

West Midlands Fire and Rescue Authority

Pension Board

**You are summoned to attend the meeting of Pension Board to be held on
Thursday, 20 October 2022 at 10:00**

at Digital via Microsoft Teams,

for the purpose of transacting the following business:

Agenda – Public

- 1 To receive apologies for absence (if any)
- 2 The Pension Regulator Supervisory Report - Draft Action Plan **3 - 32**
[To discuss the draft action plan followed by a discussion on developments that have occurred since the commissioning of this report and have a relevance to matters going forward. This will allow for consideration to be given to any urgent amendments that might need to be made to the draft Annual Delivery Plan].
- 3 Date of next meeting
[To note the date of the next Pension Board Meeting - 08 December 2022]

Distribution:

Independent Chair - Vacancy, Julie Felton - Employer Representative, Adam Harper - Scheme Member Representative, Kal Shoker – Employer Representative, Alan Tranter – Scheme Member Representative, Employer Representative – Vacancy, Scheme Member Representative – Vacancy.

Agenda prepared by Kirsty Tuffin

Strategic Hub, West Midlands Fire Service

Tel: 0121 380 6906 email: kirsty.tuffin@wmfs.net

This agenda and supporting documents are also available electronically on the West Midlands Fire Service website at www.wmfs.net

| | |
|------------------|--------------------|
| Clerk Name: | Karen Gowreesunker |
| Clerk Telephone: | 0121 380 6678 |

| | |
|--------------|-----------------------------|
| Clerk Email: | Karen.Gowreesunker@wmfs.net |
|--------------|-----------------------------|

The Pensions Regulator Supervisory Report to the West Midlands Firefighter Pension Scheme Manager and Pension Board

Recommendations – Action Plan

*****Please note this action plan is in draft and may be subject to further changes and additions*****

| Ref | Date | Subject | Action | Responsible | Completion date / Suggested timeframe | Status [Ongoing / Completed] |
|-----|-------|-----------------------------------|---|---------------|---------------------------------------|------------------------------|
| A | 01/11 | Pension Board Training and skills | PB to develop a formalised written training plan, reviewed at least yearly, which will cover emerging themes, such as cyber security. This will be published on a joint Pension Board filing system/Teams site (see Recommendation D1) to ensure all PB member can review as required and bring forward suggestions for training and development. | Pension Board | Implemented by February 2023 | Ongoing |
| B1 | 01/11 | Pension Board Training and skills | PB to develop a succession plan for both Scheme Member and Employer representatives, including undertaking a revision of role descriptions. This will include a proposal for hand-over between departing representatives and their replacements. | Pension Board | Implemented by March 2023 | Ongoing |
| B2 | 01/11 | Pension Board Training and Skills | PB to review its Terms of Reference for consideration by the Audit and Risk Committee (Scheme Manager) with regards to representative tenures to ensure these are staggered and include a suitable handover period. | Pension Board | Implemented by February 2023 | Ongoing |

OFFICIAL

| | | | | | | |
|----|-------|---|--|--|---|---------|
| C | 01/11 | Pension Board Composition | Review appointment/election communications for Pension Board representatives to ensure that communications include information to encourage the widest possible number and range of candidates to apply. | Pension Board/Portfolio Team | Implemented by January 2023 | Ongoing |
| D1 | 01/11 | Pension Board Information Sharing | Implement a common Pension Board filing system/Teams site to enable Pension Board members to share relevant information and updates on a regular and ongoing basis between formal meetings. | Portfolio Team | Implemented by February 2023 | Ongoing |
| D2 | 01/11 | Pension Board Information Sharing | Scheme Manager to hold a session with Pension Board members to review information sharing arrangements and PB representatives' views on information sharing, knowledge and skills. | Scheme Manager | Held at March 2023 Audit and Risk Committee meeting | Ongoing |
| E1 | 01/11 | Business Continuity Planning | Scheme Manager to receive a report on current Pension team BCP arrangements and testing and review their effectiveness with a view to making recommendations on their suitability. | Scheme Manager and Pensions Administration Team | Held at March 2023 Audit and Risk Committee meeting | Ongoing |
| E2 | 01/11 | Business Continuity Planning | Pension Administration Team to develop and share with the Scheme Manager and Pension Board a set of procedural notes for key pensions administration tasks. | Pensions Administration Team | Completed by March 2023 | Ongoing |
| F1 | 01/11 | Information Sharing between SM, PB and Pension Administration Team | Written (rather than verbal) reports to be provided by the Pension Team on key issues to both the Pension Board and Scheme Manager as a standing item for all meetings. | Pensions Administration Team | To begin from March 2023 Audit and Risk Committee | Ongoing |
| F2 | 01/11 | Information Sharing between SM, PB and Pensions Administration Team | Updates on key or urgent issues to be shared by Pensions Administration team on an ad-hoc basis into Pension Board joint Teams site/Filing system, and to Chair of Audit and Risk committee via email. | Pensions Administration Team supported by Portfolio Team | To begin from implementation of new filing/teams system as of February 2023 | Ongoing |

