

# Report

## Survey of FRA Local Pension Boards 2017

February 2018

Research Report

**Prepared for the Firefighters' Pensions (England)  
Scheme Advisory Board.**

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# 1. Executive Summary

The survey invitation was issued by email to all relevant FRA and LPB contacts and was in the field from 28 November 2017 to 26 January 2018. During that time 37 total responses were received from 32 of the 44 FRAs, equating to an overall response rate of almost 73%.

## 1.1 Board meetings

All local pension boards responding to the survey have held their first meetings, with the majority taking place between July and October 2015. Over half (54%) of boards are required to meet twice annually, and none have agreed to meet more than four times per year.

The majority (81%) of boards have held between four and eight meetings since establishment and around three-quarters (76%) have held a number of meetings since their initial meeting which is consistent with the number per year defined in their Terms of Reference, within a tolerance of +/- two.

Board chairs were responsible for agreeing meeting agendas in over half (57%) of the responses received, and with meetings in 86% of cases not including voting as a regular feature.

## 1.2 Board membership

All boards (100%) have the minimum required equal number of employer and employee representatives, with almost two-thirds (62%) of respondents confirming that they operate with two of each, equating to four in total.

Overall, only 11% of boards have reported as a meeting as not being quorate, therefore it can be surmised that the number of members on a board does not directly affect quorum.

The board chair is most likely to be elected by board members (60%), with almost one-quarter (22%) being chosen by the scheme manager. The least popular (5%) method of selection is recruited competition. A high proportion (87%) of chairs are also board members, with four-fifths of the 14% of independent chairs being recruited by competition or other means.

Board chairs and members are not commonly remunerated for their roles, with only 8% of respondents confirming that regular payments are made. 84% of chairs and 89% of other board members are not remunerated. However, expenses are paid to over half (57%) of boards, and over three-quarters (78%) of employee representatives are granted facility time to attend meetings.

## 1.3 Key documents/ processes

Almost three-quarters of boards have all key documents and processes in place to enable efficient and effective scheme governance and all processes were evaluated at six or above. In four out of the five categories there is a direct correlation between the rating score and the presence of the document or process.

**Table 1.3.1 – Presence and evaluation of key documents and processes – mean ratings.**

Document/ process	Rating (mean value)	Process in place (%)
Terms of Reference	8.5	100
Conflict of Interest register	8.1	97.30
Register of breaches	6.7	70.27
Risk register	6.9	72.97
Programme of knowledge...	7.3	97.30

## 1.4 Scheme governance

The majority (92%) of boards are compliant with guidance issued by the SAB, with one board commenting that increased knowledge and understanding would help to ensure compliance.

Themes relating to good governance where boards were asked to comment on areas that are working well include joint working and collaboration, ability to monitor compliance, and an increased awareness of issues affecting the Firefighters' Pension Schemes. Areas that could be improved, which are potential risks to boards, are the implementation of breach and risk registers high turnover of board membership and the associated maintenance of knowledge and understanding.

Lack of consistency in response to the questions concerning the role and delegation of the scheme manager highlighted that there may be uncertainty around this issue, or that the wording of the questions lacked clarity. Almost one quarter (24%) of boards listed the FRA as scheme manager, yet 95% confirmed that there is an effective delegation in place and rated the management of the delegation as 8.1 out of 10.

Generally the interaction of the scheme manager with the board and the board's ability to highlight areas of non-compliance and make recommendations was rated as good (seven and above), and administrator engagement was also high, with 86% attending a board meeting in any capacity.

Around one-third (35%) of boards have identified a breach of law within the last 12 months.

**Table 1.4.1 – Evaluation of scheme manager/ board interaction and board's ability to... – mean ratings.**

Process	Rating (mean value)
Scheme manager/ board relationship	8.2
Board ability to identify non-compliance	7.2
Board ability to make recommendations	7.9
Scheme manager response to recommendations	8.0
Effectiveness of communication	7.8

Boards suggested that working relationships could be improved by better communication, provision of reports and more clarity on roles and responsibilities. Comments on new governance requirements focussed mainly on the perceived complexity of the arrangements, as being disproportionate to the unfunded nature of the scheme and lack of decision making responsibility, though there were some positive comments on improvements to the management and administration of the schemes.

## 1.5 Board communications

Almost two-thirds (65%) of boards have dedicated pages on the associated Fire & Rescue Service website or intranet, with 75% confirming that meeting documentation is published to a dedicated board page.

Nearly half (49%) of FPS boards have a workplan compared to 86% of LGPS boards, and a slightly lower percentage (41%) produce an annual report. Boards are unlikely to tangibly measure their progress, as just under one-quarter (24%) have agreed success measures of Key Performance Indicators (KPIs) in place.

## 1.6 Board budget

Almost one in four (24%) boards have control of a budget, and 22% of these boards use the budget to remunerate their chair.

All boards with a budget can use it to access independent external advice. As expected there was a high percentage (60%) of not applicable responses, which reflect the 68% of boards without control of a budget. The majority (87%) of boards do, however, have access to internal and external audit reports,

# 2. Introduction

[Regulation 4A](#) of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 required Fire and Rescue Authorities (FRAs) to establish local pension boards by 1 April 2015 to assist them in the effective administration and governance of the scheme.

Given the passage of time since the establishment of local pension boards, the Scheme Advisory Board considered that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of the 44 local pension boards and interaction with their scheme manager.

A web based survey was issued with the aim of enabling the Scheme Advisory Board to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2015 Regulations and code of practice issued by the Pensions Regulator are being met. Where appropriate, based on the responses, the Board have the ability to make recommendations to the Home Office for any regulatory changes that are considered necessary.

# 3. Methodology

The survey was designed by the Scheme Advisory Board secretariat in conjunction with the [Local Pension Board Effectiveness Committee](#) (the "Committee"), based on an equivalent survey of local pension boards in the Local Government Pension Scheme (LGPS). A list of questions is attached at Annex A.

All relevant stakeholders were invited by email to participate in the survey and, to ensure impartiality, the link to the survey was sent separately to FRA scheme managers, practitioners, and their local pension board who were welcomed to complete the same survey independently. However, scheme managers and their local pension board were not excluded from collaborating on their respective responses where this was agreed locally.

The link to the survey was circulated to other interested bodies, including relevant government departments, and advertised nationally on the Scheme Advisory Board website, with FRAs also invited to publicise the survey locally on their websites.

### 3.1 Fieldwork

The survey was issued on 28 November 2017 for a minimum period of six weeks. A reminder was sent on 8 January 2018 with confirmation of the closing date as 26 January 2018, allowing the summary responses to be discussed at the meeting of the Committee on 31 January 2018.

Three responses were received after the closing date, but have not been considered in the analysis of the results.

37 responses were received from 32 of the 44 FRAs, equating to response rate of almost 73%. The information collected has been aggregated and no responses have been attributed to individual authorities within this report. A list of FRAs that completed the survey is attached at Annex B.

Throughout the report percentages in figures and tables may equate to more or less than 100 per cent due to rounding

### 3.2 Respondent profile

Almost 65% of completed surveys were submitted by local pension board members in either an individual or joint capacity. Scheme managers accounted for 11%, with pension advisors/ administrators completing in 16% of cases. Half of the latter group (8%) acknowledged that the survey had been completed in conjunction, or following consultation, with board members.

**Table 3.2.1 – Capacity in which survey completed**

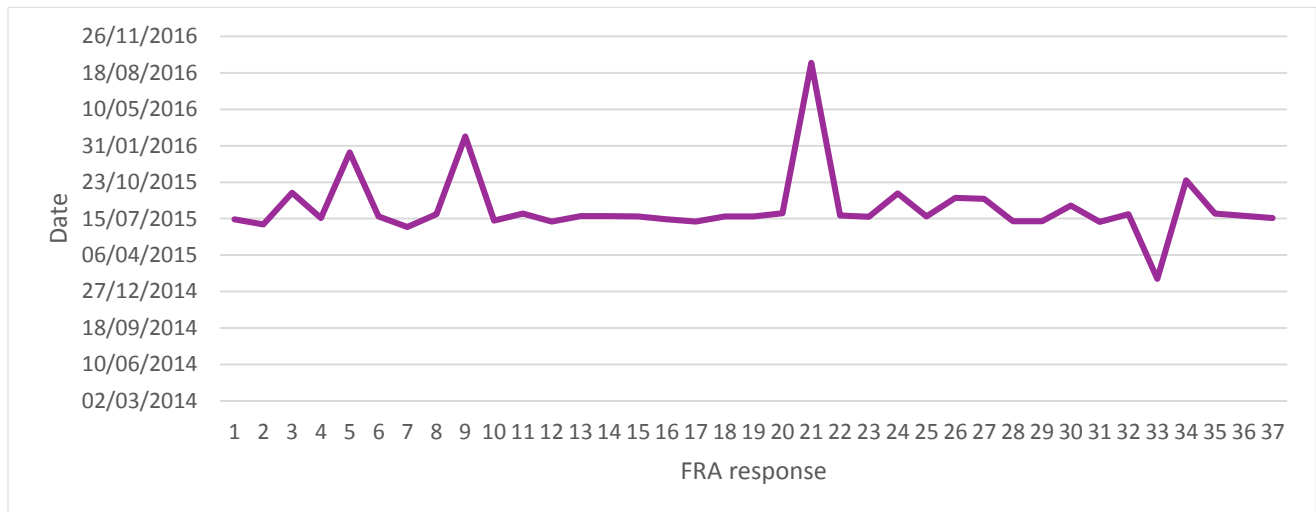
Role	Total (Percentage)
LPB employer representative	18.92
Pension adviser/ administrator	16.22
Joint response	16.22
LPB chair	13.51
Scheme manager	10.81
LPB lead contact	8.11
LPB employee representative	8.11
Other	8.11

## 4. Research findings

### 4.1 Board meetings

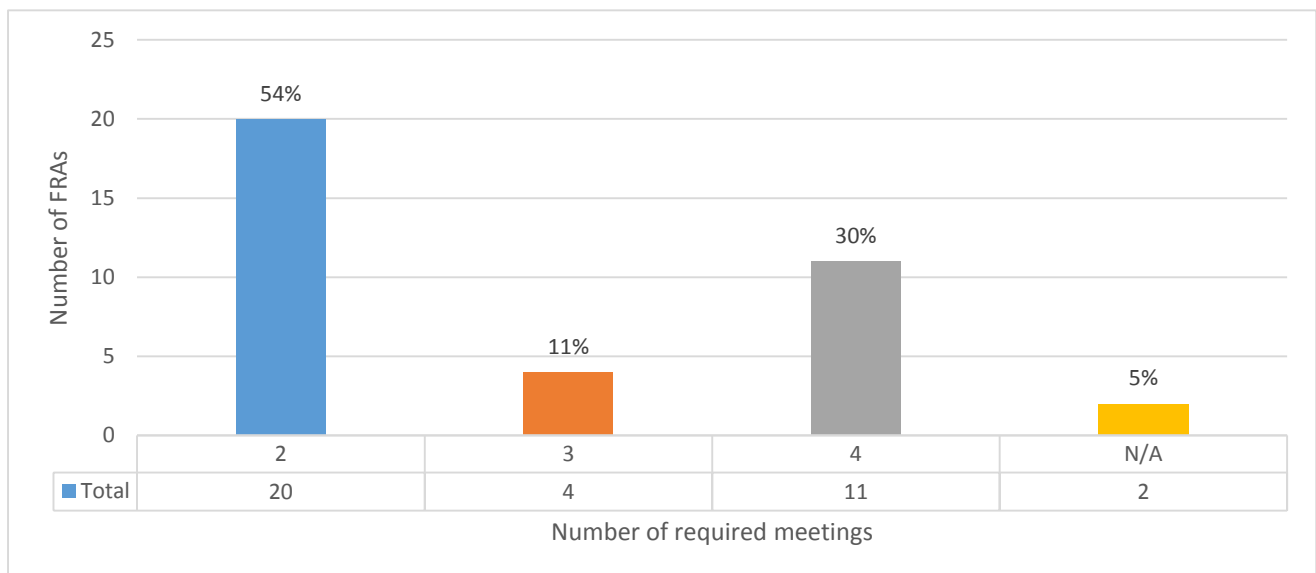
All initial local pension board meetings were held between 31 January 2015 and 15 September 2016.

**Figure 4.1.1 – Date of first board meeting.**



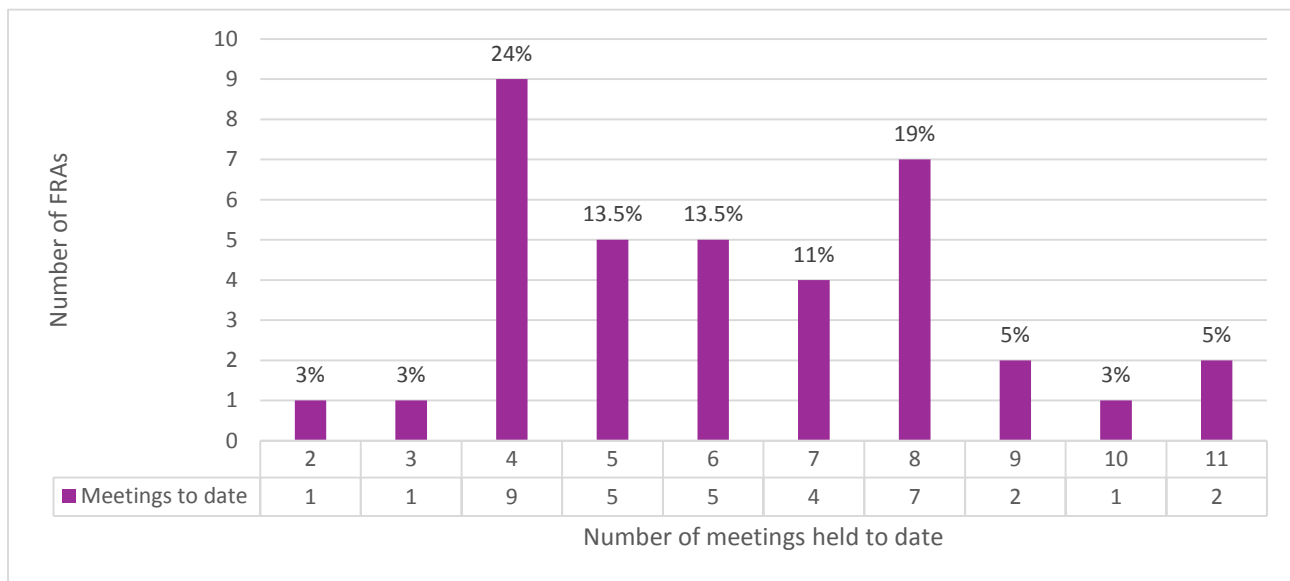
Over half (54%) of all boards are required to meet twice annually, with 11% meeting three times per year and 30% meeting quarterly or four times. One board does not have a requisite number of meetings specified in their terms of reference.

