCloud and Sargeant cases

Discriminatory



Written Statement – HCWS187

- The government is developing proposals to address the unlawful age discrimination identified by the Court of Appeal in the 2015 reforms to the Judicial and Firefighters' pension schemes.
 - On 15 July 2019, the government announced it would take steps to **remove this discrimination retrospectively** (HCWS1725). It confirmed that this would apply to pension scheme members with relevant service across all those public service pension schemes that were introduced in 2014 and 2015, regardless of whether individuals had made a claim. This is a complex undertaking, and it is important to get it right.
 - Since February 2020 relevant pension schemes have been conducting technical discussions with member and employer representatives to seek initial views on the government's high-level proposals for removing the discrimination.
 - I am grateful for the constructive engagement of trade unions, staff associations, public service employers and other stakeholders in these discussions. The government is considering the initial views of stakeholders and continuing to work through the details of the technical design elements of the proposals. Detailed proposals will be published later in the year and will be subject to public consultation. The government will welcome views on these proposals.
 - For the avoidance of doubt, **members of public service pension schemes with relevant service will not need to make a claim** in order for the eventual changes to apply to them.
 - I would like to reassure members that their pension entitlements are safe. The proposals the government is considering would allow relevant members to **make a choice** as to whether they accrued service in the legacy or reformed schemes for periods of relevant service, **depending on what is better for them**. The government will provide more detail later in the year, but if an individual's pension circumstances change as a result, the government may also need to consider whether previous tax years back to 2015-16 should be re-opened in relation to their pension.
 - The government will also set out its proposal to **remove the discrimination for future service** in the forthcoming consultation.
 - In January 2019, the government announced a pause to the cost control mechanism in public service pension schemes, due to uncertainty about benefit entitlements arising from the McCloud judgment. Alongside its proposals for addressing discrimination, the government will also provide an update on the cost control mechanism.
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What we don't know

- When discrimination will end
- When a choice might be made
- How the scheme might look in the future
- Actuarial assessment on employer contributions and cost cap
- Tax implications
- How to treat immediate events
- Contributions