OFFICIAL

OFFICIAL

| | | | | | | |
|----|-------|-------------------------|---|---|---|-----------|
| G | 01/11 | Conflicts of Interest | Conflict of Interest Register, based on the TPR templated, to be created and stored on Pension Board filing system/Teams site where all PB members have access. Will be a standing item for all PB meetings. This document to be shared with The Pension Regulator. | Portfolio Team and Pensions Board | To begin from implementation of new filing/teams system as of February 2023 | Ongoing |
| H | 01/11 | Risk Management | <p>Changes in formatting of the Risk Register to be made in line with TPR recommendations:</p> <ul style="list-style-type: none"> • utilising a cover sheet to provide a snapshot of the current risks, helping to clearly identify the current major risk(s) to the Scheme. The Scheme may wish to identify emerging risks in this location as well. • ensuring all risks have mitigating actions and owners • documenting closed risks <p>Incorporate relevant WMFS Corporate Risks within the PB Risk Register, to include Cyber Security (CR 7.3).</p> | Pensions Board RR subgroup | Completed by January 2023 | Ongoing |
| I1 | 01/11 | Digitisation of records | All records to be digitised and accessible to support data collection. | Pensions Administration Team | Completed | Completed |
| J | 01/11 | Data Improvement policy | Pensions Team to work with Data and Governance team on ensuring a Data Improvement Policy is in place for Pensions Data, either drawing on existing policy or developing a new policy if required. | Pensions Administration Team & Data and Governance Team | Completed by February 2023 | Ongoing |
| K | 01/11 | Data Improvement Plan | Pensions Team, drawing on the Annual Data Review (Action L) to develop a Data Improvement Plan for any areas where data scores are not complete. This to be reported to both Scheme Manager and Pension Board and shared with TPR. | Pensions Administration Team | Following completion of Annual Data Review | Ongoing |

OFFICIAL

OFFICIAL

| | | | | | | |
|----|-------|---|---|---|----------------------------|---------|
| L | 01/11 | Annual data review | Pensions Team to undertake a pension data review, to assess the accuracy and completeness of member data, to be reported to the Pension Board and Scheme Manager. | Pensions Administration Team | Completed by January 2023 | Ongoing |
| M | 01/11 | Recording data scores | Pensions administration team to record common and scheme specific data scores gathered as part of the Annual Data review (Action L) in Exchange. | Pensions Administration Team | Completed by January 2023 | Ongoing |
| N1 | 01/11 | Review of KPIs | Scheme Manager, working with Pensions Board, to review Key Performance Indicators | Scheme Manager, Pensions Board and Pensions Administration Team | Completed by February 2023 | Ongoing |
| N2 | 01/11 | Supporting narrative to KPs | All Key Performance Indicators to be accompanied by a written narrative (which may be provided alongside a verbal update). This narrative to be provided to both the Scheme Manager and the Pension Board | Pensions Administration Team | Completed by March 2023 | Ongoing |
| O | 01/11 | Documentation of Data validation procedures | Pensions team to create a documented process for checking and validating data, to be shared with the Scheme Manager and Pensions Board, and reviewed annually. | Pensions Administration Team | Completed by March 2023 | Ongoing |
| P | 01/11 | Pension Process Automation | Pensions Team to provide a report to the Scheme Manager on opportunities or limitations of automation within pension scheme processes for further consideration. Support to be provided by service digital and data team. | Pensions administration team & Digital and Data team | Completed by March 2023 | Ongoing |
| Q1 | 01/11 | Administrative Task Timescales | Pensions Team to provide a report to the Scheme Manager documenting expected administrative task timescales, to be shared with Pension Board. | Pensions administration team | Completed by March 2023 | Ongoing |

OFFICIAL

OFFICIAL

| | | | | | | |
|----|-------|---|---|------------------------------------|----------------------------|---------|
| Q2 | 01/11 | Firefighter Pensions SAB Pensions Administration Strategy | Pensions Team to provide an update to the Scheme Manager on the Firefighter Pensions SAB Administration Strategy, and how it relates to the process used in the administration of the WMFPS. | Pensions administration team | Completed by March 2023 | Ongoing |
|----|-------|---|---|------------------------------------|----------------------------|---------|