**Figure 4.1.2 – Number of times per year the board is required to meet.**



The number of meetings held to date ranged from two to eleven, with the majority (81%) of boards holding between four and eight meetings in total since their first meeting.

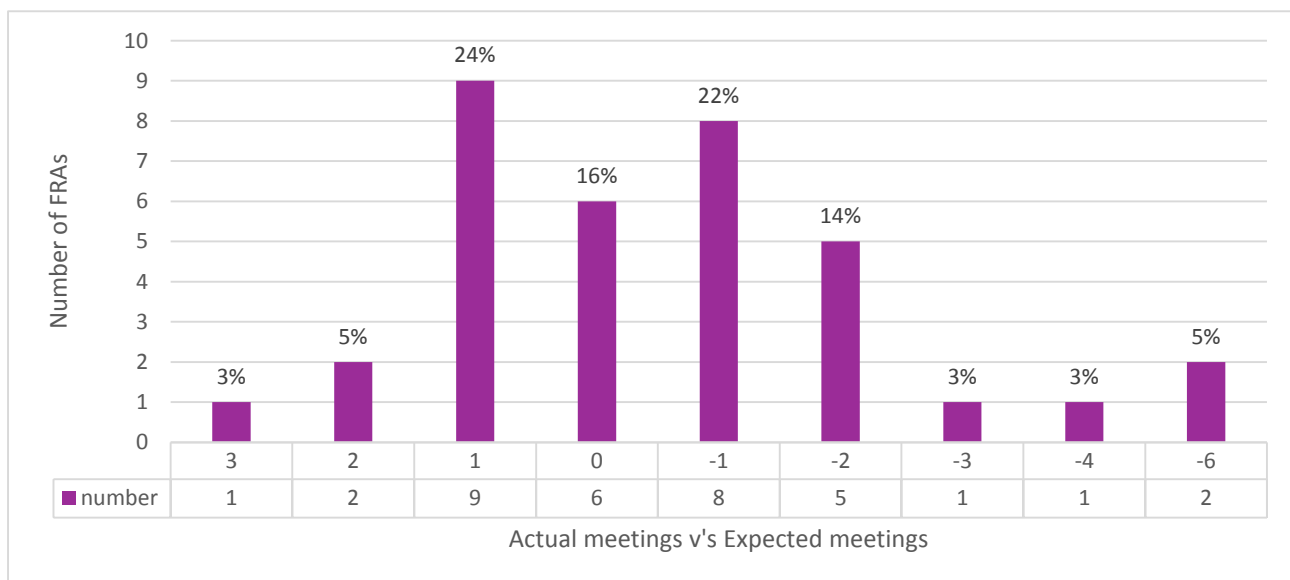
**Figure 4.1.3 – Number of meetings held to date.**



From comparing the results above, it has been possible to establish whether boards have achieved the number of meetings specified in their terms of reference, by plotting the number of required meetings against the actual meetings that have taken place, since the date of the first meeting.

In general, the number of meetings required was consistent with the number that have taken place, within a reasonable tolerance of between -2 and +2 (76% of respondents). A smaller percentage of boards (19%) fell outside of this range.

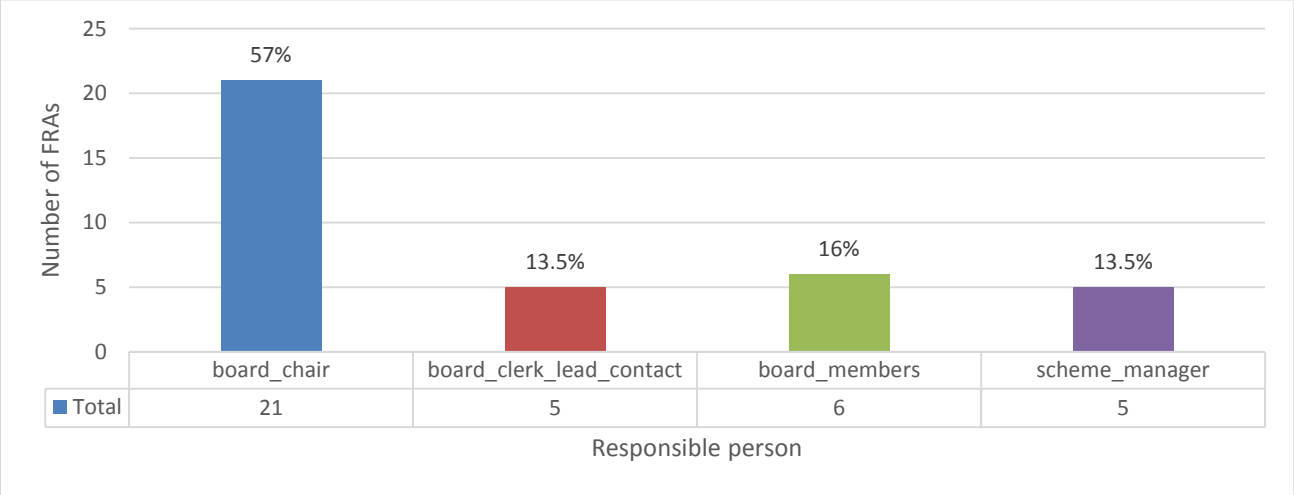
**Figure 4.1.4 – Actual number of meetings v's expected number of meetings**



The board chair is responsible for agreeing the meeting agendas in over half (57%) of the responses received. There was a fairly even split between the remaining options listed in the drop down box: board clerk/ lead contact (13.5%); board members (16%); and scheme manager (13.5%).

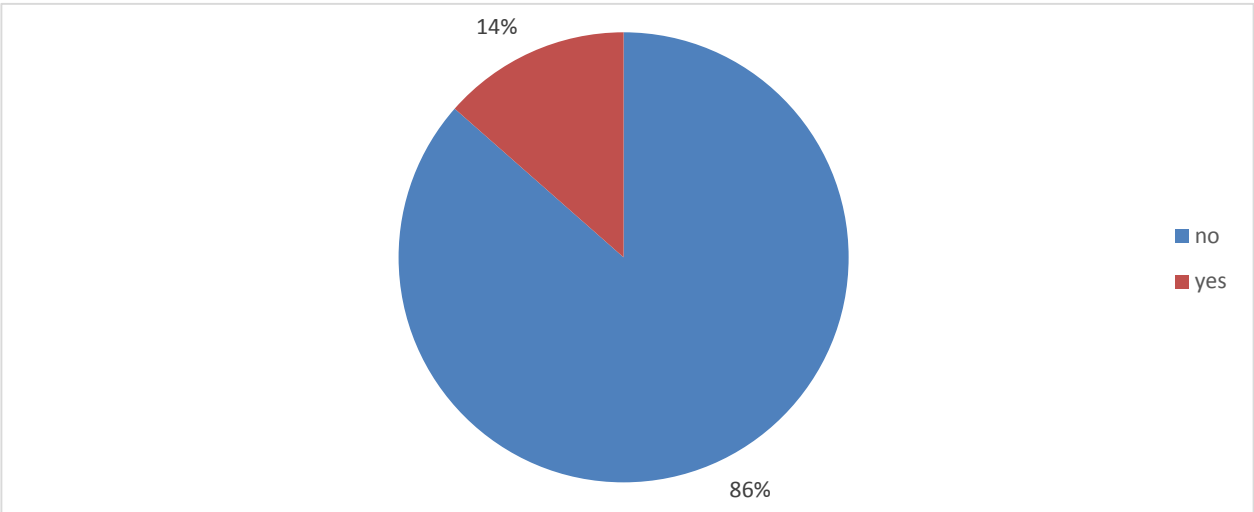


**Figure 4.1.5 – Person responsible for agreeing board meeting agendas.**



Voting is not a regular feature of local pension board meetings, as confirmed by 86% of respondents.

**Figure 4.1.6 – Proportion of boards with voting as a regular feature of meetings.**



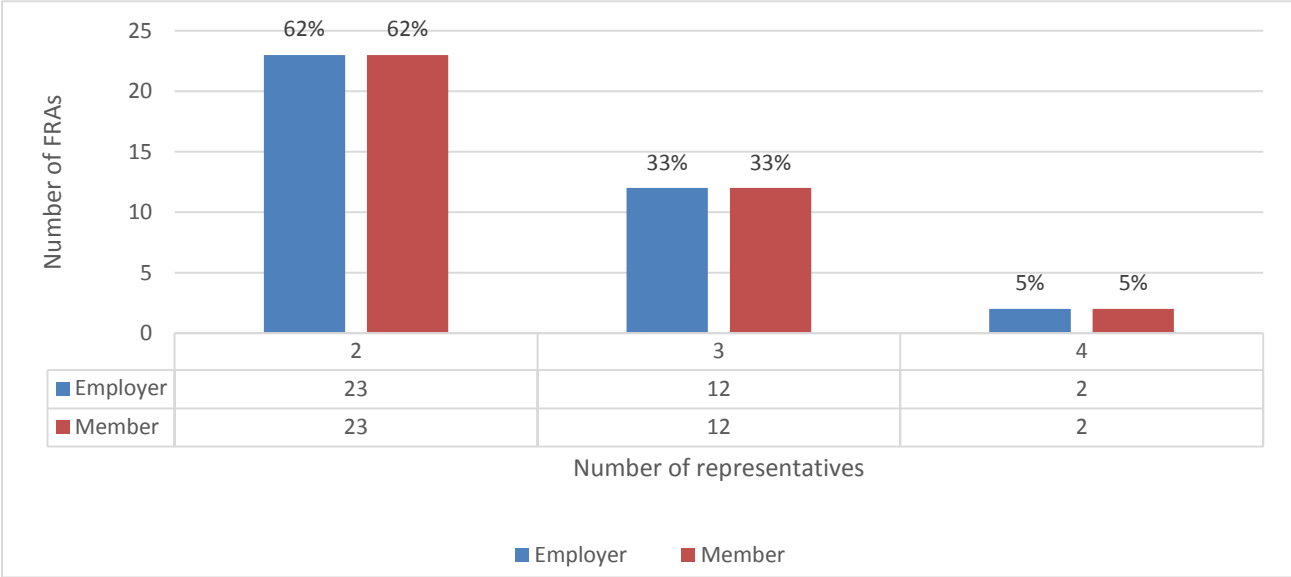
## 4.2 Board membership

Membership of the board is defined in [regulation 4B](#) of The Firefighters’ Pension Scheme (Amendment) (Governance) Regulations 2015:

“A local pension board must include an equal number, which is no less than 4 in total, of employer representatives and member representatives...”

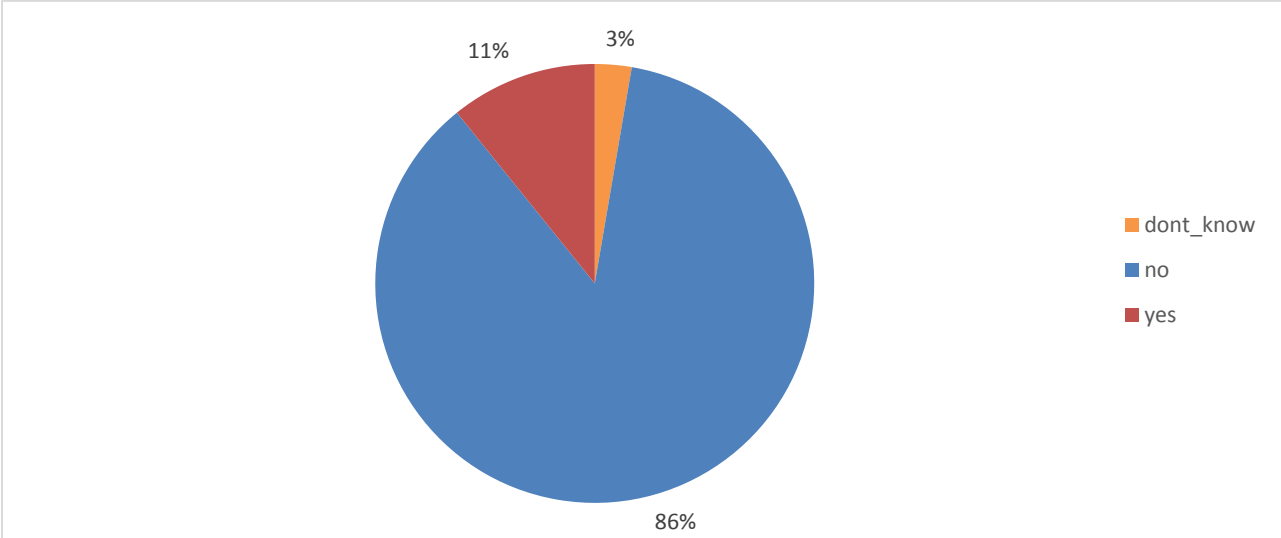
All of the respondents to the survey are compliant with this provision, with numbers ranging from two to four employer and employer (member) representatives in equal quantity. The majority of boards (62%) have elected to proceed with the minimum required number of two representatives in each category.

