

West Midlands Fire and Rescue Authority

Pension Board

**You are summoned to attend the meeting of Pension Board to be held on
Monday, 16 December 2019 at 11:00**

at West Midlands Police HQ, Lloyd House, Birmingham, [Venue Address]

for the purpose of transacting the following business:

Agenda – Public Session

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| 17 | Update on Topical, Legal and Regulatory Issues (Verbal Report). | |
| 18 | Date of next meeting | |

Distribution:

Neil Chamberlain - Independent Chair, Wendy Browning-Sampson - Employer Representative, Julie Felton - Employer Representative, Adam Harper -Scheme Member Representative, Emmett Robertson – Scheme Member Representative, Kal Shoker – Employer Representative, Alan Tranter – Scheme Member Representative

Clerk Name: Karen Gowreesunker

Clerk Telephone: 0121 380 6678

Clerk Email: Karen.Gowreesunker@wmfs.net

Agenda prepared by Julie Connor

Strategic Hub, West Midlands Fire Service

Tel: 0121 380 6906 email: strategichub@wmfs.net

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

Pension Board

Item 3

10 September 2019 at Fire Service Headquarters

Attendance: Neil Chamberlain (Chair),
Alan Tranter, Employee Representative
Emmett Robertson, Employee Representative
Wendy Browning Sampson, Employer
Representative
Kal Shoker, Employer Representative
Julie Felton, Employer Representative
Paul Gwynn, Pensions Adviser
Karen Gowreesunker, Clerk to the Authority

The Board welcomed its new Employer Representative,
Julie Felton.

27/19 Apologies

Apologies were received from Adam Harper.

28/19 Minutes of the meeting held on 4 June 2019

The minutes were approved as received as a correct record
of the meeting.

The actions arising from the minutes were discussed.

Karen Gowreesunker, Clerk to the Authority, had been
invited to attend the meeting to discuss the link with the
Scheme Manager and governance arrangements.

It was noted that the Pension Board Minutes are forwarded
to the Audit and Risk Committee. The Clerk had discussed
the Pensions Board with the Chair of the Audit and Risk
Committee, Councillor Miks, who had agreed would attend
the Pension Board on a six-monthly basis and would
hopefully attend the December 2019 meeting.

In respect of the question around a named person as a
Scheme Manager, the Clerk confirmed that currently it was
not appropriate to allocate a named person. The Audit and
Risk Committee are delegated as the Scheme Manager.

Alan Tranter was content with this position as long as there was a point where questions from the Board could be directed.

The Clerk confirmed she would encourage discussions with the Chair of Pensions Board and the Chair of Audit and Risk Committee.

The Board discussed the difference between accountability and responsibility and concluded it was the Chair's responsibility to create a line of communication and not a line of responsibility. It was felt that a richer relationship could be developed between the Chair of Pensions Board and Chair of the Audit and Risk Committee and suggested that the Chair attended Pensions Board at least once a year to be assured of the Pensions Board's work.

The Pensions Adviser re-iterated that the Scheme Manager is the Fire Authority but that this had been delegated to the Audit and Risk Committee. The Audit and Risk Committee's role is to act as a decision making body. The Audit and Risk Committee should have an understanding of the work of the Pensions Board. The Pensions Board's role is to advise that the governance and administration is being managed well.

It was suggested that the Internal Auditor should be invited to attend the Pension Board by exception. The Internal Auditor provides reports on the functions and uses a series of controls. The Internal Audit updates and reports to the Audit and Risk Committee.

The Pension Adviser was asked to provide the Board with a copy of the Internal Auditor's latest report.

29/19 Pension Section Supporting Information

The Board received an update from the Pensions Adviser. There were no major changes since last the meeting.

There had been an increase in the number of opt outs. During the 12 months ending 31 August 2019, 60 members opted out of the Firefighters' Pension Scheme. These were primarily as a result of Auto-enrolment, which had taken place on 1 June 2019.

All firefighters are enrolled into the Scheme upon Recruitment and at Auto Enrolment, which takes place every three years. Auto enrolment was brought forward to 1 June 2019 from 31 August 2019 to avoid difficulties in the event of a transfer of governance taking place on 1st October.