OFFICIAL



**The
Pensions
Regulator**

Making workplace pensions work

Supervisory review report to the Scheme Manager and Pension Board

**West Midlands Fire Service Firefighters Schemes
September 2022**

Contents

| | |
|----------------------------------|----|
| • Overview | 3 |
| • Executive summary | 4 |
| • Key findings | |
| — Management and governance | 6 |
| — Systems and processes | 15 |
| • Next steps | 19 |
| • Summary of recommendations | 20 |
| • Appendices | |
| — Appendix 1: Meetings held | 23 |
| — Appendix 2: Materials reviewed | 24 |

Overview

We are pleased to provide the Scheme Manager (SM), Pension Board (PB) and Scheme representatives with the results of the 2020/21 TPR relationship supervision review of the West Midlands Fire Service Firefighters Schemes (referred to as 'the Scheme' throughout this report)

The purpose of the review was for TPR to gain an understanding of, and to provide comments to the SM, PB and Scheme representatives on how the Scheme operates and the management and governance controls in place. The review provided the opportunity for TPR to understand how the SM and PB ensure compliance with legislation, adherence to codes of practice and application of good industry practice.

We acknowledge the cooperation of Neil Chamberlain, former PB Chair and Paul Gwynn, Payroll and Pensions Manager in assisting us with this review and thank them for their time and willingness to share information on the Scheme.

It is important to note that this review was undertaken at a high-level and for the above purpose only, based on meetings in 2020 with Paul Gwynn, the Payroll and Pension Manager from the in-house administration team. These meetings were supplemented by a review of Scheme documentation* as well as observing the March 2020 Pension Board meeting. We also collected updated Scheme documentation in August 2021 to supplement these findings. We subsequently enquired about updated material in July 2022. The review is not an in-depth evaluation of all facets of the Scheme and is not intended to be used for any other purpose, relied upon by third parties, or replace audit requirements. Nor is it to be considered as an endorsement of the Scheme by TPR.

This report is based on information obtained before and during the Covid-19 pandemic. Since the pandemic began in March 2020, we have maintained light-touch contact with the Scheme. The Scheme provided TPR with an update on how they have focused their activities on the key risks to pension savers and maintained their operation.

*Details of meetings and documentation are located in Appendix 1 and 2

Executive Summary (1)

Overall, we found the Scheme to be run appropriately, and is operating and performing broadly to our expectation against the public service code, guidance and legislation. However, our findings lead us to conclude that there are opportunities to make improvements in some areas.

We are encouraged by the dedication and commitment of the Scheme representatives we have met. Our review was facilitated by openness and transparency, in both virtual meetings and with the supply of information.

Through our observations and discussions with scheme representatives, it appears to us that the Scheme has appropriate management and governance structures for a scheme of this size, as well as oversight provided through the Audit and Risk Committee (the delegated Scheme Manager). We note there is regular engagement with the Firefighters Pension Scheme Advisory Board through their network forums and working groups to stay alert to fire industry-wide issues which may affect the Scheme and its members. We note a PB member is member of the Firefighters Pension SAB Local Pension Board Effectiveness Committee.

Nonetheless, as the report outlines, we have identified some areas to assist the SM and PB in improving the Management and Governance and Systems and Processes to the benefit of its members.

Training is one such area where we have recommended improvement. Developing an overall training plan will help to identify and improve knowledge and skills to ensure the PB operates as effectively as possible. The plan provides an opportunity to consider PB member training needs, identify current skills or knowledge gaps, consider emerging or topical issues and align with PB succession planning. Considering equality, diversity and inclusion as part of the training and succession plans will help lead to robust decision making on behalf of the scheme's members.

We understand a documented succession plan is not in place for the PB, therefore in line with best practice, we suggest one is implemented to ensure the PB maintains its knowledge, skills and expertise.

There are opportunities to improve the scheme's Business Continuity Planning, ensuring tests are fully implemented, procedures are understood, documented and accessible and the scheme can continue to deliver regular functions if normal activity is disrupted.

Executive Summary (2)

Good administration is the bedrock of a well-run scheme, with the scheme's data quality critical in ensuring members receive the benefits they are due, and savings are accurate. To ensure PB members have ongoing oversight of the in-house administration, and that PB members have an opportunity to consider and apply their knowledge and understanding to effectively challenge pension administration reports, it is valuable for the Administrator to attend and be present at meetings.