**Figure 4.2.1 – Composition of the boards.**



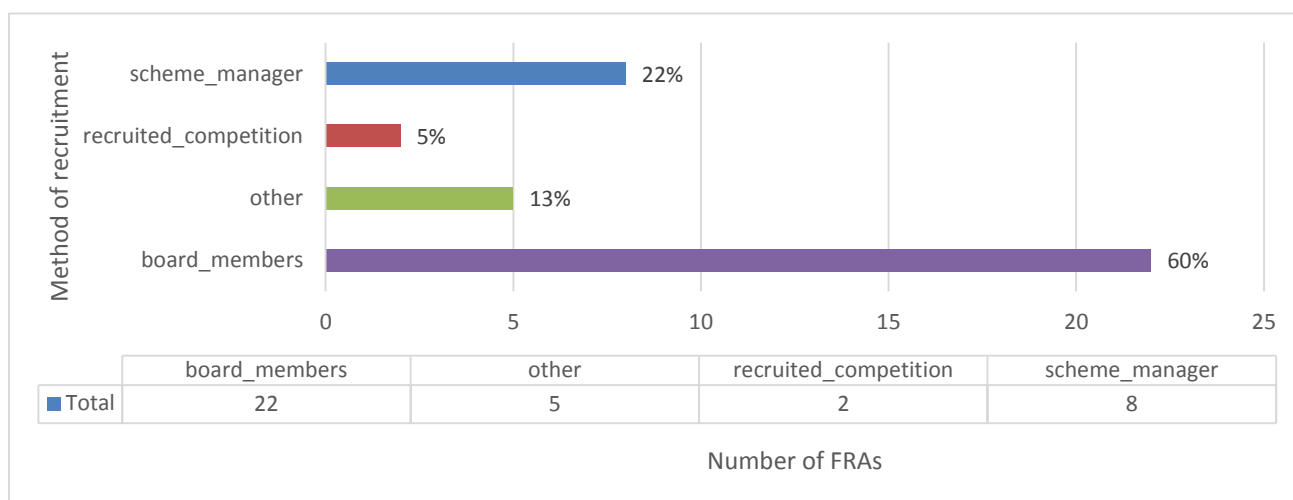
Each board’s Terms of Reference should specify a quorum for meetings and in particular whether that quorum should include a minimum number of employer and member representatives. According to the survey results, 11% of boards have held a meeting which was not quorate, 86% indicated that their board meetings have always been quorate and 3% did not know. There is no direct correlation between the number of members on a board and the likelihood of a meeting being quorate or not.

**Figure 4.1.5 – Have any board meetings not been quorate (proportion).**



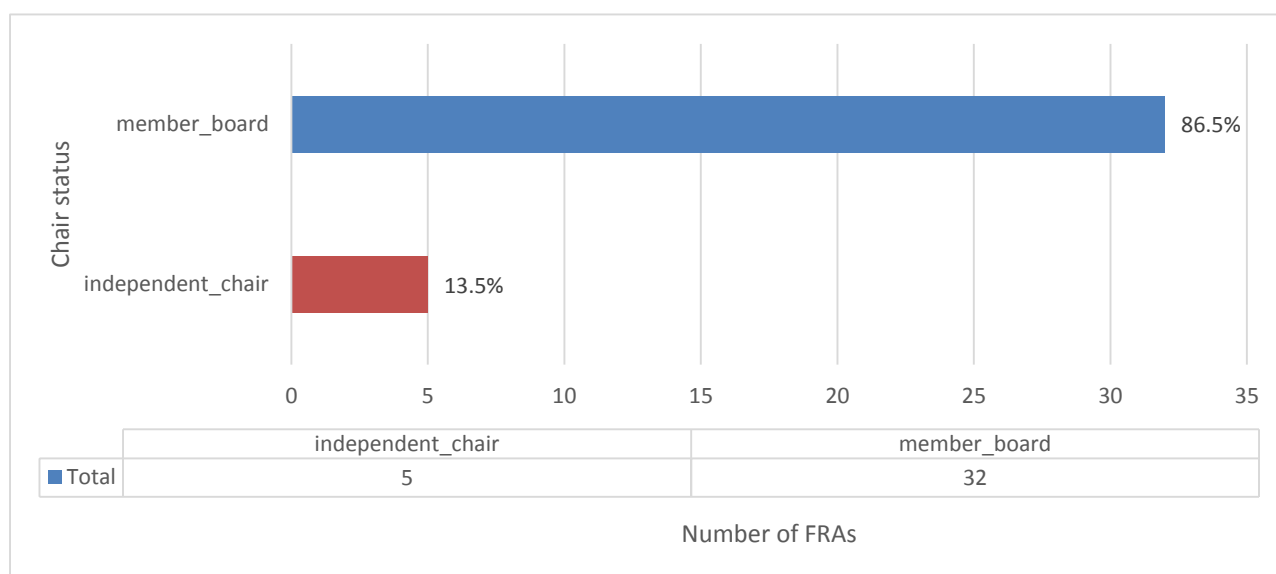
In 60% of responses, the chair of the board was elected by the board members, with 22% of scheme managers electing a chair. Only 5% of chairs were appointed following a recruitment competition, with the remaining respondents (13%) indicating that the chair was elected by other means.

**Figure 4.2.2 – Recruitment of board chair.**



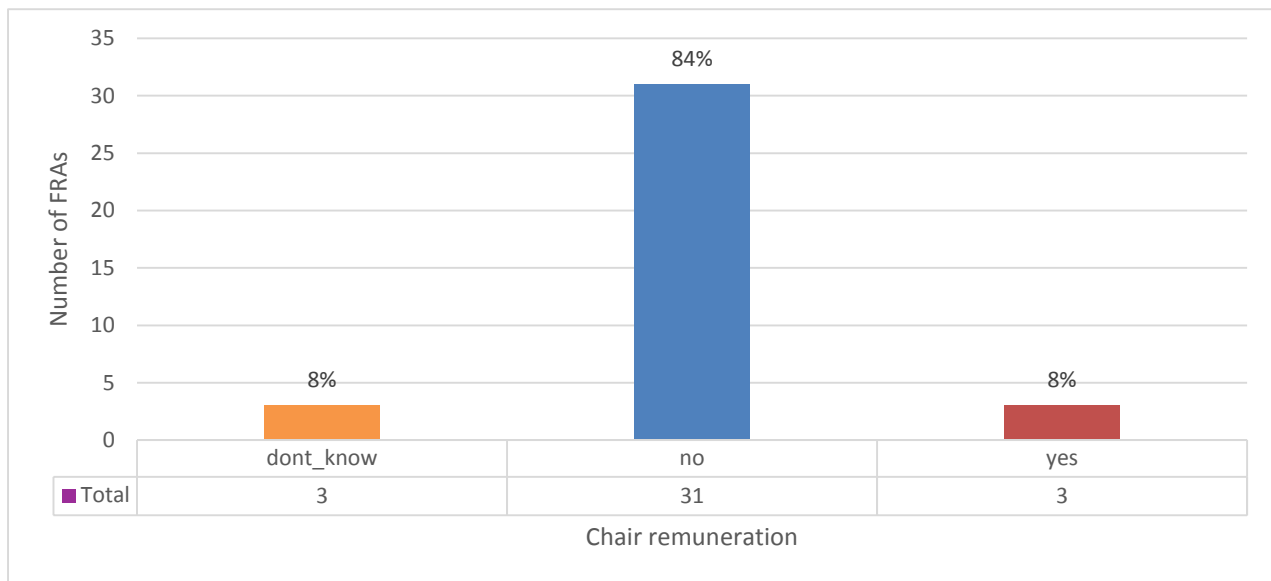
The majority of board chairs (86.5%) are also active members of the board, while the remaining 13.5% are independent chairs. There is some correlation between the status of the chair and the method of recruitment, with four of the five boards with an independent board chair stating that recruitment was carried out via competition or other means.

**Figure 4.2.3 – Status of board chair.**



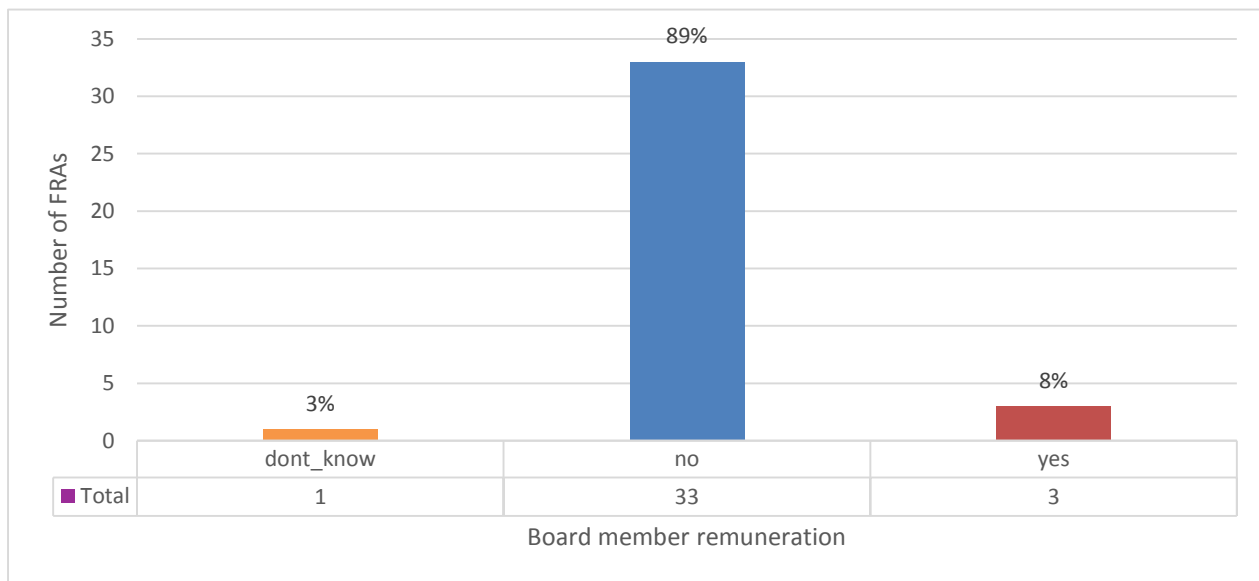
There was, however, no evidence that the status of the board chair impacted on whether they receive remuneration for the role. Almost 84% of chairs receive no remuneration, 8% are paid, and 8% of respondents did not know whether the chair receives payment or not.

**Figure 4.2.4 – Remuneration of board chair.**



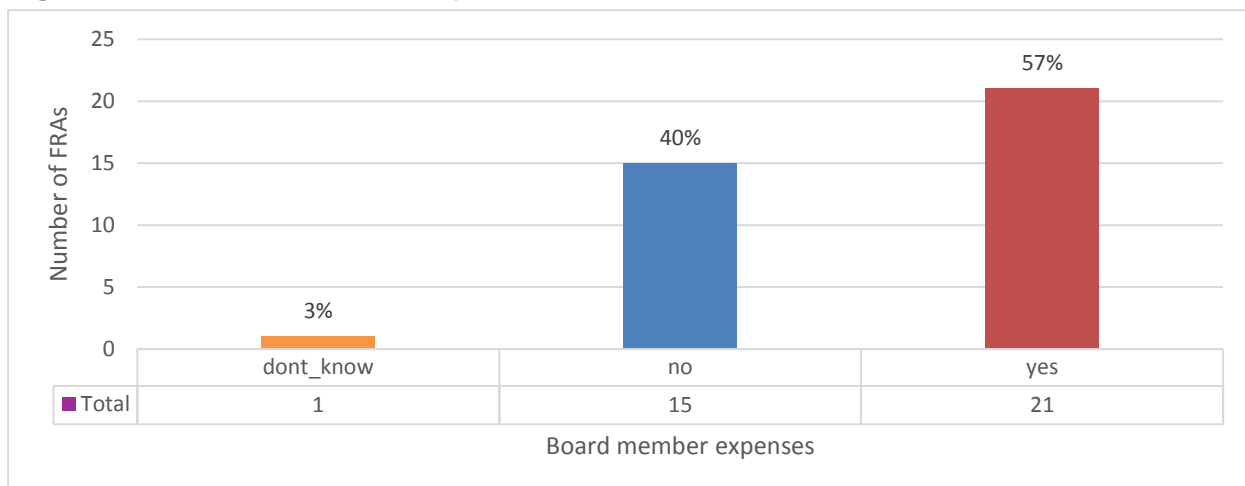
The three boards (8%) with a paid chair also remunerate other members of the board. A higher percentage (89%), of respondents indicated that other board members do not receive payment compared to the chair role and the remaining 3% did not know.

**Figure 4.2.5 – Remuneration of board members.**



While remuneration is not common, over half (57%) of the completed surveys indicated that expenses are paid to board members. However, 40% do not pay expenses and 3% did not know whether expenses were paid.

**Figure 4.2.6 – Board member expenses.**

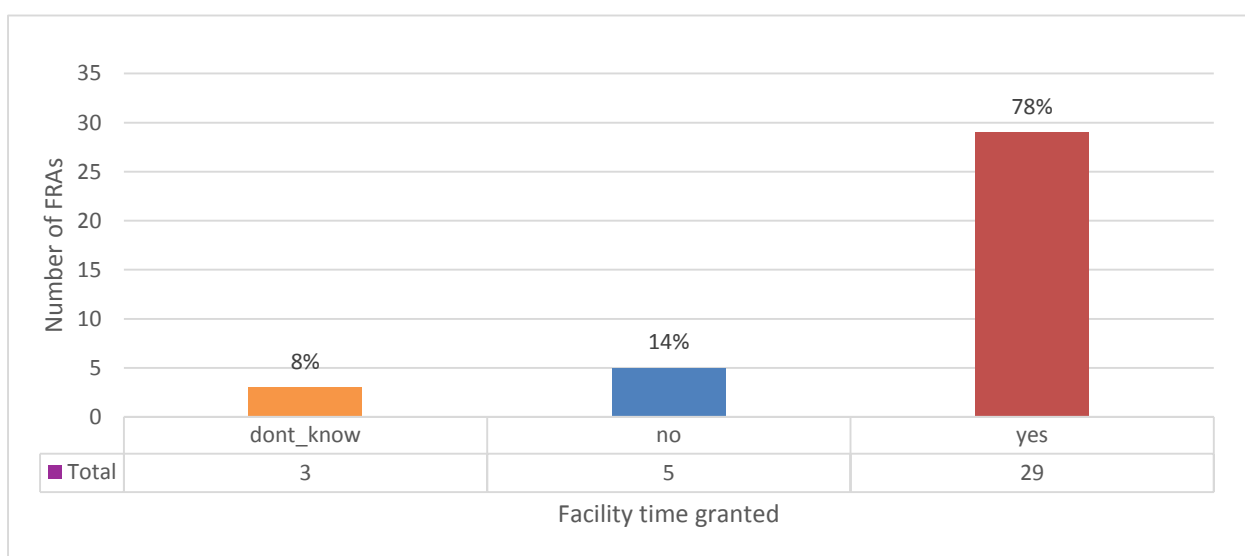


The wording of the question concerning ‘facility time’ was generally deemed to be confusing by the Committee, as the terminology is specific to trade union bodies. The intention of the question was to determine whether board members were given the appropriate support, which might be in terms of time, in order to be able to fulfil the requirements of the regulations [[Regulation 4B\(2\)\(a\) and \(b\)](#)] that a member should have ‘capacity’ to represent scheme members/ employers. This point is reiterated in the [LPB guidance](#) at paragraph 2.16:

*2.16 It will be important to appoint members who have the relevant experience as well as time to commit to attending meetings and effectively representing employers and members (as appropriate).*

It is unclear whether any uncertainty in relation to the question affected the results. A high proportion (78%) of boards indicated that facility time was given by the scheme manager to employee representatives of the board, while just under a quarter of respondents answered no (14%) or don’t know (8%).