**The
Pensions
Regulator**

Making workplace pensions work

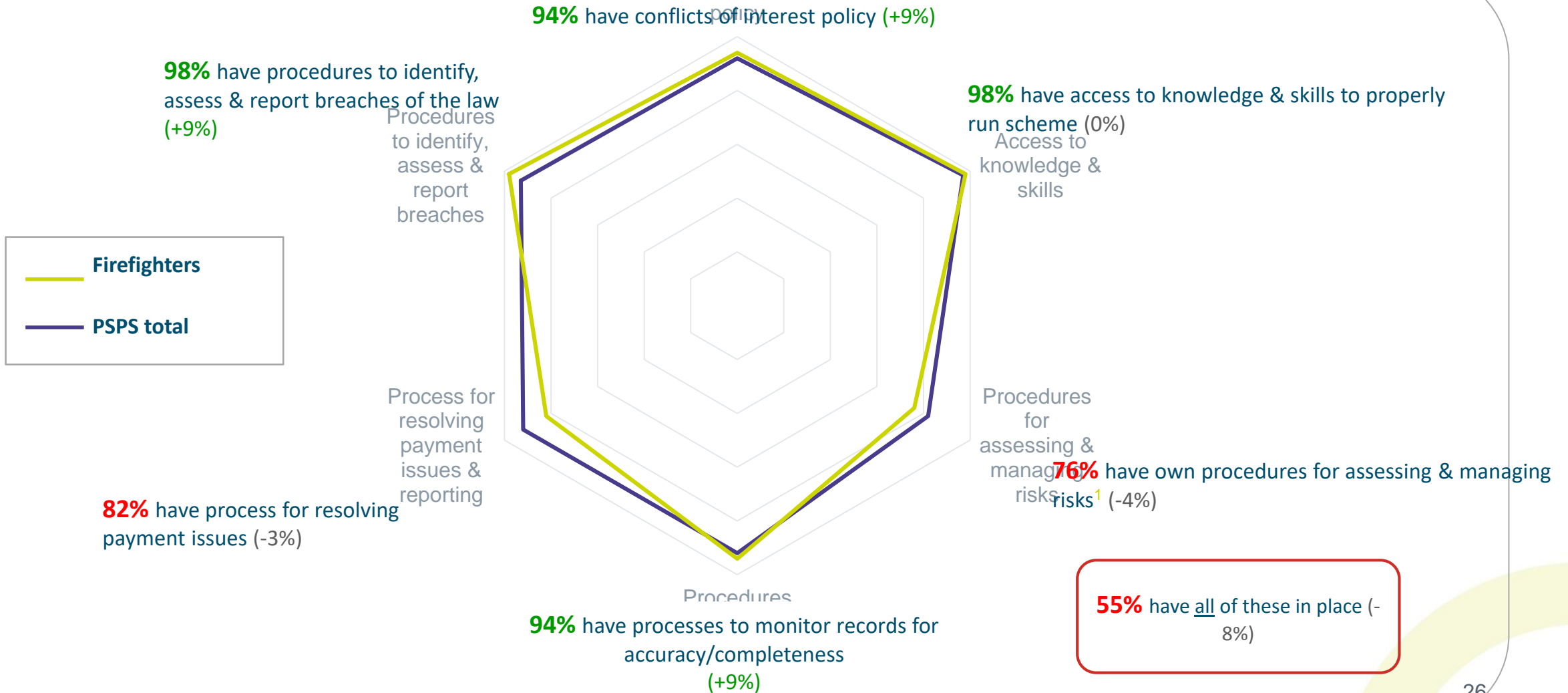
G&A Survey Results

Local Pension Board Training

Nick Gannon, Policy Lead

June 2020

Key Features



Key results - Firefighters

- Only 55% have all 6 key processes in place (down from 63% in 2018), but more schemes have processes to monitor accuracy/completeness of records (+9%) and identify/report breaches of the law (+9%)
- Only 31% held at least 4 board meetings in last 12 months, although an improvement since 2018 (+11%)
- 86% now review board knowledge & understanding at least annually (+10%), but only 49% have board succession plan
- 88% completed a data review in last 12 months (+10%)
- 67% met ABS deadline for all active members, a fall from 2018 (-11%)
- But 75% of those missing the deadline reported it to TPR

Pension board composition

Number and turnover of pension board members

	Firefighters
Current board members (mean)	5.4
Vacant positions (mean)	0.3
Board members that left in last 12 months (mean)	1.1
Board members appointed in last 12 months (mean)	1.3
Mean % of total positions that are vacant	5%
Mean % of total positions that left in last 12 months	20%
Mean % of total positions appointed in last 12 months	22%

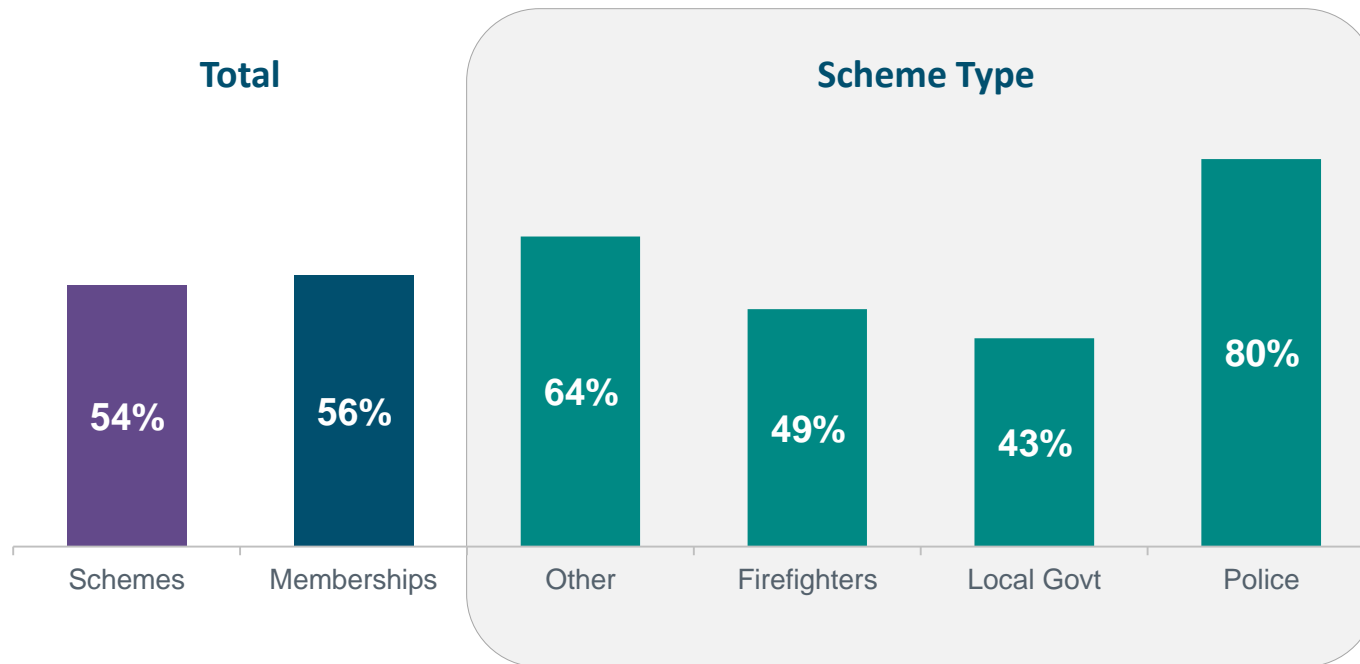
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Base: All respondents (Don't know, Did not answer question)

Other (11, 0%, 0%), Firefighters (49, 0%, 0%), Local Govt (97, 0%, 1-2%), Police (45, 2-7%, 0%)