Data quality and reporting is an area we recommend for improvement. We expect administrators to ensure that data within their organisation is well governed, and to place a high priority on data quality. The quality of scheme data is of material significance to the success of key data related projects, such as Pensions Dashboards. A Data Management Policy helps to provide a framework to manage and maintain data quality, with regular reviews to ensure it is fit for purpose and reflective of changes in regulation and scheme working practices. An essential part of any data improvement policy is to ensure good quality data is maintained at source and accurate processing takes place to create new, accurate data items. Data Improvement Plans help to address poor or missing data in a defined period. We recognise there has been work to digitise records and to reach agreed data scores, however, we feel there are opportunities alongside this digitisation to implement a robust framework and a clear plan to take steps towards complete and accurate records. With the move to digitise records, we recognise there may also be an opportunity to explore automation, reducing the risk of human error inherent with manual processes.

Other improvements are recommended including consideration of information sharing processes between scheme representatives, developing conflicts of interest record and register, risk register formatting, developing a supporting KPI narrative and producing procedural notes.

In conclusion, we recognise that steps may have been taken, or are planned to be taken, to address these matters, and those addressed in the report. The following pages provide a high-level summary of our findings across the two key areas in scope with our recommendations for improvement.

Overall assessment: As the report indicates, we assessed Management and Governance as **amber** and Systems and Processes as **amber**.

Key Findings

Areas of Focus: Management and Governance

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

Good governance involves having a motivated, knowledgeable and skilled pension board in place. It's also about having the right structures and processes to enable effective, timely decisions and risk management, in line with clear scheme objectives. Board members must remain current and up to date in their knowledge and understanding, reviewing at least annually and undertaking learning to fill any gaps identified.

| Findings | Recommendations |
|---|---|
| <p>We found the Scheme has a knowledgeable PB. The Scheme actively engages with the Firefighters Pension Scheme Advisory Board (SAB). The Scheme discussed current matters openly with the SAB through active participation in networking forums and working groups.</p> <p>Knowledge and understanding was demonstrated by the PB during our evaluation when comfortably conversing on pension related matters, such as the implications of the McCloud Remedy - a critical piece of work for public service schemes.</p> <p>The PB Terms of Reference (ToR) set out the requirements for knowledge and skills. It is for individual PB members to keep their knowledge up to date and maintain a written record of training / CPD and any other development. This is reviewed on an individual basis to identify gaps and weaknesses, but the frequency of review is not stated. It is unclear whether any planned training is based upon any gaps identified in the PB's knowledge and understanding. An overall PB training review record, providing a board wide picture of knowledge and skills, was not been shared with the Supervisor.</p> | <p>We recommend a proactive approach to training be undertaken and co-ordinated. We suggest that the PB develops an annual training and development programme, which incorporates the induction process. The training should record details of the individual training / CPD activities undertaken by the PB members (including but not limited to, attending conferences, webinars, sessions with advisers, reading etc) so a full record of all training undertaken is kept, maintained and supported with annual appraisals. We recommend that any training planned also looks to address any gaps identified in the PB's knowledge and understanding. Any gaps can be identified using a skills matrix, questionnaires, performance reviews etc.</p> <p>We recommend cyber security training is part of the training programme, and the SM stays vigilant to emerging issues which will have a training need, such as diversity and inclusion and dashboards. Maintaining involvement with the SAB will support this awareness.</p> |

Key Findings

Areas of Focus: Management and Governance

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|---|--|
| <p>We found that a documented succession plan is not in place for the PB. This will help ensure consistency of knowledge and understanding is maintained on the PB, and may also help in the event of unexpected situations such as the recent pandemic, sickness, unexpected leave etc.</p> <p>In addition, implementing a succession plan may also help with discussions about equality, diversity and inclusion.</p> | <p>In line with best practice, we recommend a documented succession plan is prepared to ensure knowledge, skills and expertise of the PB are maintained.</p> <p>With PB member tenures fixed to three years, with extensions considered, as outlined in the ToR, there may be a point where key experience, knowledge and skills are lost in a short period of time. This loss may weaken the PB ability to operate effectively. We recommend revisiting the tenure position as part of succession planning.</p> |

Key Findings

Areas of Focus: Management and Governance

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|---|---|
| <p>We found from our discussions that the PB is appropriately resourced with 3x employer; 3x member and 1x independent representatives.</p> <p>We found the PB to have a broad composition in terms of equality, diversity and inclusion (ED&I). This was apparent with the gender, experience, background and knowledge range evident from the PB meeting.</p> | <p>TPR considers a governing body made up of people who have a greater range of backgrounds, life experiences, expertise and skills will tend to lead to wider discussions. Additionally, people challenging each other from different perspectives is likely to result in more robust decision-making.</p> <p>We encourage the SM and PB to consider any changes to the composition of the PB from an ED&I angle to help enhance diversity and inclusion.</p> <p>When considering the succession plan, as outlined on the previous page, we recommend the SM and PB consider ED&I within its PB recruitment policy moving forward.</p> |

Key Findings

Areas of Focus: Management and Governance (cont'd)