**Figure 4.2.7 – Facility time given to employee representatives.**

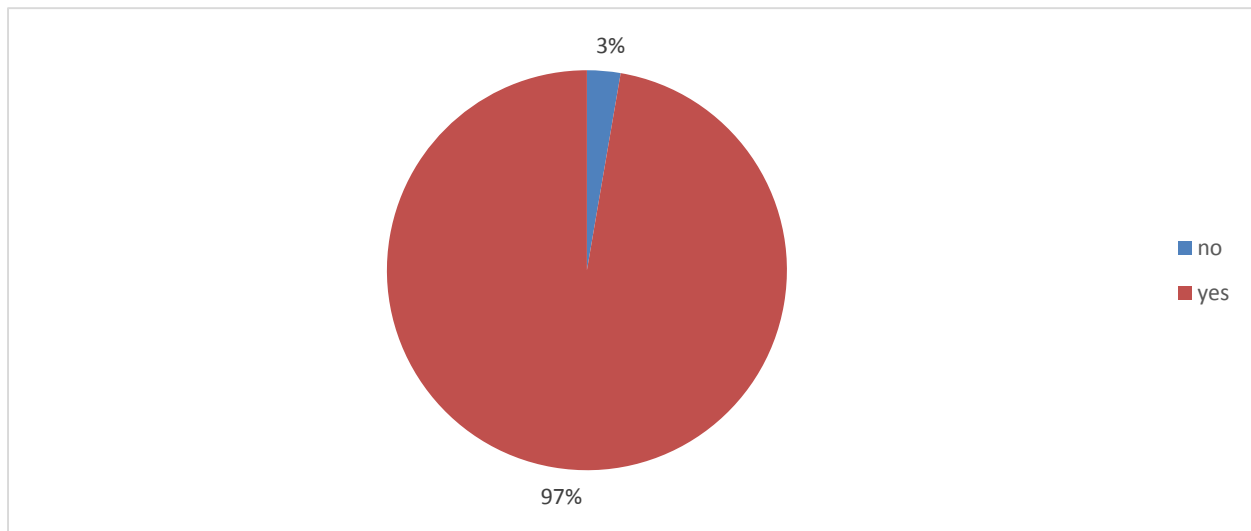


### 4.3 Key documents/ processes

100% of boards confirmed that they have a Terms of Reference in place. Where these have been made available to the Scheme Advisory Board secretariat, they have been uploaded to the dedicated local pension board section of the Board website [www.fpsboard.org](http://www.fpsboard.org).

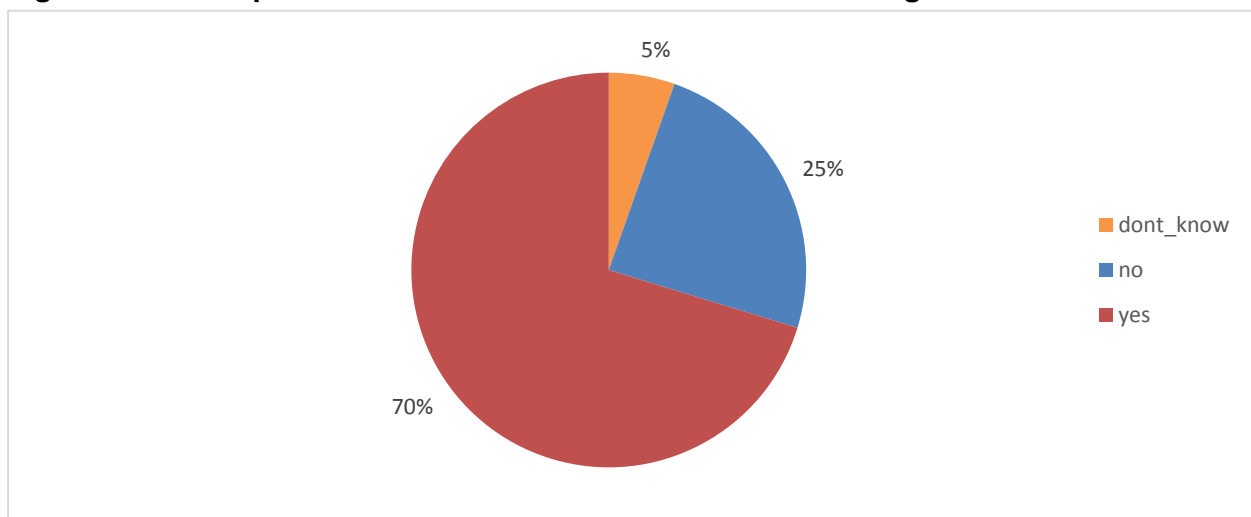
A high proportion (97%) of boards also hold a conflict of interest register, with just one respondent (3%) indicating that no register of conflicts exists.

**Figure 4.3.1 – Proportion of boards with a conflict of interest register.**



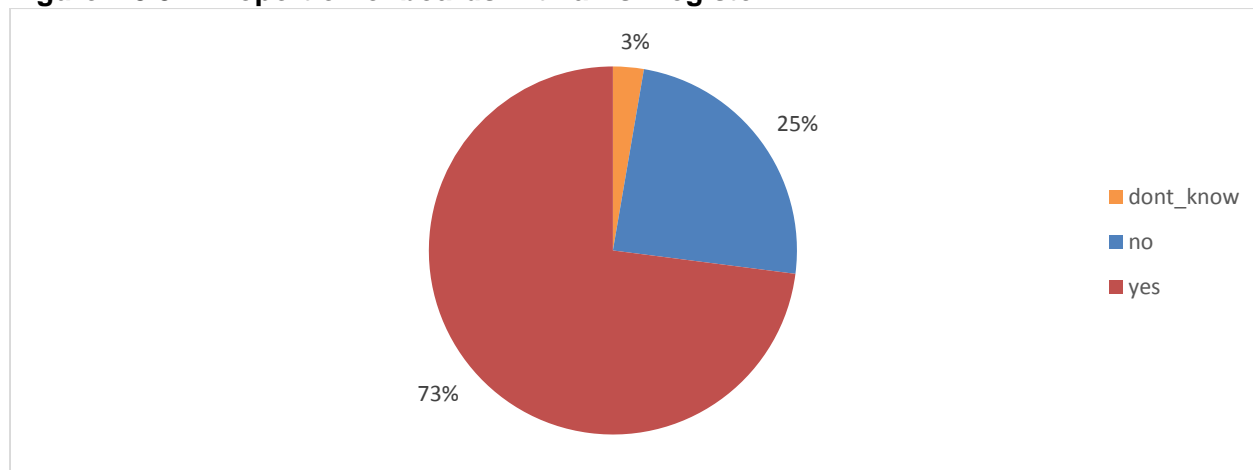
Around 70% of boards keep a register of breaches of the law, with one-quarter (25%) having no register of breaches in places, and 5% responding that they did not know.

**Figure 4.3.2 – Proportion of boards with a breaches of the law register.**



A similar response rate was noted concerning risk registers. A slightly higher percentage of boards have a risk register, at 73%. One-quarter (25%) have no register to record and measure scheme risk, and 3% did not know. A template risk register is available from the resources page of the dedicated local pension board section of the Scheme Advisory Board website [www.fpsboard.org](http://www.fpsboard.org).

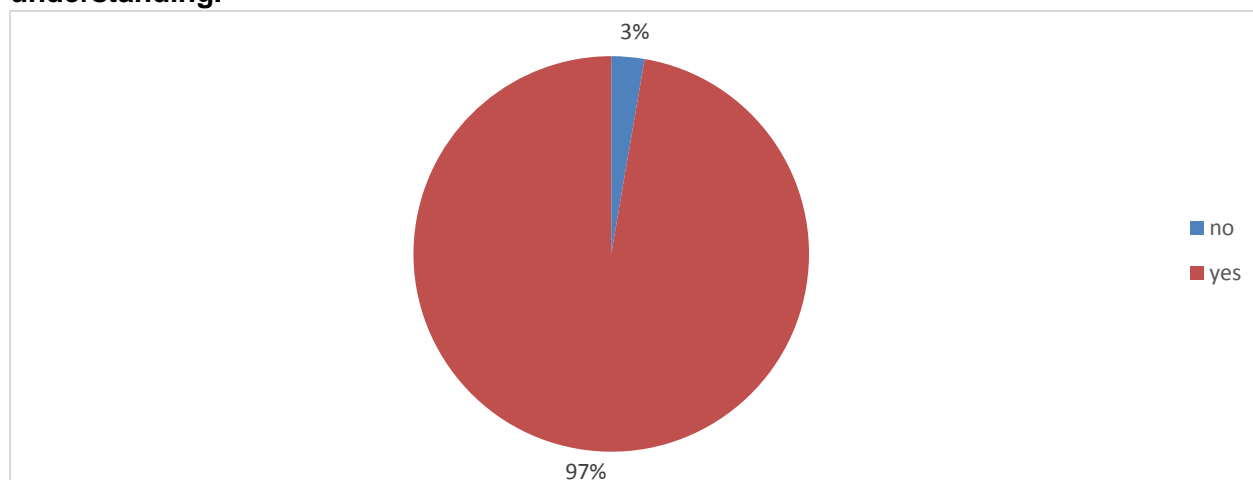
**Figure 4.3.3 – Proportion of boards with a risk register.**



The responses concerning the key documents are considered by the Committee to be very positive, and these results will be compared to the outcomes of the annual TPR Governance and Administration survey when that research is published later in the year.

In terms of key processes, the majority of boards (97%) confirmed that there is a training programme in place for board members to acquire knowledge and understanding, with only one board (3%) having no arrangement in place. A variety of training was detailed as having been completed in the free text responses, focussing mainly on the TPR toolkit and sessions provided by the LGA Firefighters' Pension Adviser.

**Figure 4.3.4 – Proportion of boards with a programme for members to obtain knowledge and understanding.**



Schemes were asked to evaluate their key documents and processes using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). All processes were rated at six or above. In four out of the five categories there is a direct correlation between the rating score and the presence of the document or process. However, the programme for board members to acquire knowledge and understanding is not consistent with this trend.

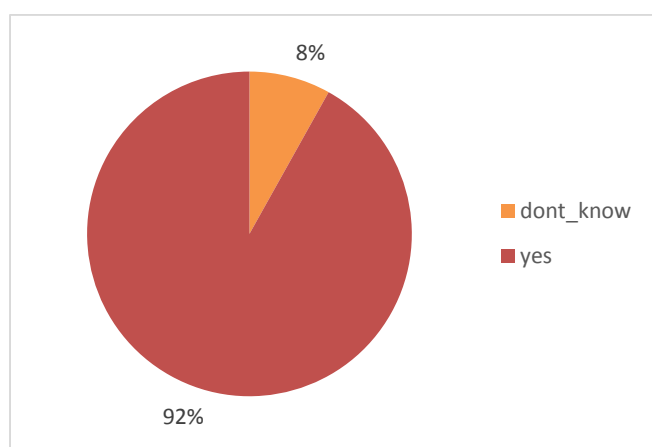
**Table 4.3.5 – Evaluation of key documents and processes – mean ratings.**

Document/ process	Rating (mean value)	Process in place (%)
Terms of Reference	8.5	100
Conflict of Interest register	8.1	97.30
Register of breaches	6.7	70.27
Risk register	6.9	72.97
Programme of knowledge...	7.3	97.30

## 4.4 Scheme governance

Almost all boards (92%) are compliant with guidance issued by the Scheme Advisory Board. There were no negative responses; the remaining 8% did not know. Comments were also invited where the board was non-compliant, with three free text responses being recorded.

**Figure 4.4.1 – Compliance with SAB guidance.**



**Table 4.4.2 – Comments on compliance.**

Comments
The knowledge and understanding of Board members could be better, this knowledge will help to ensure compliance.
The scheme board considers notifications from the Scheme Advisory Board.
There have been no breaches, however a formal breaches register has not been set up. There is a corporate risk register, however, pensions is not currently covered by the register.

Respondents were asked to give three examples of where they felt the board is working well and three examples where they felt the board could improve what it does. Full details of the responses are attached at Annex C and D respectively, however, the following key themes were identified and have been summarised below. Interestingly some themes were common across both sets of responses.



**Table 4.4.3 – Key themes relating to boards working well.**

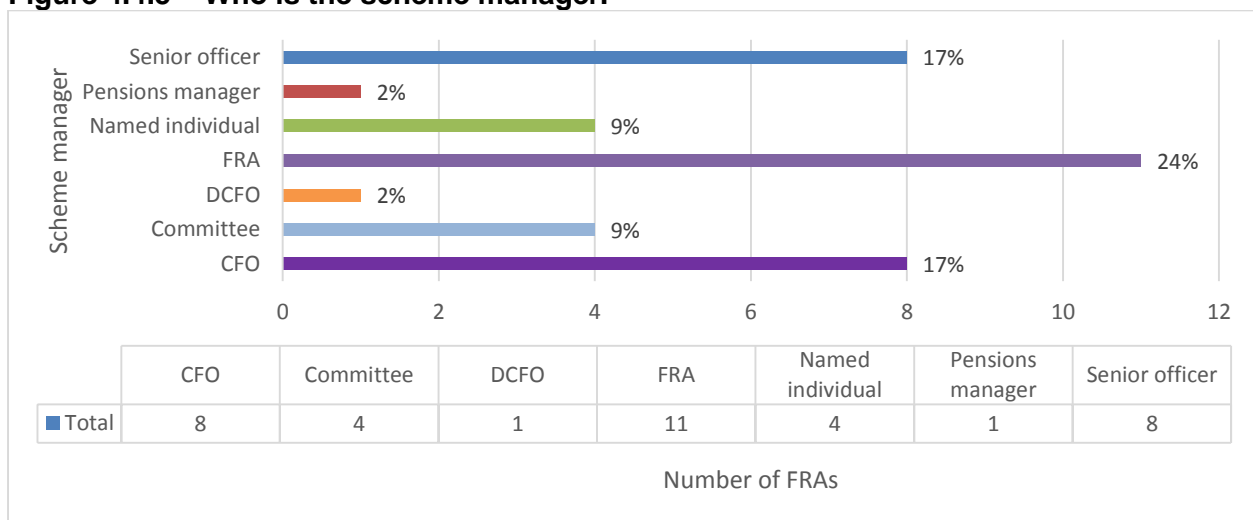
Joint working and collaboration; positive engagement between scheme manager and board.
Good attendance and regular meetings.
Implementation of key documents: risk and breach registers, action plans and training logs.
Increased awareness of issues affecting the FPS.
Performance and annual reporting.
Improved scheme communications.
Ability to monitor compliance.