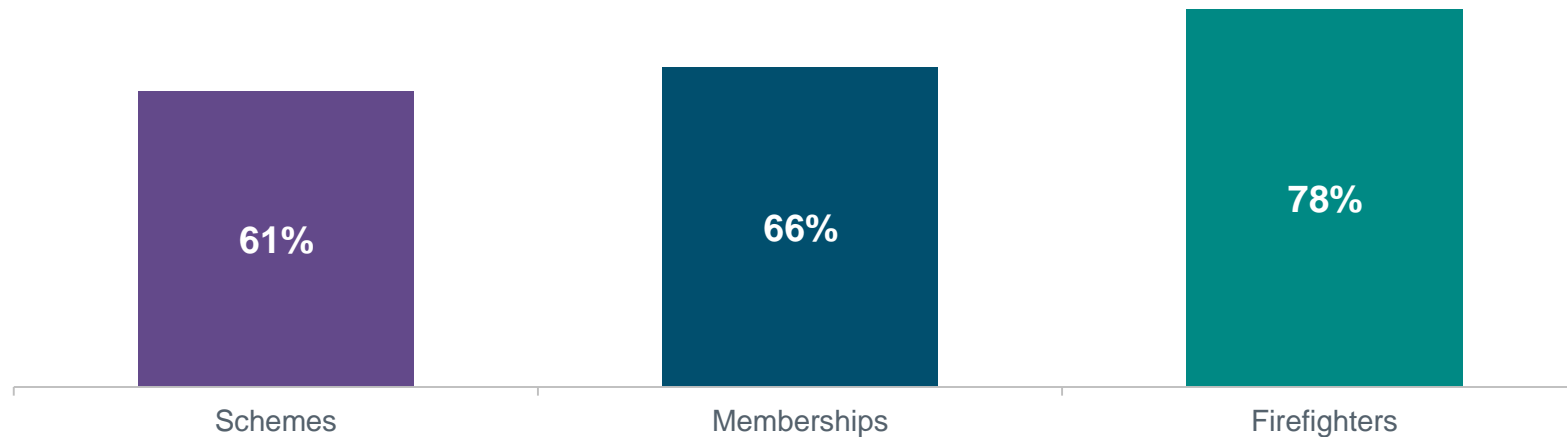
Succession planning

Proportion of schemes that have “a succession plan in place for the members of the pension board”



Delegation of responsibilities

Proportion of schemes where the scheme manager has “delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person”



Monitoring performance of administrators

Which of the following do you use measure the performance of your administrators?

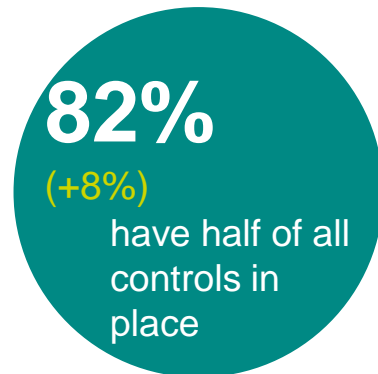
	Total		Firefighters		
	Schemes	Member-ships	Total	In-house	External
Performance against a service level agreement or service schedule	85%	93%	84%	25%	95%
Complaints volumes and trends	70%	84%	57%	50%	59%
Auditing administration functions and systems	66%	84%	55%	75%	51%
Testing the accuracy of calculations	45%	58%	20%	25%	20%
Benchmarking against the market	37%	41%	16%	25%	15%
Assessing project delivery against initially agreed time and cost	32%	39%	18%	25%	17%
Analysis of errors	31%	43%	22%	13%	24%
Member satisfaction ratings	31%	54%	18%	0%	22%
Volumes of rework required	14%	34%	6%	13%	5%
'Right first time' statistics	8%	25%	2%	0%	2%
None of these	1%	0%	2%	13%	0%

Protection against cyber risk

Which of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'?

System controls (firewalls, anti-virus/malware, software updates)	88%	(+3%)	Incident response plan to deal with any incidents which occur	73%	(+8%)
Controls restricting access to systems & data	90%	(+10%)	Access to specialist skills & expertise to understand & manage risk	69%	(+10%)
Critical systems & data regularly backed up	88%	(+10%)	Roles & responsibilities on cyber resilience clearly defined and documented	67%	(+2%)
Policies on data access, protection, use & transmission in line with DP legislation & guidance	90%	(+7%)	Assessment of vulnerability of key functions, systems, assets & parties	63%	(+2%)
Policies on use of devices, passwords, other authentication & home and mobile working	86%	(+6%)	Assessment of likelihood of different types of breaches occurring	61%	(+9%)
Cyber risk is on risk register & regularly reviewed	84%	(+12%)	Scheme manager receives regular updates on cyber risks, incidents & controls	55%	(+20%)
Scheme manager assured themselves of 3 rd party providers' controls	69%	(+12%)	Pension board receives regular updates on cyber risks, incidents & controls	51%	(+31%)

Impact of cyber breaches



Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months, which, if any, of the following happened as a result? *(All experiencing any cyber security breaches/attacks)*

	Fire-fighters
Lost access to any third-party services you rely on	11% (+11%)
Website or online services taken down or made slower	0% (-23%)
Temporary loss of access to files or networks	0% (-14%)
Net: Any impact reported	11% (-21%)

Governance and Administration Risks

To what do the top three governance and administration risks on your register / facing your scheme relate?

Top Mentions (5%+)	All Schemes	Firefighters
Record-keeping (i.e. receipt & management of correct data)	50%	53%
Funding or investment	33%	8%
Securing compliance with changes in scheme regulations	28%	53%
Cyber risk	25%	20%
Recruitment and retention of staff or knowledge	23%	24%
Systems failures (IT, payroll, administration systems, etc)	20%	22%
Administrator issues (expense, performance, etc)	16%	18%
Lack of resources/time	14%	14%
Production of annual benefit statements	12%	16%
Failure of internal controls	11%	10%
Guaranteed Minimum Pension (GMP) reconciliation	10%	2%
Lack of knowledge, effectiveness or leadership among key personnel	9%	12%
McCloud/Sargeant judgement	7%	2%
Receiving contributions from the employer(s)	5%	0%