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|---|---|
| <p>We note there is a Board review process at the first annual meeting of the year (usually March) to assess how well the PB, committees and members are performing with a view to seeking continuous improvement, as stated in the Annual Report of the Pension Board 2020-2021. This follows the review process outlined in the PB Terms of Reference.</p> <p>We note a PB member is a member of the SAB Local Pension Board Effectiveness Committee; 'providing reminders of good governance tools and progress actions necessary as a result of TPR's annual governance and administration survey'.</p> | <p>Whilst we note a PB member is a member of the SAB Local Pension Board Effectiveness Committee; well placed to feed in good practice to the PB, we recommend the SM should review the information sharing between key scheme representatives. See slide 14 for related example.</p> <p>We suggest the Board review process is considered in parallel to the individual PB training review process, helping to identify how PB members are adding value, as well as identifying any potential gaps in knowledge and understanding which can feed into the PB training programme.</p> |

Key Findings

Areas of Focus: Management and Governance (cont'd)

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|--|--|
| <p>The payroll and pension administration is managed by a small in-house administration team. During our visit, the Payroll and Pensions Manager shared that they had an overarching organisational business continuity plan (BCP), and that their most recent continuity test had covered payroll functions, but did not cover pensions tasks, e.g. how to process new retirements.</p> <p>We found as part of our initial evaluation that the in-house administration team held paper records. We understand that these have all now been digitised.</p> <p>A BCP was not shared with TPR; either the overarching organisational BCP or continuity plans for the payroll and pensions team.</p> <p>The Supervisor acknowledges that since the initial evaluation in 2020, the BCP documentation may have been reviewed as part of a response to the Covid-19 pandemic.</p> | <p>We recommend the SM reviews the current BCP arrangements with both payroll and pension functions in mind and considers, whether the overarching plan requires updating or that the payroll and pensions team require a bespoke BCP.</p> <p>The SM should consider the need for procedural notes as part of the continuity planning to help to mitigate key person risks in a small administration team and provide clear instructions on pension tasks as personnel change. The BCP should be regularly tested in full; and both BCP and procedural notes reviewed regularly.</p> <p>Any new processes should be accompanied by new or updated procedural notes, such as the 'Annual certificate of identity process' highlighted in the Scheme's risk register, which was planned to be introduced in October 2021. We understand from a recent update that this is planned for summer 2022.</p> |

Key Findings

Areas of Focus: Management and Governance (cont'd)

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

Findings

We found that information is shared appropriately during PB meetings and the Audit and Risk Committees (ARC)*. However, from our engagement it is perceived that an improved information sharing approach would be beneficial when the in-house administrator is appraising these groups of its duties.

We note from more recent documentation that there have been more regular PB meetings due to Covid-19 arrangements, and engagement appears to have improved between the PB and in-house administrator. We note within June 2021 PB minutes the PB has requested to be appraised of matters more frequently, such as the 'performance update provided monthly as part of internal monitoring figures' on the delivery of Annual Benefit Statements and the request to receive regular updates on performance in administration delivery activities.

We note the scheme-specific data scores referenced in the March 2020 PB pack, where the Chair of the ARC was surprised to understand the scheme-specific data had not been measured, suggesting remedial work was undertaken as soon as possible to alleviate the vulnerability to the SM.

* The Scheme operates with an Audit & Risk Committee which looks at governance, risk, control, internal audit, external audit, financial reporting and accountability arrangements. Supervisor has not observed this committee (due to Covid-19 restrictions), but has viewed minutes. The Audit and Risk Committee is the delegated Scheme Manager.

Recommendations

We recommend reviewing the quality of engagement between the in-house administration team, SM and PB, reviewing how, to whom and when the in-house administrator will report on progress of its duties. This is to encourage a dialogue forward looking and solution focused to ensure any issues that may arise on forthcoming scheme events such as record keeping/dashboard, 2022 benefit statements, McCloud remedy, governance and administration and other key projects/milestones are considered and managed appropriately.

We recommend the in-house administration team support this dialogue by providing a regular high-level narrative on ongoing work to help keep relevant parties informed on progress and appraised of emerging issues. With the scheme-specific data score reference in mind, we note the in-house administrator was already working to improve data quality and digitise records. An ongoing narrative, keeping the groups appraised would help to alleviate concerns, keep key personnel informed, avoiding surprises.

