

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

23rd OCTOBER 2023

1. PENSION SCHEME UPDATE

Report of the Scheme Manager (Chief Fire Officer)

RECOMMENDED

THAT Members note the Scheme Manager's update on the governance and administration of the West Midlands Firefighters' Pension Scheme.

2. PURPOSE OF REPORT

To provide an update on the work of the delegated Scheme Manager and the Local Pension Board.

3. BACKGROUND

3.1 Change in Scheme Manager

As was agreed at the Fire Authority AGM on 26 June 2023, delegated responsibility as Scheme Manager for the West Midlands Firefighters' Pension Scheme has transferred from the Audit and Risk Committee to Chief Fire Officer Wayne Brown. The CFO is supported in this role by Director for People, ACFO Richard Stanton.

3.2 Pension Board Work Plan

- 3.2.1 The Pension Board and Pension Administration team continue to deliver against the workplan agreed with The Pension Regulator in November 2022, as well as further items that have been added during the past year. The full Work Plan can be viewed in **Appendix A**.

3.2.2 It was agreed at the Pension Board meeting on 7 September 2023, that the Board would transition the workplan into an improved format through Microsoft Planner and it is intended that this occur in time for the next Board meeting on 2 November.

3.3 **Risk Register**

3.3.1 The Pension Board continues to maintain the risk register of key risks and issues which may impact upon the effective running of the scheme. A number of updates have been made to reduce the overall number of risks and align them more closely with those already identified within WMFS Corporate Risks.

3.3.2 It was also agreed at the Pension Board meeting on 7 September 2023, following input from the Scheme Manager, that the Board would transfer its risk register to the same format as is used by WMFS to ensure consistency. The service's Portfolio team will support in this transition and an updated version of the register will be shared with Authority at its next meeting in December 2023.

3.4 **Statistics and Key Performance Indicators**

3.4.1 The pension scheme has the following membership numbers as at 31st August 2023:

Active Firefighters	1,374
2015 scheme members	1,230
Non-members	144 (10.48%)
Pensioners	2,221
Dependants	426

3.4.2 The scheme administration has achieved the following performance against select key indicators as at 31st August 2023:

Indicator	Estimate Requests	Divorce Proceedings	Basic Information	Transfers – Other*
Received	32	10	87	4
Responded	31	1	35	9
Average Response Time	50 days	11 days	19 days	845 days
Cases outside target	3	0	1	8
Performance	90.3%	100%	97.14%	11.11%

**Please note that Transfers can only be “completed” when a final response is made and in many cases this may not happen for a number of years if scheme members choose to consider their options or gain external advice. This KPI is being reviewed to ensure it is an effective performance measure.*

3.5 **IDRP Submissions**

In the past two quarters the Scheme Manager has received three FFPS submissions through the Internal Dispute Resolution Procedure (IDRP), one of which was determined not to be addressed as an IDRP. At stage one, these are dealt with by the ACFO and Director for People, with none yet progressing to stage two. A summary of each of the two that were heard at stage one is below:

- Individual had opted out of the 1992 pension scheme based on external advice that they had received. They were asking to be put back into the pension scheme. IDRP was not founded and the individual was advised to seek issue with the advice that they had received by the company/individual that had provided it.
- The Lump Sum Option form provided to a member outlined two possible alternative options for the member’s choice of Lump Sum. The first option – despite it detailing the correct annual figure – gave an incorrect monthly figure. The IDRP was not founded as the correct annual figure was shown and this is ultimately what the member will have based their decision on.

4 **EQUALITY IMPACT ASSESSMENT**

As this is an update report, no initial Equality Impact Assessment has been undertaken.

5 **LEGAL IMPLICATIONS**

The Public Services Pensions Act 2013 created a statutory requirement to have a Scheme Manager, and this is defined in regulations as the Fire and Rescue Authority. WMFRA have chosen to delegate the role of Scheme Manager to the Chief Fire

Officer. However, it is important to note that the power to delegate does not absolve the Fire Authority of the responsibility of the pension scheme. The responsibility to ensure the scheme is managed within the regulations rests with the Fire Authority and any fines resulting from errors will be the responsibility of the Fire Authority. It is therefore important that the Authority maintains oversight of the governance of the scheme.