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Barriers to improvement

What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

	Firefighters
Complexity of the scheme	84%
Volume of changes required to comply with legislation	55%
The McCloud/Sargeant judgement	51%
Lack of resources or time	35%
Recruitment, training & retention of staff & knowledge	31%
Employer compliance	0%
Issues with systems (IT, payroll, administration systems, etc)	2%
Lack of knowledge, effectiveness or leadership among key personnel	6%
Poor communications between key personnel	2%
Other barriers	8%
There are no barriers	2%

Risk registers vs performance

	Risk register	No risk register
Have a documented policy to manage pension board members' conflicts of interest	95%	86%
Have a register of pension board members' interests	95%	86%
Held at least 4 board meetings in last 12 months	36%	0%
Evaluate knowledge, understanding and skills of the board at least annually	90%	57%
Have a succession plan for members of the pension board	55%	14%
Have documented procedures for assessing and managing risk	86%	14%
Reviewed exposure to new/existing risks at any board meetings (1+) in last 12 months	100%	57%
Completed a data review in last 12 months	90%	71%
Identified any issues in latest data review	85%	40%

Questions



Refreshment Break



FPS Governance and Management stakeholders

We've got a factsheet for that:

- [FPS management and governance factsheet](#)
-

Roles and responsibilities

- [Scheme manager](#) (employer)
- [Local Pension Boards](#)
- [Scheme Advisory Board](#)
- [Administrator](#) (third party or in-house)
- [LGA](#)
- [Home Office](#) (responsible authority)
- [The Pensions Regulator](#)



Scheme manager

- Defined in law as the Fire & Rescue Authority [[Rule 4](#)]
 - Responsible for managing and administering the FPS 2015 and any connected scheme (i.e. FPS 1992 and 2006)
 - Provision to delegate under the regulations [[Rule 5](#)]
 - Delegated scheme manager should sit within the senior management team
 - [Scheme manager factsheet](#)
-

Local Pension Boards

- Introduced by the [Public Service Pension Act 2013](#) and FPS governance regulations [[Rule 4A to 4D](#)]...
 - ... to assist the scheme manager to secure compliance with the regulations, any other legislation relating to the governance and administration of the scheme, and any requirements imposed by TPR in relation to the scheme.
 - The board also assists the scheme manager to ensure the effective and efficient governance and administration of the scheme.
-

Scheme Advisory Board

- Introduced by the [Public Service Pension Act 2013](#) and FPS governance regulations [[Rule 4E to 4H](#)]
 - Two main functions:
 - provide advice as requested by the Secretary of State on the desirability of making changes to the scheme
 - provide advice to the Scheme Managers and Local Pension Boards in relation to the effective and efficient administration and management of the scheme
 - Three committees support objectives on [cost](#), [administration](#), and [LPB effectiveness](#)
-

Administrator

- Appointed to run day to day scheme administration
 - All legal responsibilities remain with the scheme manager
 - Typical duties include paying pensions and issuing Annual Benefit Statements
 - [List of current scheme administrators](#)
-

LGA

- Provide support and guidance to employers:
 - Technical advice
 - Library of guides and sample documents
 - Monthly information bulletins
 - Training
 - Facilitation of regional and national forums: technical, communications, fire pension officers
 - Representing stakeholders interests at national level
 - Secretariat service for Scheme Advisory Board
-

Home Office



- The Home Office is the responsible authority for the FPS, taking over from DCLG (now MHCLG) in 2016.
 - The Home Office is responsible for making scheme regulations and policy decisions.
-

The Pensions Regulator (TPR)

- The [Public Service Pension Act 2013](#) gave TPR regulatory oversight of public service schemes.
 - TPR is a public body established to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement.
 - TPR has powers to "educate, enable, and enforce", and is responsible for promoting robust scheme governance.
-

Great expectations

- What should we expect from each other?
- Where do our interdependencies lie?

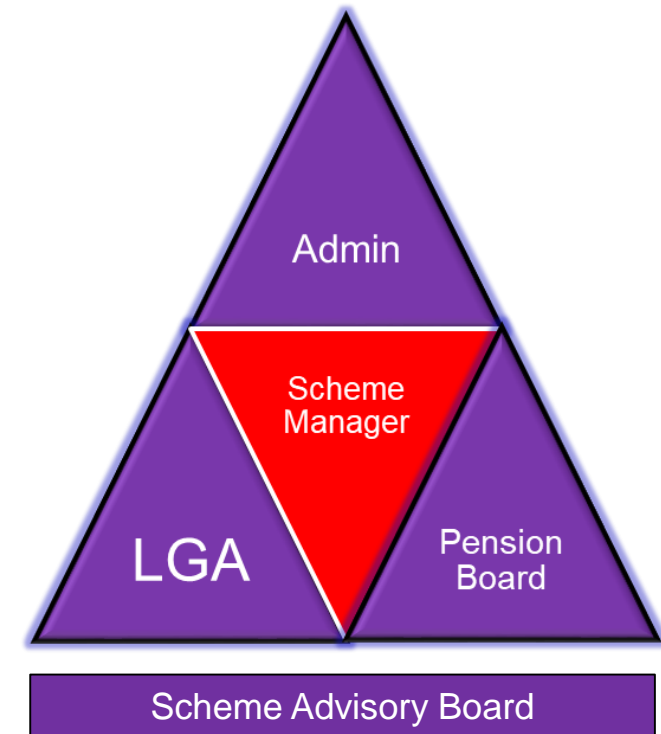


Pyramid of doom (or, scheme manager expectations)

- Scheme manager at the heart of good administration and management.
- But what help can they expect?