Key Findings

Areas of Focus: Management and Governance (cont'd)

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|--|--|
| <p>Conflicts of interest is a standing agenda item at PB meetings, with a policy in place and a declaration form available.</p> <p>From observation, conflicts of interest are handled with the appropriate gravitas at PB meetings.</p> <p>We found as there are no conflicts of interest to date, there is no register. TPR was not provided with a Conflicts of Interest Register, or a document where PB members could register their interests.</p> | <p>We recommend you continue to regularly identify, manage and monitor conflicts of interest, as outlined in points 61-89 in code of practice – Code 14: Governance and administration of public service pension schemes.</p> <p>To support this, we recommend maintaining a central record of interests. This will detail each member of the PB, a date when interests (or not) were declared, the details of the PB member interest, and when the interests for the PB member should be reviewed. This record can then be used as a tool to manage any potential conflicts that may arise or cease to exist.</p> <p>Although, as we understand, you have no conflicts of interest registered to date, we recommend the PB should have a standard register available to use when required, as outlined at point 84 in Code 14. A TPR template is available on the hyperlink above.</p> <p>For completeness, please share a Conflicts of Interest register with TPR when prepared.</p> |

Key Findings

Areas of Focus: Management and Governance (cont'd)

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|---|--|
| <p>As per slide 11, the Scheme has a sub-committee on Audit & Risk.</p> <p>We found the Scheme identified, monitored and managed risk through a risk register. The initial risk register reviewed was fit for purpose, however, improvements to formatting could be made to make the information more digestible and audit trail easy to follow. This was highlighted by the PB in the December 2019 Pension Board meeting and we can see that subsequently, TPR has received an updated risk register which addresses most of these issues.</p> <p>We found cyber security was not on either of the reviewed risk registers, as this is managed and monitored by the IT team at a Corporate level.</p> <p>(continued overleaf)</p> | <p>To record the audit trail of discussion(s), proposal, decision and action in managing and mitigating risks in the risk register, we recommend:</p> <ul style="list-style-type: none">- utilising a cover sheet to provide a snapshot of the current risks, helping to clearly identify the current major risk(s) to the Scheme. The Scheme may wish to identify emerging risks in this location as well.- ensuring all risks have mitigating actions and owners- documenting closed risks <p>We recommend the PB also take a holistic view of risk; ensuring oversight of Corporate risks are more broadly considered in terms of impact on the Scheme and its members.</p> <p>In addition, although considered a Corporate risk, we recommend cyber security is added to the Scheme's risk register as per TPR cyber security guidance, especially with the direct threat to savers/retirees being scammed and considering the Scheme's progress to digitally transform its systems. The SM should seek assurances on a regular basis that the security provided by the IT team is appropriate for any software providers.</p> <p>(continued overleaf)</p> |

Key Findings

Areas of Focus: Management and Governance (cont'd)

Assessment: **Amber**

Code of Practice 14 – Governing your scheme / Knowledge and understanding

| Findings | Recommendations |
|---|--|
| <p>During TPR's assessment in March 2020, we learnt about an internal sample check which had taken place between a member nominated PB member and the in-house administration team. This was for sample checking of payments/calculations where members had been temporarily 'acting-up' in roles, and whether payments were accurate.</p> <p>Although the matter may not have been of material significance to the scheme (i.e. not on the scheme's risk register), we would have expected this sample check to have been undertaken by an independent and qualified individual, rather than a member nominated PB member.</p> <p>The issue was not raised at the subsequent PB meeting later that day, however, the Supervisor acknowledges conversations may have occurred since, and steps taken to avoid reoccurrence.</p> | <p>Once these formatting recommendations have been implemented, the risk register should be finalised and shared with TPR for completeness.</p> <p>We recommend the SM continues to maintain close contact with the Firefighters SAB to ensure awareness of any emerging industry-wide risks.</p> <p>We recommend with matters such as the internal sample check, that Scheme representatives consider appropriate actions to avoid conflict, and for any action to be undertaken by an independent and appropriately qualified individual. Matters of this nature should be documented and recorded accordingly.</p> <p>The recommendation made on slide 11, on the regularity of engagement and the use of an open dialogue between scheme representatives, should help issues be raised with appropriate personnel through the appropriate channel.</p> |

Key Findings

Areas of Focus: Systems and Processes

Assessment: **Amber**

Code of Practice 14 – Administration

Pension boards should consider administration as a substantive item at every meeting, with ongoing oversight of administration providers a priority. Processes for monitoring timeliness and accuracy of financial transactions, record keeping, administrative tasks and responses to member requests should be in place with regular MI reports received on performance of providers against agreed SLAs.