6 **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this update report.

7 **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this update report.

8 **BACKGROUND PAPERS**

None

The contact for this report is Richard Stanton, Assistant Chief Fire Officer and Director for People.

CFO Wayne Brown
West Midlands Firefighters' Pension Scheme – Scheme Manager

APPENDIX A – Pension Board Action Plan

WMFPS Pension Board – Action Plan

Completed	Recently Updated	Missed completion date
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Ref	Date	Subject	Action	Responsible	Completion date / Suggested timeframe	Status [Ongoing / Completed]
Actions arising from The Pensions Regulator Supervisory Report 2020/21 on the West Midlands Firefighter Pension Scheme						
A1	11/11	Skills and Training	Pension Board (PB) and Scheme Manager (SM) to undertake Training Needs Analysis to set a baseline for development of future training plans. Previous templates exist that can be used.	Pension Board Chair and Scheme Manager	Undertaken by March 2023	TNAs completed as of May 2023
A2	11/11	Pension Board Training and skills	PB to formalise their training plan, to be 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 Chair	Implemented by July 2023	Agreed at July Pension Board
B1	11/11	Pension Board Succession	Clerk and PSS 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.	Clerk and PSS supported by Pension Board	Implemented by March 2023	Ongoing

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B2	11/11	Pension Board Succession	PB and SM to review Terms of Reference with regards to representative tenures to ensure these are staggered and include a suitable handover period.	Pension Board Chair and Scheme Manager	Implemented by July 2023	Revised Terms of Reference drafted and agreed, staggered member replacement process agreed.
C	11/11	Pension Board Composition	Review appointment/election communications for Pension Board representatives to ensure they encourage diversity amongst the Pension Board membership and encourage the widest possible number and range of candidates to apply. TPR Equality, Diversity and Inclusion guidance to be utilised.	PSS/Pension Board/Portfolio Team	Implemented by January 2023	Completed – Election communications sent
D1	11/11	Pension Board Information Sharing	Review communications to Pensions Board and Scheme manager and ensure updates are provided when required.	Portfolio and Pensions Administration Teams	Implemented by March 2023	Complete
D2	11/11	Pension Board Information Sharing	Pension Board members to review information sharing arrangements and PB representatives' views on information sharing, knowledge and skills, with input from Scheme Manager.	Pension Board and Scheme Manager		Completed
E1	11/11	Business Continuity Planning	Pensions Board to receive a report on current BCP arrangements and testing and review their effectiveness with a view to making recommendations to Scheme Manager on whether a bespoke BCP outside existing WMFS arrangements is necessary.	Pensions Board Chair and Pensions Manager	To be approved in July 2023 .	Pension Board BCP agreed with minor additions at July 2023 PB meeting.

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E2	11/11	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. Content may be impacted by implementation of remedy.	Pensions Administration Team	Update to March 2023 Audit and Risk Committee Meeting—subject to Remedy roll out. Report expected to September Pensions Board	Partial set of notes created for some tasks, and work continues but not expected until end 2023.
F	11/11	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	Completed
G	11/11	Conflicts of Interest	Conflict of Interest Register, based on the TPR template, to be created and stored on system 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 system as of February 2023	Completed
H1	11/11	Risk Management	PB Risk Register Sub Group to consider TPR recommended changes or improvement in formatting of the Risk Register: <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 	Pensions Board RR sub group	Completed by January 2023	Complete – PB agreed to maintain current RR approach.