**Table 4.4.4 – Key themes relating to areas for improvement.**

Implementation and publication of key documents: risk and breach registers.
Turnover of board members and subsequently keeping skills up to date.
Formation of joint i.e. regional boards.
Training.
Increase profile of board within organisation.
Increase number of board members.
Scheme manager communication/ engagement and attendance at meetings.

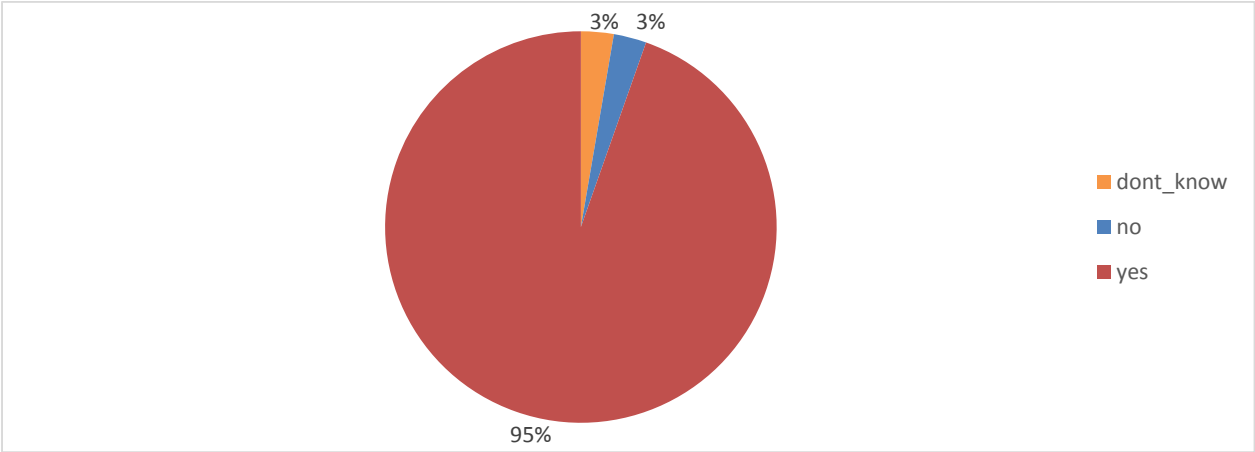
Lack of consistency in response to the questions relating to the role and delegation of the scheme manager highlighted to the Committee that there remains possible confusion among boards around this issue, or that the questions were poorly worded.

Almost a quarter of boards (24%) listed the FRA as the scheme manager, which is consistent with the definition in the regulations. However, the expectation is that this responsibility is generally delegated to another individual in a senior position within the Authority. This was the case over a third (36%) of the total responses, while the remaining FRAs have delegated the scheme manager role to a committee (9%) or the response specified a named individual (9%). The pensions manager was listed as scheme manager by only one board (2%).

**Figure 4.4.5 – Who is the scheme manager.**

The majority of boards (95%) confirmed that there is an effective delegation of the scheme manager in place, yet this is inconsistent with the responses in Figure 4.4.5 which show that the responsibility has not been delegated by the FRA in 24% of cases. A small percentage of boards answered no (3%) or don't know (3%).

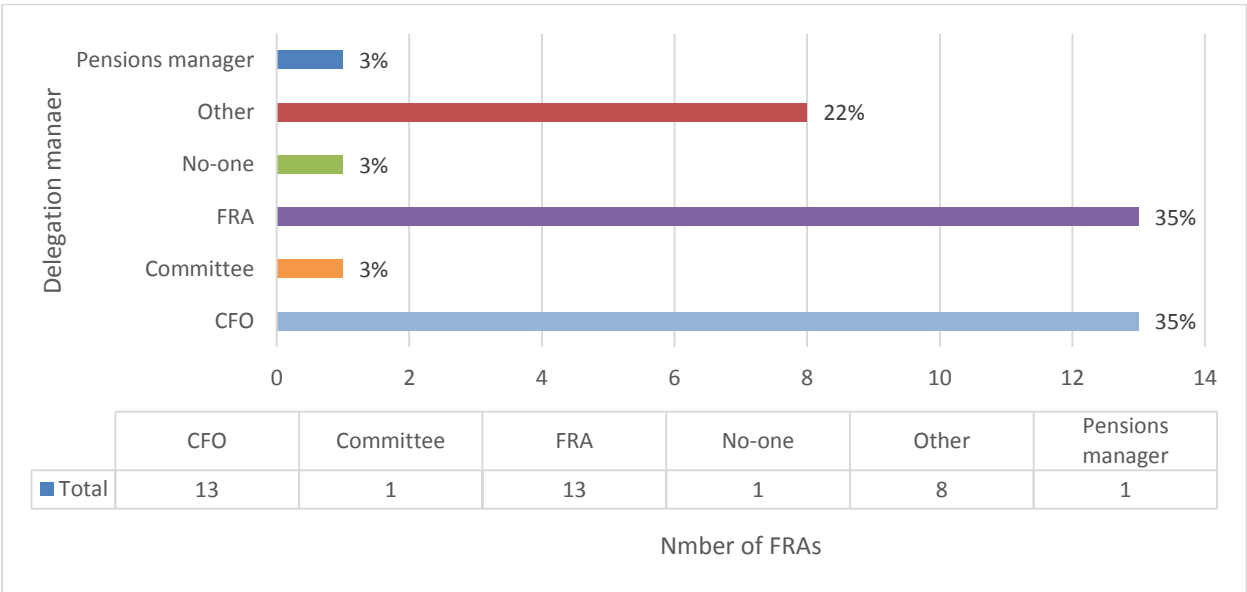
**Figure 4.4.6 – Proportion of boards with an effective delegation of the scheme manager in place.**



Almost three quarters of all boards responded that the delegation is managed by either the FRA (35%) or the Chief Fire Officer (35%), with nearly a further quarter (22%) naming another senior position within the Authority, which have been amalgamated as ‘other’ in Figure 4.4.7. One board (3%) stated that no-one manages the delegation, which is consistent with the response above, and the remainder listed the pensions manager (3%), or a committee (3%).

Over one quarter (27%) of the respondents listed the same individual or committee as the scheme manager **and** the manager of the delegation. Respondents were also asked to evaluate the management of the delegation using a 1-10 scale (where 1 was ‘very poor’ and 10 was ‘very good’). A mean score of 8.1 was returned.

**Figure 4.4.7 – Who manages the scheme manager delegation.**



Schemes were asked to evaluate the interaction between the scheme manager and the board, and the ability of the board to identify non-compliance and recommend further action, using a 1-10 scale (where 1 was 'very poor' and 10 was 'very good'). While all ratings are positive, with a mean score of over 7 in each category, the board's ability to identify non-compliance is reflective of Table 4.3.5 which shows a lower proportion of boards with a breaches and risk register in place than other key documents.

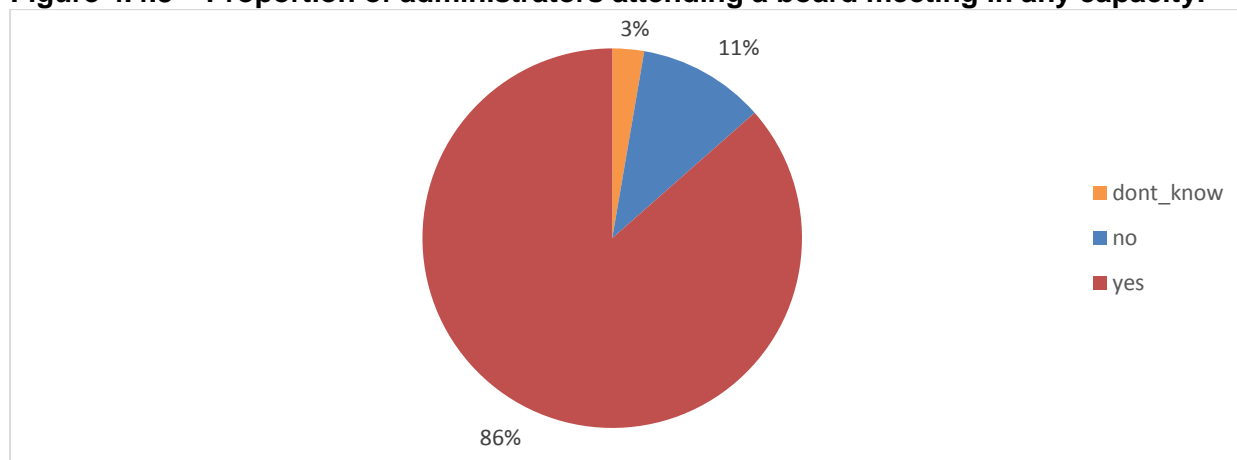
**Table 4.4.8 – Evaluation of scheme manager/ board interaction and board's ability to... – mean ratings.**

Process	Rating (mean value)
Scheme manager/ board relationship	8.2
Board ability to identify non-compliance	7.2
Board ability to make recommendations	7.9
Scheme manager response to recommendations	8.0
Effectiveness of communication	7.8

Boards also reported positive engagement of the administrator with the local pension board, with the administrator attending one or more meeting in 86% of responses. Of the remaining 14%, 11% of administrators had not attended a meeting in any capacity and 3% of boards did not know.

While it may not be appropriate or relevant for the administrator to be invited to all board meetings, it could be reasonably expected that they would provide an update report for discussion.

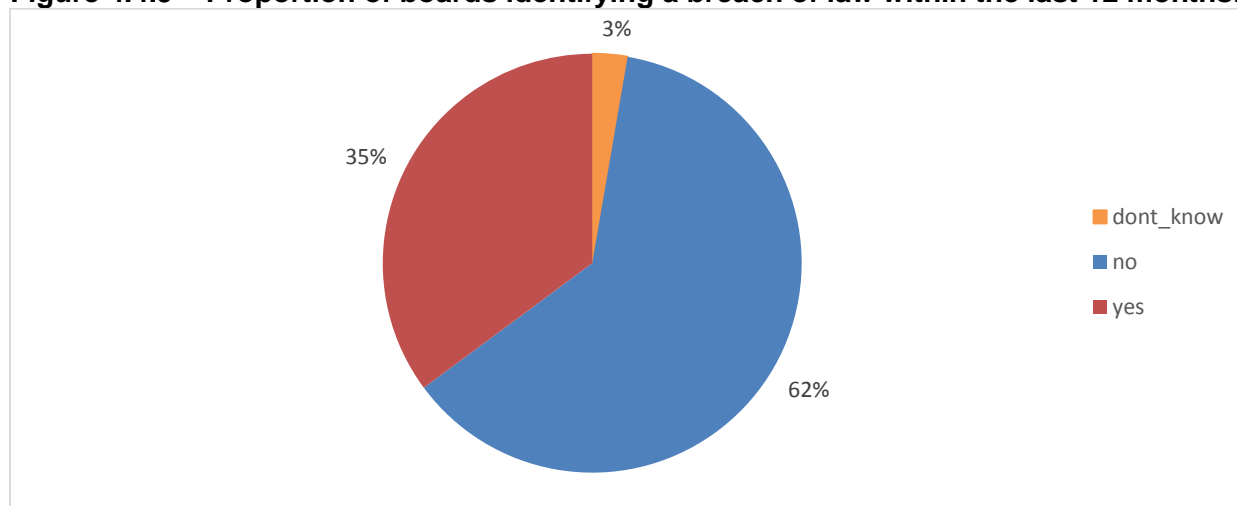
**Figure 4.4.8 – Proportion of administrators attending a board meeting in any capacity.**



Over a third (35%) of boards stated that a breach of the law had been identified within the last 12 months, with just under two-thirds (62%) stating that no breaches were identified. The question did not specify whether any breach identified was of material significance or not.

The Committee agreed that there is confusion among boards on what constitutes a material breach and is in the process of developing a breach assessment template which will help boards both identify and record/ report breaches.

**Figure 4.4.9 – Proportion of boards identifying a breach of law within the last 12 months.**



Boards were asked to describe ways in which they think the working relationship between the scheme manager, Fire and Rescue Authority could be improved and comment on any other aspect of the new governance arrangements that they considered to be relevant

This was captured verbatim and full details of the responses are attached at Annex E and F respectively. The following key themes were identified and have been summarised below. While the majority of comments received relating to the new governance arrangements considered them to be overly complex and onerous, considering the unfunded nature of the FPS, other boards felt that the establishment of the Scheme Advisory Board and increasing support from the LGA has had a positive impact on the administration of the scheme.

**Table 4.4.10 – Key themes relating to improving working relationships.**

Better communication.
Provision of reports.
More clarity on roles/ responsibilities.