| Findings | Recommendations |
|--|---|
| <p>Member records are maintained by the in-house administration team. During our assessment we were informed the records were held on paper and digital systems. Since our initial review in 2020, we are encouraged that all paper records have been scanned and saved electronically, as stated in the Scheme's current risk register.</p> <p>The PB raised concerns over the quality of data scores in March 2020 PB pack. This was echoed in the PB meeting in March 2020 when a 'local view' of 98% for common data was provided, and 94.6% for scheme specific data. Currently Exchange shows a common data score of 95% in 2018, with no score on scheme specific (conditional) data or any scores for the 2021 return. We found the in-house administrator is working to improve data scores in the meantime, through a manual process, which once complete, the team are confident of achieving improved data scores.</p> <p>(continued overleaf)</p> | <p>We recommend all records are digitised and accessible to support data collection, supporting readiness for Pensions Dashboard and the management of data in relation to Remedy.</p> <p>Whilst we acknowledge data is reviewed on a regular basis via the monthly reconciliation work and among discussions held with the employer and members, TPR expects schemes to carry out a data review exercise at least annually. This should include an assessment of the accuracy and completeness of member data held. A data review will allow the SM and PB to have an overall picture of the status and completeness of the data.</p> <p>We also expect the data scores from the data review exercise are submitted to TPR as part of the Scheme Return and on an annual basis thereafter.</p> <p>(continued overleaf)</p> |

Key Findings

Areas of Focus: Systems and Processes

Assessment: **Amber**

Code of Practice 14 – Administration

Findings

Whilst these are positive steps, we would expect regular reporting of overall data quality to the PB, supported with a Data Improvement Plan (DIP) to outline the steps to addressing poor or missing data.

We note the PB raised the requirement for a Data Improvement Plan in March 2020 which, as we understand, has not been addressed as yet.

Recommendations

If any gaps are identified as part of the annual data review exercise TPR expects a Data Improvement Plan to be put in place to address these gaps. Any data review work will also support the forthcoming dashboard requirements.

We recommend a data improvement policy is produced to support the management and maintenance of high-quality data.

We recommend as part of this policy the in-house administrator reports regularly to the SM and PB on data scores. We expect the SM and PB to monitor data scores closely and undertake a data review exercise at least annually. Where common and scheme-specific data scores are not complete we expect the SM to implement a Data Improvement Plan as per Code 14, section 141, in the next 3 to 6 months, and update data scores on Exchange, ideally in 3 months.

In line with TPR guidance, the Data Improvement Plan should have a reasonable end date and be reviewed on a regular basis.

For completeness, the Data Improvement Plan should be shared with TPR.

Key Findings

Areas of Focus: Systems and Processes (cont'd)

Assessment: **Amber**

Code of Practice 14 – Administration

| Findings | Recommendations |
|--|---|
| We found regular key performance indicator (KPIs) reporting is provided at PB meetings, supported by a verbal update. We found the verbal update is recorded in PB minutes, however, the narrative behind the results is not added to the KPI report. | We recommend the in-house administration team provide a written narrative with the KPI report to the PB, outlining the justification as to why the indicators are being met or not. |
| As per slide 15, during our assessment, we were informed records are maintained on paper and digital systems by the in-house administration team. These have subsequently been saved electronically. The team validate the data, with checks for new starters, leavers, deaths and changes of circumstance. The small in-house pensions administration team regularly perform record keeping checks. They are familiar and comfortable with the procedures for checking records, however, we found the processes to complete the task(s) are not documented. We did not find the use of automation in checking and managing data. The Supervisor appreciates that exploration into automation may have been discussed since our assessment. | As per slide 15, we recommend the Scheme digitises the records to ensure information is accessible. We recommend procedures for checking and validating records are documented accordingly and regularly reviewed. This will help to reduce key person risks and support ongoing business continuity planning. Similar to other schemes of this size, we recommend the Scheme explores the use of automation to manage data and to understand where process efficiency and effectiveness can improve. |

Key Findings

Areas of Focus: Systems and Processes (cont'd)

Assessment: **Amber**

Code of Practice 14 – Administration

| Findings | Recommendations |
|--|--|
| <p>During our assessment the administrator referenced target timescales used to complete pension administration tasks. These timescales helped to understand task performance for processes, such as processing retirements. However, we found the target timescale was not documented in a procedural note.</p> | <p>We recommend the SM ensures the in-house administration team documents and formalises pension administrative task timescales to help the SM and PB measure and improve performance as required.</p> <p>This will also assist the SM to ensure legal timescales are adhered to. It may also help identify any training areas for the in-house administration team.</p> <p>Whilst there is no legislative requirement for FRAs to have such a strategy in place, the Firefighters Pension SAB have developed a Pensions Administration Strategy template. This template is for authorities to adopt to demonstrate best practice in the administration and governance of the scheme. We recommend you consider utilising this template to document administration, management and governance information.</p> |

Next steps –

- SM to formulate an action plan to address the recommendations. The action plan should be provided to the TPR Supervisor within 1 month.
- Action plan to be agreed by TPR Supervisor. TPR Supervisor will be available to discuss the action plan format in the interim if helpful.
- SM to implement recommendations in 3 to 6 months.
- TPR Supervisor to arrange a 3-month and 6-month meeting to understand action plan progress.