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			Incorporate relevant WMFS Corporate Risks within the PB Risk Register, to include Cyber Security (CR 7.3).			
H2	11/11	Risk Management	PB Risk Register to be incorporated into Audit and Risk Committee risk updates.	Scheme Manager	To begin from March 2023 A&R Meeting	Completed
I	11/11	Digitisation of records	All records to be digitised and accessible to support data collection.	Pensions Manager supported by Data and Governance Team	Completed	Completed
J	11/11	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. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team & Data and Governance Team	Completed following implementation of new Altair system March 2023 June 2023	Ongoing. Altair update now complete and data improvement policy and data review to now be progressed
K	11/11	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. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team	Following completion of Annual Data Review	Ongoing. Altair update now complete and data improvement policy and data review to now be progressed
L	11/11	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 June 2023 Completed by October 2023 Scores to be	Ongoing – date reviewed Updated planned for

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					shared as part of annual return to TPR	future PB meeting
M	11/11	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 as part of annual return to The Pension Regulator.	Pensions Administration Team	Completed by June 2023 Scores to be shared as part of annual return to TPR	Ongoing – date reviewed Updated planned for future PB meeting
N1	11/11	Review of KPIs	Scheme Manager to inform Pensions Board which KPIs it wishes to have developed and to receive regular updates on. PB to develop and agree with Pensions Team, and utilise a traffic light system (RAG).	Scheme Manager, Pensions Board Chair and Pensions Administration Team	Completed by March 2023	Completed
N2	11/11	Supporting narrative to KPs	All Key Performance Indicators (provided with RAG rating) to be accompanied by appropriately detailed 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 June 2023	Complete – delivered to July PB . Further improvements to be made for future reports.
O	11/11	Documentation of Data validation procedures	Implementation of ORACLE upgrade is intended to allow Scheme Members to update their own contact details. All members to be contacted by post to inform them of new system, with further investigation of failed deliveries. Update to be given on time frames for the new system / implementation to PB in December by Pension Team.	Pensions Administration Team	Update in December 2022, Trial of ORACLE started in February 2023 Oracle Trial now working, next	Delayed – Trial with initial group of pensioners failed -issue with ORACLE/NAMOS for resolution.

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			Update now expected in September with rollout of Altair/ Oracle functionality as relevant.		steps being determined.	
P	11/11	Pension Process Automation	Pensions Team to provide a report to the Scheme Manager on automation and systems improvements achieved by implementation of ALTAIR and ORACLE systems system once in place.	Pensions administration team	Completed by June 2023	Update expected by November 2023 – partial completion of automation so far
Q1	11/11	Administrative Task Timescales	Pensions Team to provide a report to the Scheme Manager setting out the expected task timescales (e.g., responses to queries), which will also be shared with Pension Board.	Pensions administration team	Completed by March 2023	Completed
Q2	11/11	Firefighter Pensions SAB Pensions Administration Strategy	Pensions Board to utilise FPS Administration, Management, and Governance Strategy template to create single documentation of roles and services standards. Document to be agreed by Scheme Manager and published on the WMFRA CMIS site.	Scheme Manager, Pension Board, Pension Team, Portfolio Team	Completed by March 2023 Completed by July 2023 To be agreed September 2023	Information from FPSAB to be included on new webpage on WMFS.net
Actions arising from previous Pension Board meetings						
1	08/12	Altair timescales	Update to be given on time frames for the Altair new system / implementation and elements around data once available.	Pensions Manager	Completed by March 2023	Update to July PB expected
2	08/12	Members opt-out	A report is to be submitted to Audit and Risk Committee that included information circulated to employees to encourage them to remain in the scheme and what actions could be taken to keep them well informed before they decided to opt-out of their pension scheme.	Deputy Clerk / Pensions Manager	Completed by March 2023	Ongoing