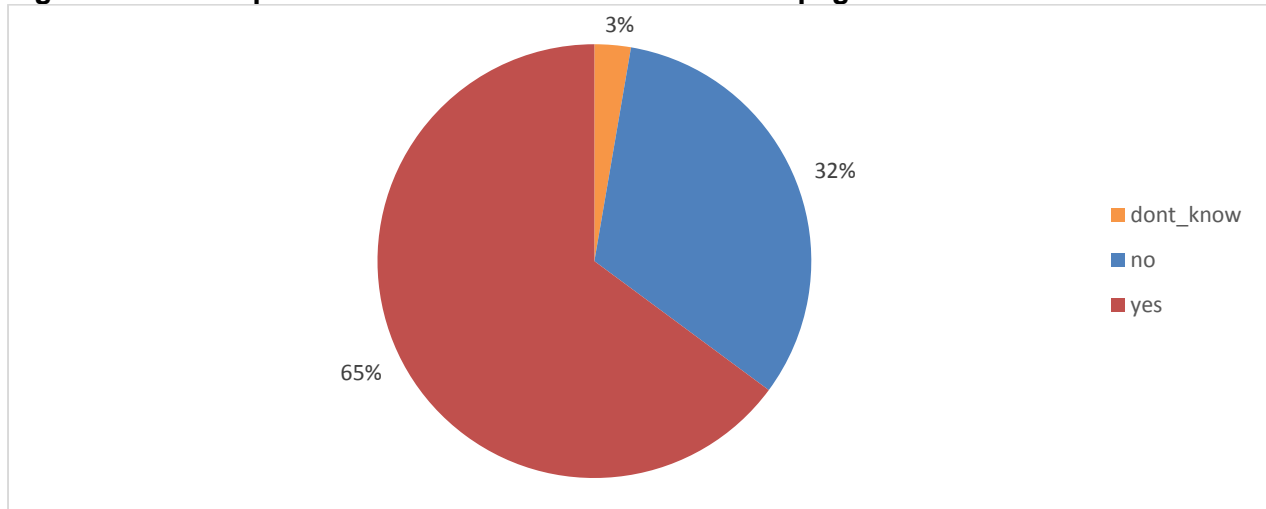
**Table 4.4.11 – Key themes relating to new governance arrangements.**

Overly complex and time-consuming for unfunded schemes and lack of decision making responsibility.
Duplication of effort nationally.
Establishment of SAB and support from LGA has been positive impact.

## 4.5 Board communications

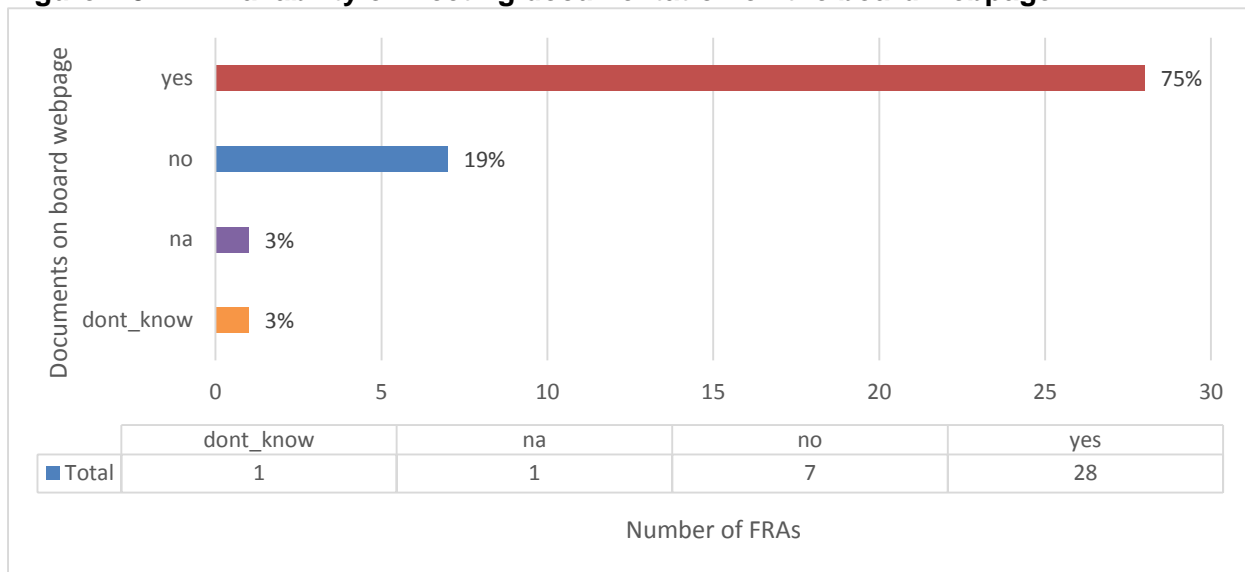
Almost two-thirds (65%) of boards have a dedicated webpage on their Fire and Rescue Service website. Links were provided within the responses where the answer was yes, and these have been verified where the link is external. Almost one in three (32%) do not have a board webpage, and 3% did not know.

**Figure 4.5.1 – Proportion of boards with a dedicated webpage.**



Three-quarters (75%) of respondents stated that meeting agendas and papers are available on the board webpage. The remaining quarter of responses were split between no (19%), not applicable (3%), and don't know (3%). A greater percentage of not applicable responses may have been expected, to more accurately reflect the percentage of boards with no dedicated webpage. However, as there is a requirement for boards to publish information, the documents may be held in a different online location.

**Figure 4.5.2 – Availability of meeting documentation on the board webpage.**

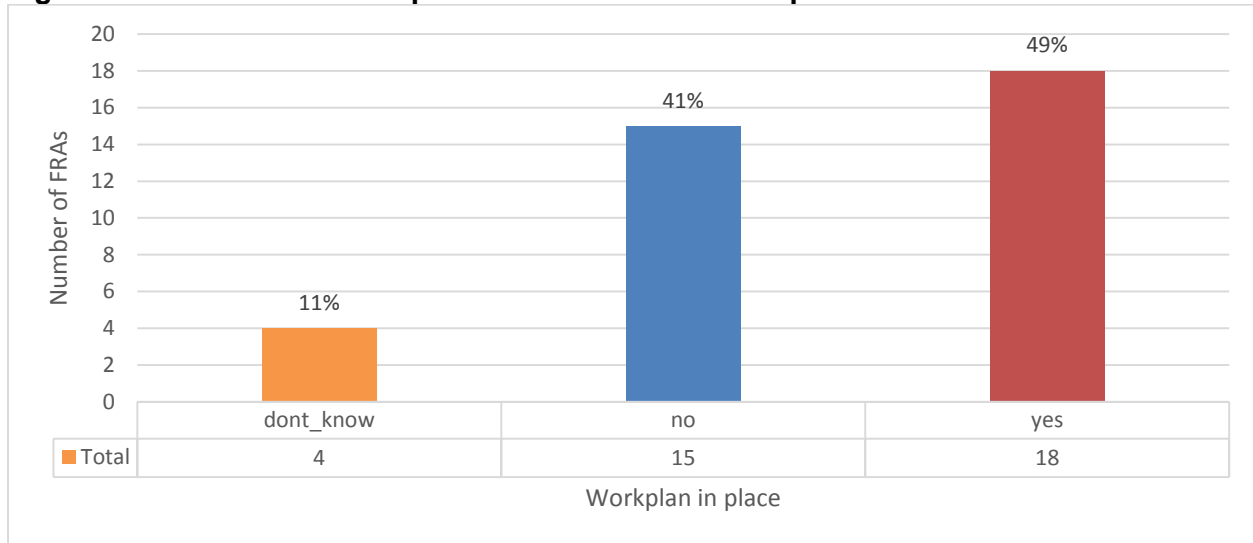


Just under half (49%) of local pension boards have a workplan; 41% have no plan and 11% of respondents did not know whether their board has a plan. For comparison, around 86% of LGPS boards have a workplan in place<sup>1</sup>.

A template workplan is available from the resources page of the dedicated local pension board section of the Scheme Advisory Board website [www.fpsboard.org](http://www.fpsboard.org).

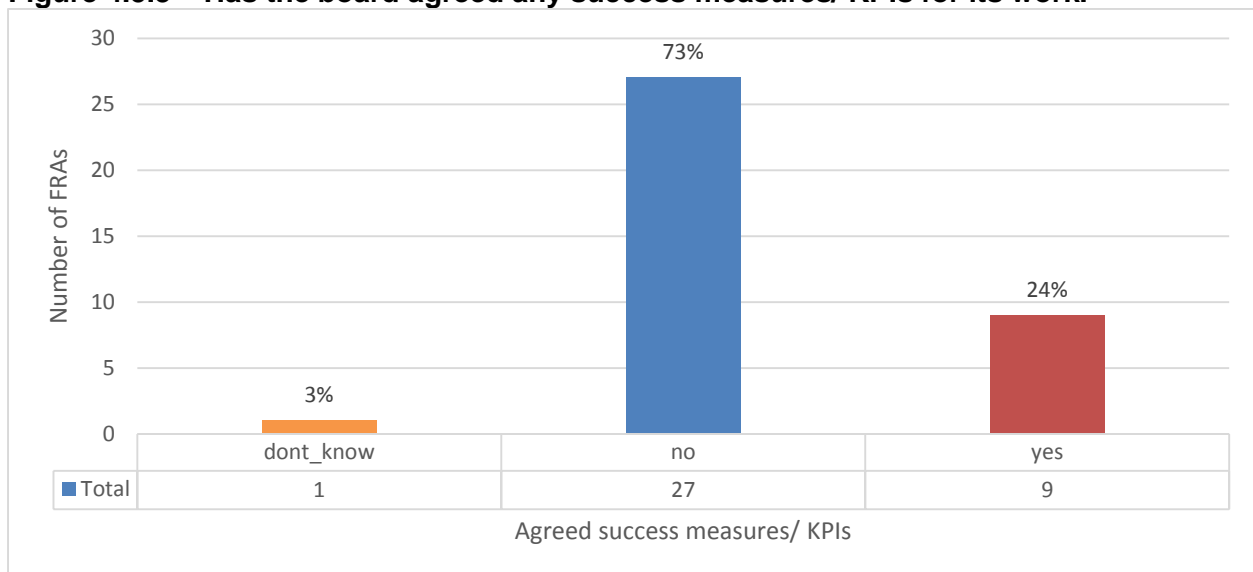
<sup>1</sup> Insert link to LGPS survey analysis when available.

**Figure 4.5.2 – Does the local pension board have a workplan.**



Boards do not tend to have mechanisms in place to measure the success or effectiveness of their work, with just under one in four (24%) boards having agreed any success measures or Key Performance Indicators (KPIs). Almost three-quarters (73%) of boards indicated that there are no agreed KPIs, and 3% did not know if any measures are in place.

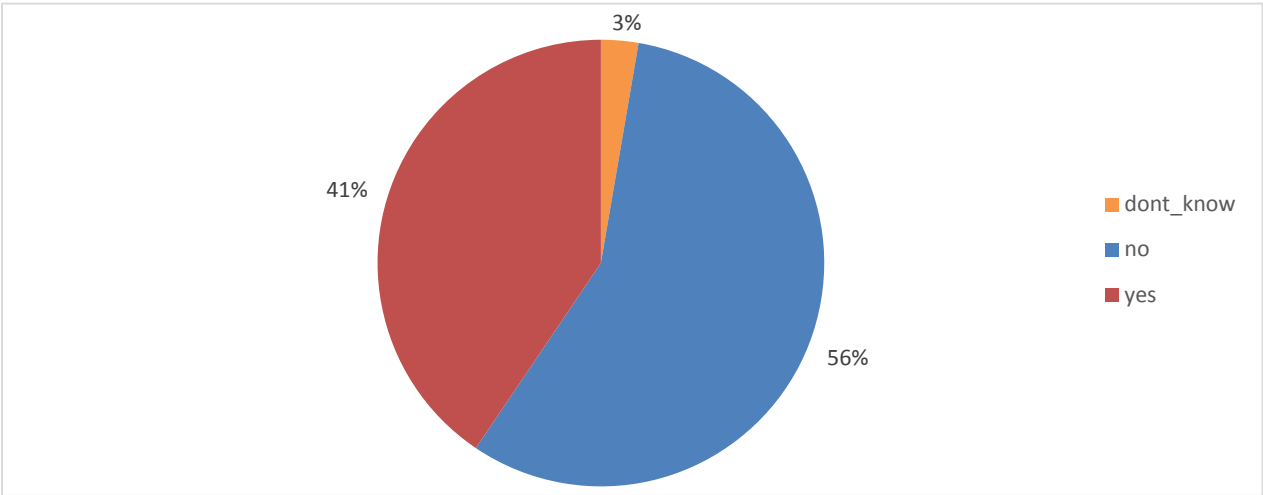
**Figure 4.5.3 – Has the board agreed any success measures/ KPIs for its work.**



The percentage of boards producing an annual report was quite evenly split, with 41% of respondents confirming that a report is produced and 56% indicating that a report is not produced. The remaining 3% did not know whether an annual report is issued.

The Committee is considering development of an annual report template to assist boards in this regard.

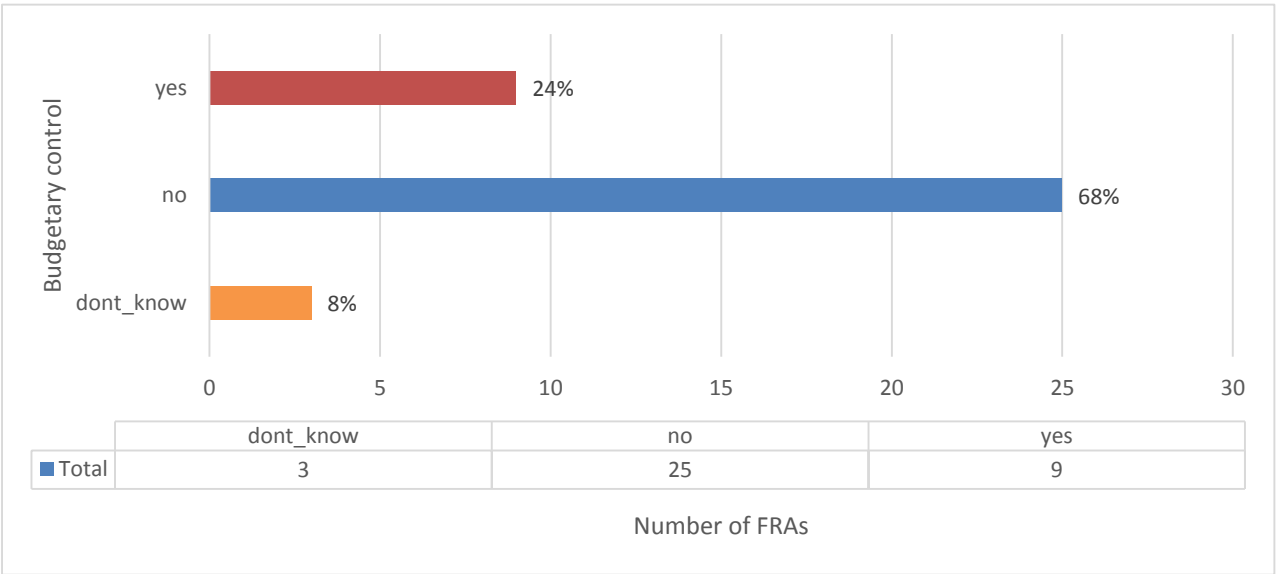
**Figure 4.5.4 – Proportion of boards producing an annual report.**



**4.6 Board budget**

Around a quarter (24%) of boards responding to the survey have control of a budget, and over two-thirds (68%) do not. A small proportion (8%) of respondents were not aware whether the board have any budgetary control. Two of the three boards with a paid chair also have control of a budget, though there are a further seven boards with a budget and an unpaid chair, so there is no direct link between the two conditions.