LPB to

- gain knowledge and understanding of scheme.
- provide constructive challenge and feedback.
- review processes and identify improvements.



Scheme manager expectations - continued

- Expectations of the administrator will be formally set out in a Service Level Agreement and should be frequently monitored.
 - The scheme manager **cannot** expect the administrator to make decisions about local issues e.g. pensionable pay.
 - Planned template administration strategy will help formalise expectations between parties.
 - The LGA to provide appropriate advice, guidance, and training to assist the scheme manager in fulfilling their role.
-

Local Pension Board expectations

- Access to all information and resources needed to support the scheme manager.
 - Scheme manager to attend LPB meetings and advise members of any issues arising.
 - Board is adequately resourced in terms of members and length of office.
 - The LGA to provide appropriate advice, guidance, and training to assist the LPB in fulfilling their role.
-

Scheme Advisory Board expectations

The two expectations of the SAB are set out in legislation:

- Any person/ party who is given advice by the SAB, must have regard to that advice [[PSPA 2013 Sect 7\(3\)](#)].
 - Scheme manager will pay the amount required each year under the statutory levy [[Rule 4H\(3\)](#)].
-

Administrator expectations

- Again, most expectations set out in SLA.
 - **Good quality and timely data** is a key expectation.
 - Scheme managers to comply with all statutory requirements.
 - Scheme manager to make decisions about the scheme e.g. local discretions, and advise the administrator.
 - Pensions admin strategy will formalise other standards of expectation.
 - LGA resources and technical advice also available to administrators.
-

LGA expectations

Our only expectation is that employers and administrators are aware of, and use, the information and guidance we provide.

An extract from the Aon [administration and benchmarking report](#) commissioned by the SAB:

“Our assumption is that the Scheme would be more effectively managed and administered if support which is already available were universally used.”

Home Office expectations

“Please note that it is the legal responsibility of each FRA to apply the rules of the pension scheme in accordance with independent legal advice where they consider this is necessary. It is not the responsibility of the Department to give legal advice to FRAs; the Department can only give an informal view on the interpretation of the firefighters' pension scheme as only a Court can provide a definitive interpretation of legislation. FRAs should not rely directly on, or share, the Department's informal view.”

TPR expectations

- Schemes to comply with statutory requirements and guidance.
 - Including current [Code of practice 14](#): Governance and administration of public service pension schemes.
 - Recording and reporting of breaches of the law.
 - Completion of the statutory annual scheme return.
 - Completion of the voluntary annual governance and administration survey.
-

The Six Key Principles

% of FRAs meeting the key features

	2019	2018	2017	2016	2015
Conflicts	94 (+9%)	85	94	80	78
Knowledge and skills	98	98	92	94	36
Risks	76 (-4%)	80	63	44	36
Accuracy / Completeness	94 (+9%)	85	80	88	
Contribution issues	82 (-3%)	85	84	68	78
Breaches	98 (+9%)	89	84	78	36

Areas of improvement

Process	Not in place
<u>Risk</u>	24%
<u>Contribution issues</u>	15%
<u>Conflicts of Interest</u>	6%
<u>Accuracy / completeness of records</u>	6%
<u>Breaches</u>	2%
<u>Knowledge and skills</u>	2%

Six core principles

1. Understand what the risks are
 2. To be informed and knowledgeable
 3. Understand the data
 4. Collect the right money at the right time
 5. What to do when something goes wrong
 6. No conflicts of interest
-

What are the risks?

Risk

- **At the 2019 survey 76% of Firefighters' Pension Schemes reported to have documented procedures for assessing and managing risk**
 - **The TPR research report 2018 commented that Fire schemes were less likely to have risk management processes than other schemes.**
 - **Is the risk register relevant and regularly assessed?**
-

Who is the risk register for?

- It is the Local Pension Board's statutory responsibility to assist the scheme manager in ensuring compliance, therefore the responsibility for risk sits with the **scheme manager**, and it is for the board to ensure there is suitable mitigation of risk in the form of a risk register and procedures.
-

Risk

Regulatory and Compliance	Financial	Operational
Non compliance with TPR	Excessive Charges	Member Data
Failure to interpret regulations	Pension Fund accounting mistakes	Administrative failures
Failure to comply with disclosure requirements	Authority costs due to failure to apply scheme / tax rule correctly	Premises
Failure to communicate with scheme members	Failure to deduct correct employee contributions	Software
	Fraud	Workforce planning

Regular assessments?

How do you manage and recognise risk?

- How does your scheme make decisions
 - Do you know where to get advice?
 - Have you asked your administrator whether they will complete year end this year?
 - How do you assess risk?
 - Key personnel
 - Administrator resilience?
-

What risk is there in decision making?

Chief / Chair

Flexibility ✓

Savings ✓

Operational ✓

People ✓

Risk v demand ✓

Pension Decision

Top risks as rated by FPS

Risk	2019 %	2018 %
Securing compliance with changes in scheme regulations	53	61
Record-keeping (i.e receipt and management of correct data)	53	57
Recruitment and retention of staff or knowledge	24	26
Failure of internal controls	10	22
Lack of resources / time	14	20
Administrator issues (expense, performance ,etc)	18	20
System failures (IT, payroll, administration systems, etc)	22	15
Guaranteed Minimum Pension (GMP) reconciliation	2	13
Production of annual benefit statements	16	13
Cyber risk	20	11
Lack of knowledge, effectiveness or leadership amongst key personnel	12	9
Funding or investment	8	7
McCloud / Sargeant	2	N/A

A complex scheme

- SAB [report](#)
- 73% administrators believe the scheme to be complex or very complex
- 66% of FRAs find decision making difficult
- 61% of members who responded only partly or don't understand their benefits.