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4	08/12	Actively updating data records	Pensions Manager to go back to all relevant individuals to ask them to update their records, with assistance from Julie Felton, to actively promote them to update their records.	Pensions Manager/ Admin Manager	Completed by March 2023	Ongoing
8	29/03	Oracle ownership	Pensions Manager and PSS to speak with the relevant officer responsible for the ownership of the Oracle system.	Pensions Manager/PSS	Completed by July 2023	Ongoing - PB updated via email.
9	29/03	Risk Register – Removal of Risk	Remove risk 1 – Operational disaster	Admin Manager	Completed by July 2023	Ongoing – agreed at July PB.
11	29/03	External Communications	Senior Communications Manager to provide potential time scales for a dedicated Pensions section on wmfs.net site, including the development of relevant FAQ's, with the assistance of the Pension Board. To be added to the next Pension Board agenda.	Senior Communications Manager/ Deputy Clerk	Complete by July 2023	Complete
12	29/03	Business Continuity Plan	Deferred to the next Pension Board for approval/discussion.	Democratic Services Officer	Complete by July 2023	Complete
14	29/03	PB Terms of Reference	PB Terms of Reference to be circulated to PB for comments with the following amendments: - 6 monthly rotations for Chairing the Board - Wording amended on the membership (retired/active Members)	Deputy Clerk	Completed by June 2023	Complete
16	04/07	Risk Register	Following items be removed from RR: 1. Risk 7 (covered under Risk 3) Following items remain the same: 1. Risk 2 – Member data incomplete or inaccurate 2. Risk 4 – Computer system failure at pay date 3. Risk 5 – Failure to process BACS 4. Risk 11 – Application of Remedy	Admin Manager / Pension Manager / Employee Representative AH	Complete by Sept. 2023	Guidance circulated to PB Members.

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			<p>5. Risk 14 – Costs accrued due to failure to apply scheme/tax rules correctly or in a timely manner</p> <p>Following items to be changed:</p> <ol style="list-style-type: none"> 1. Risk 6 – reduce risk 2. Risk 9 – Failure to produce annual benefit statement – text to be updated. Risk level to remain the same. 3. Risks referencing Mike Griffiths to be updated. 4. Risk 17 – to be reworded for clarity. 5. Risk 19 – to be reduced to likelihood 2. 6. Risk 20 – text to be updated. <p>That the Pensions Manager circulates the audit reports conducted by internal auditors, as per Risk 3.</p> <p>That Risk 8 be reviewed once the findings of the pension review have taken plan.</p> <p>AH to circulate Contingent decision guidance to DSO to circulate.</p>			
17	04/07	Business Cont. Plan	That Risk 1 (RR) Operational Disaster/Pension records be included in the PB Business Cont. Plan.	Deputy Clerk	Complete by August 2023	Completed
18	04/07	Appointment of Employee Representative	That AH to remain on PB following his retirement on 6 August until a replacement is made/hand over completed. Deputy Clerk to action appointment process and develop an expression of interest, with assistance from AH.		Complete by September 2023	Communication to go out September, nomination approved by SM Oct 2023.
19	04/07	External communications	That the Pensions Manager circulate email addresses for his team to be included on the PB page.	Pensions Manager	Complete by August 2023.	

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20	04/07	Opt-Outs	That the Pensions Manager look into what data can be obtained for opt-outs and provide an update to the Board.	Pensions Manager	Complete by September 2023	Delayed til November Board Meeting
21	04/07	Reporting Breaches Procedure	That the Deputy Clerk provides suggested changes to the procedure for the PB consideration.	Deputy Clerk	Complete by September 2023	Paper to September PB
22	04/07	PB Annual Report	That the PB Annual Report be included in the SM update to the FRA in October 2023.	Scheme Manager	Complete by October 2023	
23	04/07	Work Programme	That the work programme be updated to reflect the SM change over.			
24	04/07	Topical, Legal and Regulatory issues	That the DSO dialogue with Matt Smith to ensure publication of FPS Bulletins on MESH.	DSO	Complete by July 2023	DSO added Matt Smith to FPS Bulletin distribution and agreed approach with him.
25	04/07	Topical, Legal and Regulatory issues	That the Pensions Manager provide data on the number of contingent members following the publication of legislation in October 2023	Pensions Manager	Completed by December 2023	

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