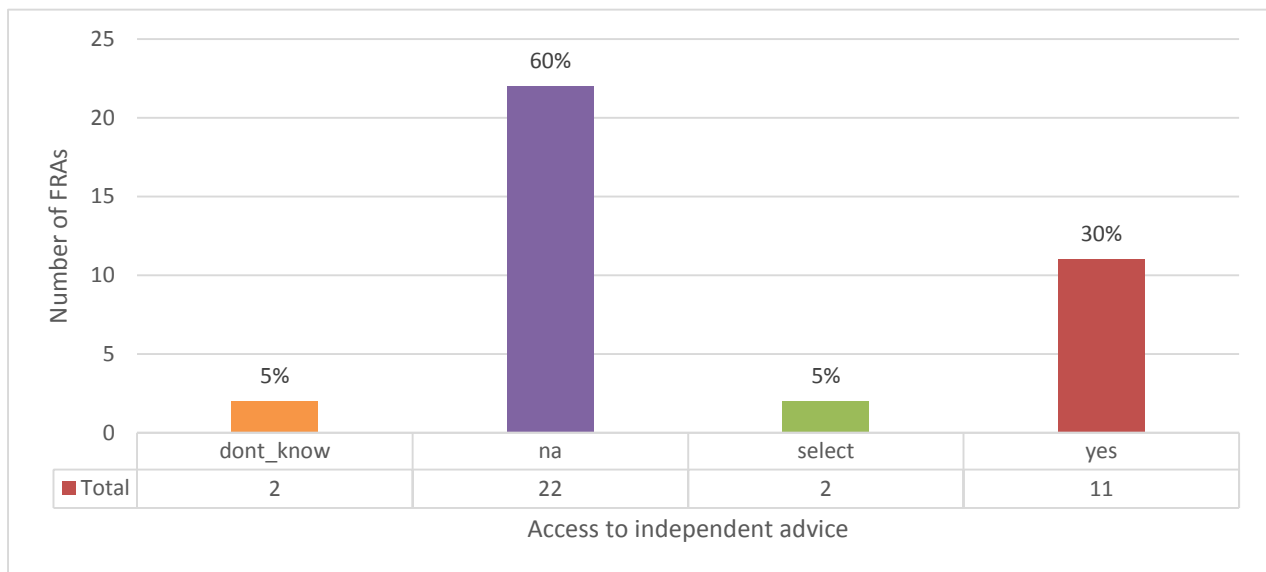
**Figure 4.6.1 – Does the local pension board have control of a budget.**



All of the boards with control of a budget indicated that this budget can be used to access independent external advice, in addition to two which stated that they have no control of a budget, therefore equating to 30%.

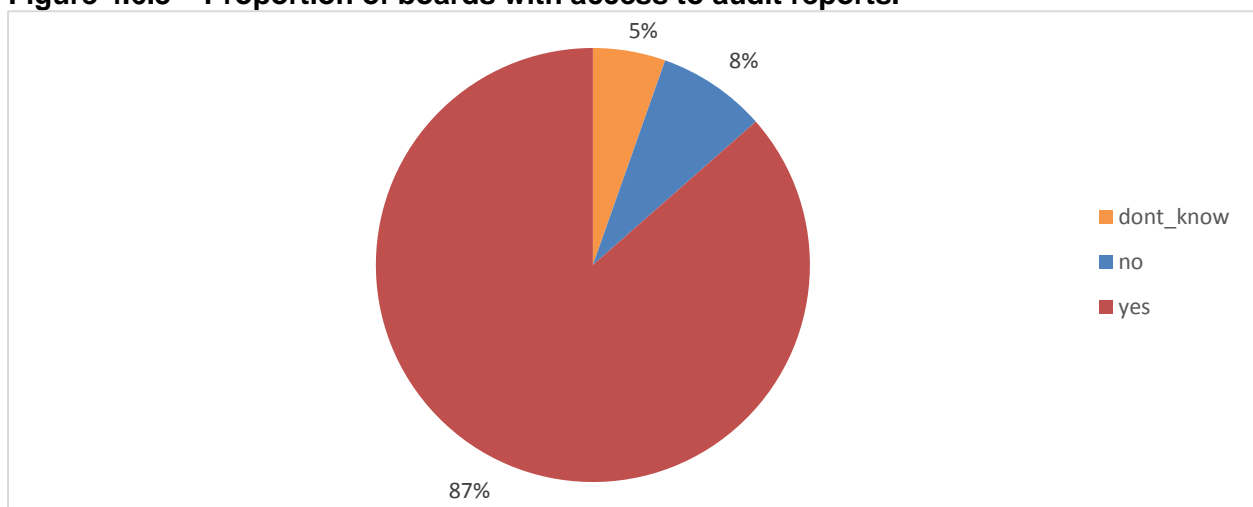
Two respondents (5%) did not select a relevant option from the drop down box, and the remainder were split between not applicable (60%) and don't know (5%).

**Figure 4.6.2 – Can the budget be used to access independent external advice.**



Overall, 87% of boards have access to internal and external audit reports. The percentage without access to such reports is 8%, and 5% did not know. The committee would be interested to further investigate whether audits of the boards take place, or if this would be effective measure of success to recommend to boards.

**Figure 4.6.3 – Proportion of boards with access to audit reports.**





## 5. Recommendations

The Committee would like to thank all boards that were able to submit a response for their participation in the survey, and for continuing to support the work of the Scheme Advisory Board (SAB). The Committee will endeavour in the future to engage with boards that did not respond to the survey, to assess whether additional support is required and the necessary action that could be required by the SAB.

### 5.1 Board meetings

Although the minimum number of meetings is not specified in legislation, the Committee consider that four meetings per year is good practice to allow monitoring of statutory requirements and identify breaches in a timely manner.

### 5.2 Board membership

While the number of members on a board is not of concern providing the minimum legislative requirements are met, turnover of membership and the associated challenge of maintaining members' knowledge and understanding is a potential risk.

Therefore, it is recommended by the Committee that boards consider reviewing their Terms of Reference to set out an aspirational terms for members, in particular extending the tenure for the board chair to a minimum two year term, to consider how they can achieve levels of consistency, while benefiting from occasional new members who would offer fresh ideas and challenges. The selection and nomination procedures should also be amended to include how appointments are both made and removed.

### 5.3 Key documents/ processes

An encouraging number of boards have all key documents and processes in place, and satisfaction with these is generally high. The Committee would highlight the [resources](#) available to boards via the Scheme Advisory Board website to assist those who may not yet have developed or implemented all key processes.

The secretariat also requests that any missing or revised Terms of Reference are submitted to [bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk) for inclusion on the [Local Pension Boards](#) page.

The rating anomaly for the programme of knowledge and understanding has been noted and the Committee will consider future targeted training requirements based on the analysis of the survey. It is recommended that training is on-going and that it is sector-specific

### 5.4 Scheme governance

Considering the potential uncertainty relating to the role and delegation of the scheme manager function, the Committee would like to promote the available [guidance](#), which is extracted from training delivered to local pension boards by the LGA Firefighters' Pension Adviser.

To assist boards with the identification and recording/ reporting of breaches of the law, the Committee is developing a breach assessment template.

While the Committee acknowledges the view that the new governance arrangements seem overly complex, development of a comprehensive risk register may assist boards in recognising the importance of the provisions in promoting correct management and administration of the schemes. Although there is no investment fund to manage, errors in notional fund accounting can have significant impact, as evidenced by the recent case of injury awards from the Firefighters' Compensation Scheme being incorrectly paid from FRA pension accounts.

## 5.5 Board communications

As there is a requirement for boards to publish information, the Committee think it would not be unreasonable to recommend that boards consider requesting a dedicated webpage on their main FRS website if this does not exist already.

Development of a workplan would allow boards to set their priorities and objectives for the year, and also give a basis for measuring progress. A detailed example workplan is available from the [resources](#) section of the Scheme Advisory Board website.

It is important for boards to be able to measure and demonstrate their success, due to the tremendous amount of hard work and dedication existing within these local arrangements that should be acknowledged. The Committee therefore recommends the development of agreed success measures and KPIs.

An annual report would be an ideal channel for promoting boards' work and achievements. The Committee is considering development of an annual report template to assist boards in this regard, and would recommend inclusion of the following:

- Membership and meetings of board
- Local arrangements
- Board assessments
- Identified Risks and Mitigation
- Recorded Breaches
- Data Review
- Annual Workplan and reviews
- Training
- Expenses and Costs
- Recommendations

## 5.6 Board budget

The Committee were comfortable with the responses regarding board budgets and have no recommendations, other than to note that it may be more efficient for the Scheme Advisory Board to obtain external and independent advice, rather than individual boards.

## Annex A: Survey questions

- 1 When did the Board first meet?
- 2 How often a year is the Board required to meet?
- 2 How often a year is the Board required to meet?
- 3 How many meetings have been held to date?
- 3 How many meetings have been held to date?
- 4 What is the number of employer representatives on the Board?
- 5 What is the number of employee representatives on the Board?
- 6 Was the Chair of the Board:
- 7 Is the Chair of the Board:
- 8 Is the Chair of the Board remunerated?
- 9 Are any other members of the Board remunerated?
- 10 Are expenses paid to Board members?
- 11 Is facility time given by the scheme manager to employee representatives of the Board?
- 12 Does the Board have a terms of reference?
- 13 Does the Board have a conflict of interest register?
- 14 Do you keep a register of breaches of the law?
- 15 Is there a risk register?
- 16 Is there a programme for Board members to acquire knowledge and understanding?
- 16a What training has been undertaken so far?
- 17i Rate the terms of reference
- 17ii Rate the conflict of interest register
- 17iii Rate the register of breaches
- 17iv Rate the risk register
- 17v Rate the knowledge and understanding programme
- 18 Is the Board compliant with guidance issued by the Scheme Advisory Board?
- 19 Reasons for the compliance of the Board with the guidance issued by the Scheme Advisory Board
- 20 Three examples where you think the Board is working well
- 21 Three examples where you think the Board could improve what it does
- 22 Who or whom is the scheme manager?
- 22a Is there an effective delegation of the scheme manager in place?
- 22b Who manages the delegation?
- 22c On a scale of 1 to 10 how would you evaluate the management of the delegation?
- 23i Rate the relationship between the scheme manager and the board?
- 23ii Rate the boards ability to identify non-compliance with legal requirements?
- 23iii Rate the boards ability to make recommendations to the scheme manager when non-compliance has been identified?
- 23iv Rate the scheme manager response to any such recommendations?
- 23v Rate the effectiveness of communication between the scheme manager and the board?
- 24 Has the administrator in any capacity attended any local pension board meetings?
- 25 In the last 12 months, have any breaches of the law been identified by the local pension board?
- 26 Who is responsible for agreeing the agenda for local pension board meetings?
- 27 Have any local pension board meetings not been quorate?
- 28 Is voting a regular feature of local pension board meetings?
- 29 Does the local pension board have a webpage on the Fire and Rescue Service web site?
- 29a If so, what is the address?
- 30 Does the local pension board have a workplan?

- 31 Has the local pension board agreed any success measures/KPIs for its work?
- 32 Has the local pension board produced an Annual Report?
- 32a If so, where is it published?
- 33 Are the local pension boards papers agenda, papers, etc, available on the boards webpage?
- 34 Does the local pension board have control of a budget?
- 35 If it has a budget, can it be used to access independent external advice?
- 36 Does the local pension board have access to internal and external audit reports?
- 37 Describe ways in which you think the working relationship between the scheme manager, Fire and Rescue Authority could be improved.
- 38 Comment on any other aspect of the new governance arrangements that you consider to be relevant
- 39 Capacity in which you are completing this survey
- 40 Name of the organisation/pension board you represent

## Annex B: Respondents

Avon Fire & Rescue Service  
Bedfordshire FRS  
Buckinghamshire Fire & Rescue Service  
Cambridgeshire and Peterborough Fire Authority  
Cleveland Fire Authority LPB  
Cornwall Pension Fund  
County Durham and Darlington Fire and Rescue Service  
Devon & Somerset FRS  
Essex County Fire & Rescue  
Essex Fire and Rescue  
Essex Fire and Rescue Service  
FBU  
Gloucestershire FRA  
Gloucestershire FRA  
Hampshire  
Humberside Fire Authority  
Isle of Wight Fire Authority  
Kent and Medway Towns Fire and Rescue Authority  
Lancashire Combined Fire Authority  
Leicestershire Fire and Rescue Service  
Lincolnshire County Council  
Merseyside Fire and Rescue Authority  
Mid and West Wales Fire and Rescue Authority  
North Yorkshire Fire and Rescue Service  
Northumberland County Council  
Nottinghamshire Fire and Rescue Service  
Royal Berkshire Fire and Rescue Service  
Royal Berkshire Fire Authority  
Shropshire and Wrekin Fire and Rescue Authority  
Shropshire Fire and Rescue Service  
South Yorkshire Fire & Rescue Authority  
Stoke on Trent and Staffordshire Fire and Rescue Authority  
Suffolk Firefighters Pension Board (Suffolk County Council)  
TWFRS  
West Midlands Fire and Rescue Authority  
West Sussex County Council / WSFRS  
West Yorkshire Fire & Rescue