- TPR Survey
- 84% of responses believe the complexity of the scheme is a barrier to improvement



Common Risk

1. Failure to have appropriate governance arrangements in place
 2. Failure to ensure internal controls are in place to manage the scheme appropriately
 3. Failure to secure compliance by ensuring legislation, rules and guidelines are interpreted correctly
 4. Failure to ensure any conflicts of interest are identified and declared
 5. Failure to ensure member data is complete and accurate and is of suitable quality to be relied upon
 6. Failure of administration processes / occurrence of maladministration
 7. Failure to ensure that there timely and accurate communication arrangements in place
 9. Failure to ensure VFM by ensuring suppliers and customers are not overcharging
 10. Failure to ensure occurrences of fraud and are identified and escalated
 11. Failure to ensure employers and employees pay the appropriate contributions to the scheme
 8. Failure to plan for operational disaster such as significant fire or floods
 12. Failure to ensure there is appropriate membership of the LPB
 13. Failure to ensure the LPB is able to fulfil its information reporting requirements in terms of reporting to the Pensions Regulator
-

Known areas of risk

Compliance	Two Pensions Scheme Sanction Charge Pensionable Pay
Cost of rectifying mistakes	From FRA Operating account Regulations do not give guidance on correcting errors Reputational
Legal Cases	Age Discrimination Retained Firefighters access to the scheme prior to July 2000
Breaches	Record vs Report
Capacity	Administrator Key person risk

To be informed and
knowledgeable

Skills and Knowledge

- No change between 2018 & 2019, 98% of Firefighters' Pension Schemes report to have procedures to enable access to all the knowledge, understanding and skills necessary to properly run the scheme.
 - However when asked what was a main barrier to improvement,
 - 35% cited a lack of resources or time, and
 - 31% cited training and retention of staff and knowledge
-

TPR Assessment Tool

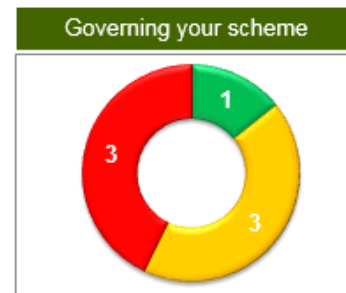
Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

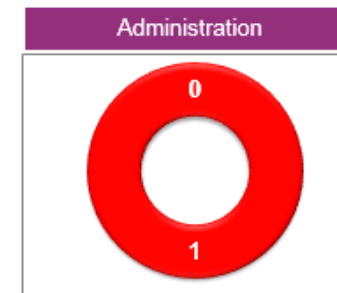
A summary of your results



Percentage of questions answered: **88%**



Percentage of questions answered: **17%**

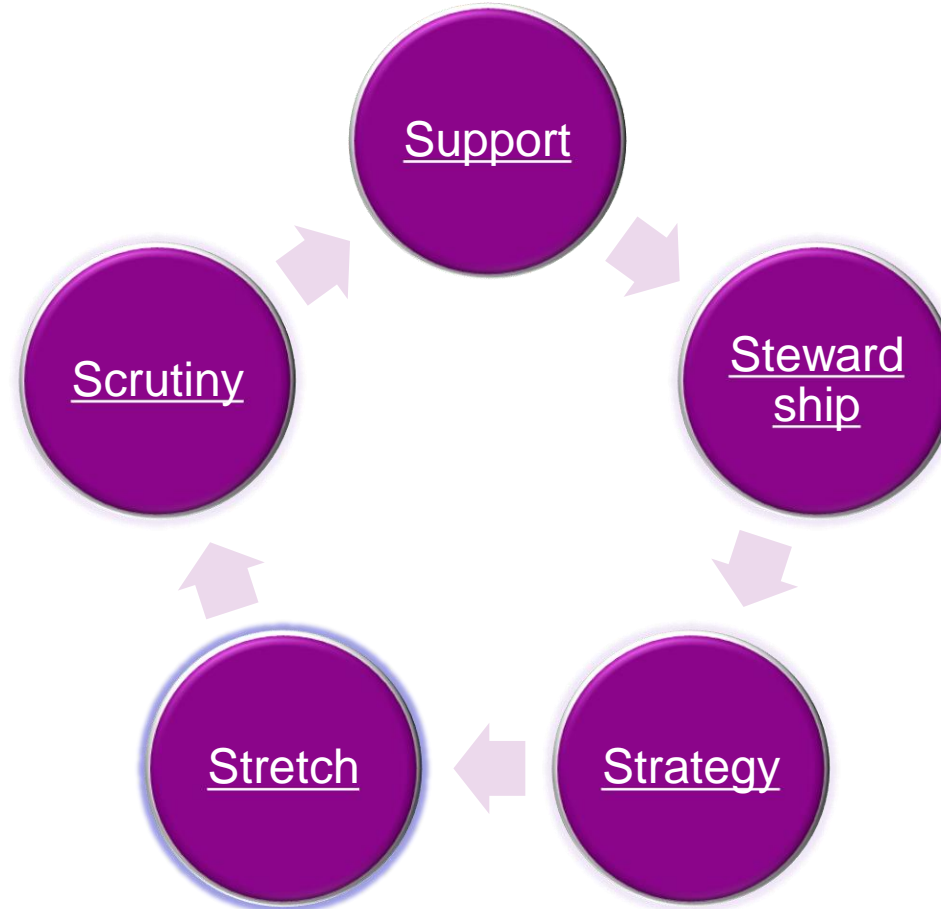


Percentage of questions answered: **13%**

Getting where you want to be...