Summary of recommendations

Management and Governance

- A - PB to develop an annual training plan, which is reviewed on an ongoing annual basis; ensuring emerging themes, such as cyber security, are considered and knowledge gaps are incorporated to the plan through the annual appraisal process.
- B - Develop a succession plan to ensure the PB retains appropriate skills to operate effectively, revisiting the tenure position.
- C - When managing any changes to the composition of the PB consider this from an ED&I angle to help enhance diversity and inclusion.
- D - Moving forward as part of the Board review process consider the effectiveness of information sharing and where training can support and improve the overall PB performance.
- E - Review of current BCP arrangements. The BCP should be regularly tested in full and procedural notes checked for accuracy.
- F - Recommend reviewing the quality and frequency of dialogue between the PB, SM and the in-house administration team. This would be supported by a high-level narrative to help provide clarity on progress and emerging issues for pension meetings.
- G - Recommend the PB have a Conflicts of Interest register available, supported by a 'Record of Interests'. Document shared with TPR.
- H - For the Scheme's management of risk, we recommend incorporating the formatting suggestions to the risk register; consideration of Corporate risks and their impact on the management of the Scheme and its members; cyber security is considered as a scheme risk including the assurances required for software providers and undertaking an internal review of the escalation processes. Following formatting suggestions, document to be shared with TPR.

Summary of recommendations

Systems and Processes

- I - Recommend all records are digitised and accessible to support data collection, especially with readiness for Pensions Dashboard, and with the management of member data in relation to Remedy.
- J - Develop a Data Improvement policy to support the management and maintenance of high-quality data.
- K - Develop and implement a Data Improvement Plan in 3 to 6 months.
- L - Undertake a data review on an ongoing, annual basis.
- M- Record common and scheme specific (conditional) data scores in Exchange ideally within 3 months.
- N - Provide a supporting narrative to support KPI scores to help measure performance.
- O - Document and regularly review procedures for checking and validating data.
- P - Consider the use of automation in checking and managing data, as well as other functions of the in-house administrator to improve process efficiency and effectiveness.
- Q - Document pension administrative task timescales to help all representatives meet and improve performance and consider implementing Firefighters Pension SAB Pensions Administration Strategy.



**The
Pensions
Regulator**

Making workplace pensions work

Appendices

Appendix 1: Meetings held

- 5 March 2020 – Introduction and Evaluation meeting with Payroll and Pensions Manager
- 5 March 2020 – Pension Board observation including introduction to Relationship Supervision
- 9 April 2020 – Covid-19 call to discuss response to pandemic. Informed Payroll & Pensions Manager about pausing relationship supervision engagement.
- 10 July 2020 – Covid 19 call to discuss current status of relationship supervision
- 30 September 2020 - Covid 19 call to discuss current status of relationship supervision
- 9 August 2021 – Catch-up call to discuss receipt of updated information
- 30 June 2022 – Catch-up call to discuss latest documentation/information and Supervisory Report delivery

NB: 23 March 2020 – Audit and Risk Committee (Delegated Scheme Manager) observation – meeting cancelled due to pandemic.

Appendix 2: Materials reviewed

Pension Board Agenda 4 June 2019

Risk register March 2019 Updated by Paul Gwynn WBS 1st October 2019

Pension Board Activity Log 2019 20

Terms of Reference of the Audit and Risk Committee 2019

Pensions Board Work Programme 2019-20

Scheme Manager Discretions

Final Payroll Report WMFS

Statement of Policy for FPS 1992 Discretion

West Midlands – Organogram

Pension Board Terms of Reference Approved by A&RC

01 - Member Code of Conduct Approved June 2012 (002)

02 - statutory undertaking - elected member - form (002)

03 - Master Declaration Of Interest Form wef June 2012 (002)

Breaches policy - West Midlands

Organogram showing Admin & Governance structure

Biography of Scheme Clerk Karen Gowreesunker

Payroll & Pension KPI report for November 2019 (002)

Pay Policy Statement 2019-2020 (1)

Pension Board Pack - Sept 2019

Pension Board Pack - Dec 2019

Audit and Risk Committee_agenda doc pack - 13_01_2020 12_30_00

Payroll & Pensions - KPI November 2019

Pension Board Pack - Mar 2020

WMFS Pension Board Risk Register. Meeting 2 - 9th June 2021

Annual Report of the Pensions Board 2020-21 DRAFT 0721

Appendix 1 - Annual Report of the Pensions Board 2020-21

Minutes of the Pension Board on the 09 June 2021