### **Excluded from analysis:**

Derbyshire Fire and Rescue Service  
Greater Manchester Fire & Rescue Service  
London Fire Brigade  
Warwickshire County Council

## Annex C: Q21. Three examples where you think the Board is working well

Agenda planning with Scheme Administrator, Payroll and Pensions staff and Governance support, Involvement and commitment of Pension Board Members , Appointment (2017) of Lead member for LPB from Scheme Manager to strengthen links
Review of the Pension Administration external service level agreement performance. Review of communication of pension issues with active members. Identification of pension members needs.
Joint working / sharing of knowledge with other Fire Authorities; Risk identification, Scrutiny of Scheme Manager actions
Regular attendance at meeting, Annual report to the Scheme Manager
Good attendance and desire to understand the schemes, Constructive dialogue with the FBU, Cohesive approach with regional services and pensions administrator
Meets regularly, Continuing to build a good working relationship with the Audit Committee, Providing additional assurance following a Breach of the Regulations and putting processes in place to prevent a re-occurrence
Engagement between Scheme Manager and Pension Board Chair/Pension Board, Awareness of current and forthcoming issues, Board engagement including Administrator attendance.
Pensions Administrator attends and provides regular performance reports, Have developed an action plan and training log, Members have a general understanding of the FFPS
Consistent board members, Prioritises attendance to meetings
Monitoring of the scheme, Good meeting content which is supporting awareness and understanding of LPB members, Recognition of the need to increase frequency and time allocation due to the complexity of the agenda items
Good passage of information between the Administrator / Pension Board and Scheme Manager (Representative), Regular meetings, Stability of Pension Board members (only one change in two years)
The board have introduced training and are committed to this, The meetings run efficiently
Commitment to training, Liaison with the Scheme Administrator
Good communication between employers and employees, regular meetings, and joint effort on attending training events.
Intranet site, Planning forward what we will be looking at
Meetings are well attended, Pension fund administrators provide regular reports, Open dialogue with regard to any pension matters and TOR reviewed to enable Chair to be elected from board.
good participation and attendance by all on the board, common goal, all want the same thing, excellent support by our pensions lead

Constructive board member relationships. Useful contribution to scheme communications.
very effective scheme member engagement, keen to make improvements to the governance of the schemes
1 - commitment - attendance at meetings 2 - recognition of role - adherence to TOR 3 - technical advice provided at meetings
1. Scrutiny on the progress of implementation of national settlements such as Norman vs Cheshire 2. scrutiny of progress on formulation and implementation of risk register and associated control measures
1. Work on Risk Register 2. Good balance of Employer and Employee representatives
regular meetings, Good representation on both sides, Good training programme
Meets regularly Has all policies in place, Growing awareness across the Service of the board
Training, Gaining greater awareness, Helping with Procuring of new pension administrator
1. Good relevant TOR 2. Good Cross section of membership 3. Positive decision making forum
Good relevant TOR Good cross section membership Positive decision making forum
Good working relationship between board members
Following national guidance to set format, timings, structure, agenda and forward planning established
Genuine interest of board members to support and engage Scheme Administrator
Established structure and governance - good but can be improved upon, Starting to establish greater knowledge of schemes, Establishing closer working between pensions team, board and SAB.
1. Constructive challenge of Scheme Manager: - .e.g. LPB asked the Scheme Manager to confirm some optant out figures as they seemed particularly high
2. Impartial and active contribution in helping to address tricky pension issues: - e.g. the treatment of temporary promotions and whether they should be treated as pensionable or not.

3. Willingness to engage and be involved: - e.g. keen to get more pension information available, communications, presentations, new employer pension web pages.
Governance and Admin, Scheme Manager and Pension Administrator guidance and attendance at meetings, Compliance with TPR and information from their website
There have been no issues so far which required a vote. The Board has been able to focus on changes in regulations and check that the FRA has complied with the changes.
appropriate policies and procedures in place, awareness of TPR priorities and as a result relevant actions have been put in place by the LPB e.g. Risk Register developed and in place, Data Review underway, Summary of Code 14 Principles collated and ma
Monitor performance of the scheme administrator, discusses concerns of employees with regards to pensions.
1. Up to date with policies and procedures 2. Regular meetings



## Annex D: Q22. Three examples where you think the Board could improve what it does

Risk Register, Greater capacity to develop the Board, Better Learning and Development for the Board
Can't think of any.
Keeping skills of Board up to date due to high turnover of members, The Board find it difficult to understand the complexity of the pension scheme and associated regulations, Need to develop data improvement plan
Better knowledge and understanding, Greater involvement with pensions outside the Board meeting
Further explore a regional board as the administrator is the same, we meet as scheme managers and the geographical area is compact
Consistency in representation of members - complex area but membership of the CFA changes ergo membership of the board changes
Employee representation - predominantly trade unions but sometimes this causes conflict (where decisions benefit some members but not all) therefore they simply fall silent on a matter. Employees should be able to attend to speak but this is not actively encouraged (by the FBU)
Board requesting information from Scheme Manager and also supporting the Scheme Manager in work to be undertaken. Awaiting documents from the Scheme Advisory Board (templates, matters to address, draft agenda, proposed workplan, suggested KPIs, annual report template etc.).
Members could have a more in depth understanding of the FFPS and statutory requirements, More policies in place, A report produced.
Could meet more frequently, Could challenge more, Could undertake more training
To introduce a formal risk register, To publicise the list of any breaches, To improve comms between the LPB and Authority Members who are the formal Scheme Manager
Increased profile of role of Pension Board to members, Training, Increase integration with Scheme advisory board
Improve the risk register, Further improvement of knowledge
Greater focussed KPI's, Greater communication with the Fire Authority as the Scheme Manager, Knowledge
better information given to new board members when initially joining, not just filling in the on line training pack
Get better understanding of some of the detail of the rules, More direct access to Fire Authority rather than through a manager
Scheme manager to attend meetings regularly to provide feedback of board's recommendations/discussions. Raising the board number to 4 each and have a retired fund member to represent retired members.
Knowledge of such a complex area is a problem, difficulties in dedicating time to doing the training, better sharing of good practice (how do we know if we are performing well)?

<p>Ideally the Board membership should be larger however until greater certainty exists concerning activities of the board and delineation of responsibilities is clarified this appears to be premature.</p> <p>The tenure of both employee members and employer members tend to be of short duration making assimilation of pension scheme rules and necessary training difficult.</p> <p>The Board has little effective power and consideration should be given to the establishment of combined boards.</p>
<p>1 - Continuity - member representatives have changed due to local elections. Cannot be helped but caused some disruption.</p> <p>2 - Ability to keep up to date with Tax changes and impact on pensions</p> <p>3 - Collaboration with other pension Boards - Regionally / Nationally</p>
<p>1. Could gain more experience of Pension Administration for all schemes, however the schemes are very complicated.</p>
<p>Should have a risk register</p>
<p>Add value, Communicate out more</p>
<p>Need for workplan, Link up with Scheme Manager, Policy for reporting breaches of law</p>
<p>1. Expansion of membership to include technical member 2. Better, more timely communications 3. More CPD accredited training.</p>
<p>Expansion of membership to include technical membership, Better, more timely communications, More CPD accredited training</p>
<p>We recognised the need to set a direction for the development of the board and have established an effective training programme, including further LGA training</p>
<p>Greater knowledge of schemes, Greater rigor in pension risks, Comms</p>
<p>1. Closer engagement with other FRA's to share knowledge and experience. 2. Create more opportunity to engage with Rep Bodies and explain the pension issues of the moment 3. Enhance communication of pension matters within FRA</p>
<p>Extensive knowledge and background takes time to accrue. Improvement areas have formed part of the Training Programme</p>
<p>The Employer representatives both changed as a result of the May local elections.</p>
<p>The Chief Financial Officer who is also the Scheme Manager has changed and a permanent replacement is not yet in place. The relationship between the Local FPB and the Scheme Manager will be developed once the Chief Financial Officer is in post.</p>
<p>more detailed work on Work Plan items e.g. Communication Policy development to include review of existing literature and input into development of authority-specific documents which can be accessed locally via intranet</p> <p>challenge more items on the ri</p>
<p>Membership of the board has not been as stable as it could have been, and we are currently considering making changes to the way in which board members are appointed in order to allow for longer tenure of board members.</p>

## Annex E: Q37. Describe ways in which you think the working relationship between the scheme manager, Fire and Rescue Authority could be improved.

We have recently appointed a Lead Member from the Scheme Manager (FRA) - the Authority's Vice-Chair - to attend future Local Pension Board meetings. He won't be a full Member of the LPB but he will be allowed to contribute to the discussions.
Can't think of any areas requiring improvement.
Whilst individual reports are taken for decision when appropriate, benefit could be gained by taking an Annual report to Fire Authority by Scheme Manager.
Better communication. Greater understanding of role of Board
Dedicated time allocated to undertake this function.
Production of a report
Further awareness and education of the Authority who are the formal Scheme Manager. Provision of a regular report to the Authority
Fire Authority as Scheme Manager should request a pension board member to attend Fire Authority meetings where a decision on Pensions is being undertaken for advice. Fire Authority to have a greater understanding of the role of pension boards.
The Chair of the Pension Board to present the minutes to the Standards and HR Committee offering opportunity for scrutiny and direction to FA members.
The Chair of the Pension Board is to present the minutes from Board meetings to the Fire Authority's Standards and HR Committee, so that there is increased awareness of Pensions issues and opportunity for the FRA (as the Scheme Manager) to direct its work.
I am happy with the relationship I have with the scheme manager, the manager is very approachable and helpful when I have questions
More timely involvement and view of the issues being reported by managers to the Fire Authority. Usually quite good but there are some lapses.
No improvements required at present.
Most areas which I think can be improved is over awareness of the schemes.
None at this stage.
With the Scheme Manager being the Strategy and Resources Committee this may lead to delays in decision making, however the transparency of decision making is improved with Member involvement.
More clarity about roles and responsibility from central government/SAB. Scheme manager to attend meetings
A review of scheme manager, and where the delegation of this position in best placed.

The relationship between all three aspects of the scheme governance is working well, with good communication throughout the scheme.
However, we are always looking to improve all functions within FRS and would welcome all support and suggestions as we develop.
The relationship between all three aspects of the scheme governance is working well, with good communication throughout the scheme.
However, we are always receptive to ideas and support in all areas and functions of FRS and would welcome any support as we develop the board.
A very positive working relationship exists with the ability to raise issues
More structured and transparent reporting between Board and scheme manager and the Fire Authority
A lack of pension expertise / communication / liaison meant that a new post of Employer Pension Manager was introduced from 01/02/2017. A year on and this post has made significant improvements to communication and liaison between FRA, LPB and Scheme Manager. We are always looking for ways to enhance the relationship further though.
Relationships working well
There have been some changes in the Scheme Manager personnel which need to be embedded so that the relationships with local FPB Chair and Board can be developed.
More regular communication on relevant topics to keep the important issues highlighted e.g. monthly email update from Scheme Manager with the opportunity for all to contribute. Could use as a route for ongoing discussion to hone activities and priorities to then capture at formal meetings. Examples of possible topics - TPR 21st Century Governance Programme, Dashboard, GDPR, Valuation outcomes, GMP reconciliation, urgent administration exercises where identified
More stable board membership (as mentioned in Q21)

## Annex F: Q38. Comment on any other aspect of the new governance arrangements that you consider to be relevant

We believe the links between the Scheme Manager, through the Lead Member, will strengthen the links. There is also a proposal for the LGA to deliver a training session for the FRA (as Scheme Manager) in 2018.
As the FF pension is an unfunded scheme and the LPB is a non-decision making body the challenges it faces are not as great in terms of ensuring all pension liabilities are being covered via investments of the pensions assets, and the management of risks and board member conflicts of interest. I would imagine a board member on a LGPS pension board requires more support and direction when managing a billion Â£ plus investment portfolio. The main objective appears to be around the correct administration of the FF pension and the fulfilment of all statutory and regulatory responsibilities.
Governance arrangements have been improved due to the new requirements and the pension scheme is now better managed. Guidance from the LGA and TPR provides a useful framework on which to base our governance arrangements.
Overly complicated in my opinion given that the scheme is unfunded and therefore does not have investments to manage unlike LGPS. Most pension decisions are based on regulations, grey book terms & conditions and outcomes of legal challenge. Therefore again, unlike LGPS, I think fire pension boards are confused about their role and elected members struggle with the lack of decision-making responsibility. The more formal governance arrangements are imposed the more I feel that the meetings tick a box rather than adding value.
As there are not investment decisions in the way there are for LGPS, the status of the Board within the County Council is much lower.
There is significant duplication across all FRSs in the UK and this could be more efficient if organised regionally rather than by each FRS/shared administrator. Another alternative would be to just utilise the national Scheme Advisory Board.
They are working well so far.
Regular reviews ensure focus on best practice.
Fell like the arrangements are starting to be embedded and the regular reviews being undertaken on the subject, such as this one, are helping to support driving best practice.
Knowledge of board members is a key issue that can only be overcome by exposure to the issues and training.
None
As the Firefighters' Pension Schemes are unfunded much of the requirement for pension boards are unnecessary as no monetary decisions are overseen or made by the Board.
N/A
Three years on and the value of local pension boards for a national funded scheme is still questionable

The initial legislation was "light touch" and the delay to the establishment of the SAB, impacted on the early days on the LPB. However, where new guidance and support has been made available the board has quickly adapted, e.g. Risk Register
Our current position with our LPB is one of transition, as we have recently transferred our administration from County Council. The knock on effect of this has been to redefine the boards TOR and restructure the board in relation to the change of accountability. Our risk register is in the process of being rewritten to reflect the potential risks of third party.
Our current position with our LPB is one of transition, as we have recently transferred our administration from County Council. The knock on effect of this, is a redefining of the TOR and a restructuring of the board to reflect the change in accountability of administration. Our risk register is in the process of being rewritten to take account of the potential risk of the third party.
The support of the SAB is much appreciated in driving improvements and providing suitable resources. The new SAB website is excellent and the ongoing LGA training, support and expertise continues to be of a very high quality and makes it far easier to understand the responsibilities and to access expert assistance from relevant agencies. Opportunities for networking and to ask about other board activities and approaches gives a real focus for assessing progress and identify whether priorities are appropriate. Malcolm Eastwood's enthusiasm acts as a genuine motivator to push to keep up the positive momentum.