Useful skills for critical friends



Support

- To encourage, a critical friend asks;
 - Have you got what you need to do that?
 - We ought to celebrate that?

Six core principles

1. Assess and mitigate your risks
2. Encourage knowledge and skills
3. Know your data
4. Collect the right money at the right time
5. Record and report when something goes wrong
6. Act without conflict

Stewardship

- To protect and conserve their assets; a critical friend acting to guard access to knowledge and a good name says;
 - How can we preserve that knowledge so that we can still learn from it in five years time?
 - If a resource was removed would a risk be introduced?
 - How would we cope if.....

Six core principles

1. Assess and mitigate your risks
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Strategy

- Before making big decisions, critical friends listen to what others have to say, consult experts and their stakeholders, and then say;
 - Where could we be in five years time?
 - What do we want to achieve?
 - What are other people doing?
 - Where can we gain access to resource / knowledge

Six core principles

1. Assess and mitigate your risks
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Stretch

- To challenge and improve an organisation, critical friends say;
 - How can we improve?
 - Why are we doing ...
 - What best practice is there?
 - Have we thought of doing it differently?

Six core principles

1. **Assess and mitigate your risks**
2. **Encourage knowledge and skills**
3. Know your data
4. Collect the right money at the right time
5. Record and report when something goes wrong
6. Act without conflict

Scrutiny

- Critical friends that are scrutinising or examining processes say;
 - What alternatives did you consider and why?
 - What regulations or case-law did you use to make your decision and why?
 - Have you followed guidance
 - What is someone else doing?

Six core principles

1. Assess and mitigate your risks
2. Encourage knowledge and skills
3. Know your data
4. Collect the right money at the right time
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6. Act without conflict

Understand the data

Firefighter Pension Schemes

FPS 1992	FPS 2006 (Standard Members)	FPS 2006 (Special Members)	FPS 2015	Compensation Scheme	Remedy	
Protected standard members	Protected standard members	Protected special members	2015 only	Benefits based on service	Better off Final Salary or CARE	
	Protected retained members	Special Members (Pre 2000)	1992 transitional	Protections for retained firefighters with a qualifying injury before 1 st April 2014		
			2006 standard transitional			
			2006 standard retained transitional			
			2006 special transitional members			

What priority do you put on data?

- **94% of Firefighters' Pension Schemes reported to have a process to monitor membership types on an ongoing basis to ensure they are complete and accurate, an increase of 9% in the year**
 - What processes do you have in place to improve data?
-

Is data as expected

- Data held securely on software
 - Reporting available on expected fields
 - Employer data such as retained firefighter employment records
 - Data provided on time and accurate to administrators?
 - Processes to ensure the administrator is aware of entitlement
 - Drop in Pay
 - Additional Pension Benefits
-

Value in measuring data

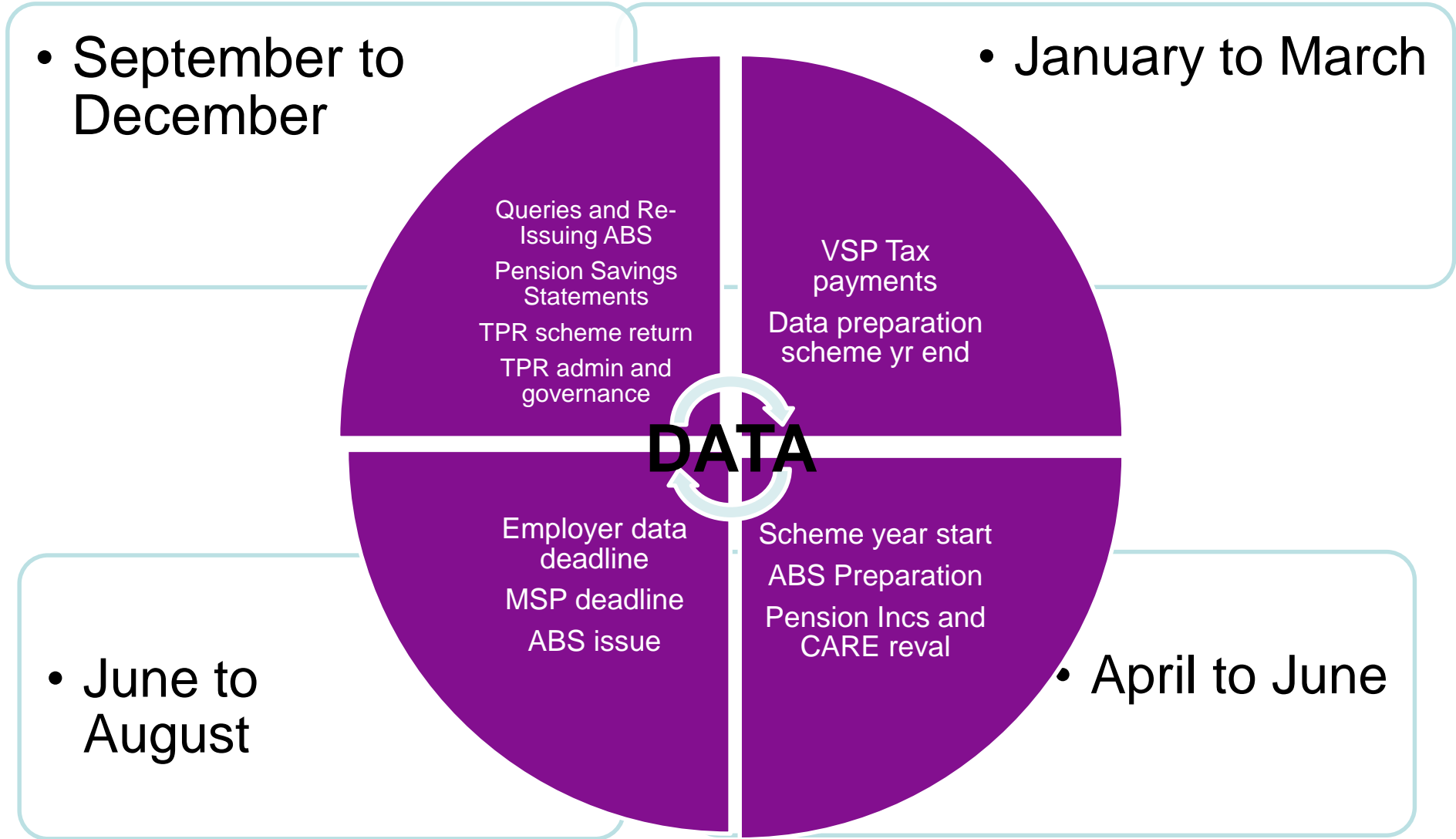
- Do your processes work?
- Do you know what should be provided (link back to knowledge?)
- What are the effects
- How is your score measured and reported
- What is your action plan

Accuracy Weighting

- Developed guidance to measure effectiveness of processes across 4 categories
 1. Data as expected
 2. Consistency
 3. Validation
 4. Specific Processes

[Weighting template](#)

Data Cycle



Are you dashboard ready?

- A platform to allow savers to view all their pension pots through a single portal.
- DWP have [consulted](#) on dashboards. To be compulsory but public sector expected not to join for 3 / 4 years.
- LGA [response](#) to consultation
- Further information can be found on <https://pensionsdashboardproject.uk/>

Cost effective administration

- How much does it cost to administrate and manage your scheme?
 - Is the management and administration effective
-

**Collect the right money
at the right time!**

Contribution Payments

- **82% of Firefighters' Pension Schemes reported to have a process for resolving contribution payment issues**
 - Surely as a single employer there are no issues....
-

Contribution Payments

- FPS 2006 Special Members paying by direct debit
 - Contribution Holiday – FPS 1992
 - Employer contributions - Absence
 - Employer Ill-health Contributions
 - Remedy?
-

What happens when it goes wrong

Breaches


- **98% of Firefighters' Pension Schemes reported to have procedures to identify, assess and report breaches of the law, this has risen from 36% in 2015.**
 - The TPR administration and governance survey results showed that in 2018 only 2% of an identified 17% recorded breaches of law were reported as material.
 - Oversight?
-

Reporting and recording breaches

	Potential investigation outcomes			
	Cause	Effect	Reaction	Wider implications
Red	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours The scheme manager does not take appropriate action to address the failing in relation to conflicts	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed
Amber	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager
Green	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

<http://www.thepensionsregulator.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf>

Breach Assessment



Secretariat: bluelight.pensions@local.gov.uk

Breach Assessment Template

Date of assessment
[Enter text about date of assessment and who assessment panel is]

Introduction
[Brief introduction to the breach being assessed]

Identified
[Enter text about how the breach was identified, for example it might be:

- Tracked from agenda
- Tracked from LGA bulletins / technical note
- Informed by scheme manager / Pensions administrator
- Something else]

Assessment

[Using the [TPR guidance](#) comment on the four areas and score red, amber or green]

	Cause	Effect	Reaction	Wider Implications
Red				
Amber				
Green				

Action
[Enter text about what the course of action is in response to the breach, including any timescales.]

History / Frequency
[Enter text about whether this is a breach that has occurred before and with what frequency.]

Decision

Report as material breach	
Recorded as breach	

Assessed by:
Date of assessment:

Board Review:

Tabled at Board Meeting:
Agreed by board:

Breach Assessment Template

To act without conflict

Conflict of Interest

- **94% of Firefighters' Pension Schemes reported to have a policy to manage board members conflicts of interest, this has risen from 79% in 2015.**
 - The scheme manager must ensure there is no conflict of interest upon appointment and manage any potential conflict of interest that may arise.
 - Conflict does not arise by virtue of membership of the scheme or any connected scheme, but means a financial or other interest likely to prejudice the person's exercise of functions as a member of the board.
-

Conflict of Interest

- Identify
 - Monitor
 - Manage
-

Remember

1. Assess and mitigate your risks
 2. Encourage knowledge and skills
 3. Know your data
 4. Collect the right money at the right time
 5. Record and report when something goes wrong
 6. Act without conflict
-

Any questions



Disclaimer

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Thank you for listening!

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