It was confirmed that this was the number of individuals who have opted out within the last 12 months

Kal Shoker to work with Paul Gwynn to provide an indication of the number of leavers and an estimated projection of starters and leavers

The Pension Board wished to be cited on these figures in the future.

Wendy Browning Sampson confirmed that the Service was currently understaffed to meet the Service Delivery Model. Paul Gwynn stated that the pension scheme is unfunded, but each year, together with workforce planning, Paul Gwynn and Carl Guest discuss top up grant forecast for future years, and look at the expectations and predict the number of members, contributions and the number of leavers. The government pay the shortfall.

In response to Alan Tranter's question regarding a ceiling being set by the Treasury. Paul Gwynn stated that they work on predictions and not actuals in January 2019 they paid 80% of the predicted shortfall. This can affect the employers contributions, but the level of income does not drive the figures.

The number of Activity Requests had reduced to the end of August. However, response time had increased, this was due to increasingly complex benefits and also the Annual Benefit Statement going out to meet the 31 August 2019 deadline.

It was noted that the average response time was 75 days. However, 90 is the statutory time limit (three months). The Pensions Team have an obligation to provide one estimate a year.

Pensions accept every request, but may receive three requests from same individual.

Alan Tranter stated the Pensions Team are doing well and Emmett Robertson suggested this was because the West Midlands Fire Service had its own Pensions Team.

It was confirmed that the Annual Benefit Statements have all gone out to all Members with a few returns from deferred members as they had changed address.

Internal Dispute Resolution Procedure (IDRP)

Two further cases had progressed to IDRP since the last Board meeting. Both cases related to the treatment of pay during temporary promotion. In both cases the Members dispute had been rejected. One Member had submitted an appeal, the other had not but was still within time to do so.

The Responsible Officer is Mike Griffiths, Strategic Enabler, Finance and Resources, and the Clerk recommended this role stays with the Treasurer.

Alan Tranter enquired about the likelihood of similar cases being raised again in the future and what the organisations' strategic view was on this.

Paul explained the details of each case and the issues would be revisited once they had been through IDRP.

The organisation's policy of temporary promotions had created some problems.

Paul Gwynn provided further details of the last eight IDPR cases.

2 down to Additional Pension Benefit (APB)

1 to Regulator – scheme info not provided in time frame

1 case advised on point of 30 years

1 case widows benefit

2 cases – retained scheme – in one of which a payment was made to the member

1 Ticked the wrong box

There were no major themes.

Paul Gwynn stated that he would be providing more detailed presentations to Recruits about the pension scheme.

The Scheme Manager (Audit and Risk Committee) had made two decisions since the last meeting. One regarded an application to stop paying additional contributions and this was accepted.

The second related to the canine responsibility allowance being paid to the dog handler and the Scheme Manager had agreed that this allowance was pensionable.

30/19 **RISK REGISTER**

Wendy Browning-Sampson and Paul Gwynn had liaised with the Local Government Association who provided a template Risk Register. This was then modified to suit the West Midlands Fire Service.

Approval was requested for the proposed new Risk Register and Members of the Board were asked to let Wendy have their view.

The Chair suggested that the Pension Board should be made aware of any changes to risks.

Karen Gowreesunker stated that if anything was high level, Kal could feed them into the Corporate Risk Register via the Strategic Enabler (Finance) Treasurer.

Kal Shoker requested that a key and colour coding was added to match with Corporate Risk Register.

Wendy and Paul to look at final Register and Members of the Board to provided feedback by the end of October. The Risk Register would then be agreed and the Board to plan when the Risk Register was going to be reported to the Board.

31/19 **III Health Retirements**

The Boards attention was brought to the Service's approach to ill-health retirements and the fact that there are national requirements.

The Service were looking at ill health retirements at Level 1 and Level 2

Pension Board Members requested further information on ill health retirements and wanted details that the Authority were making the correct payments.

It was confirmed by Wendy Browning-Sampson that reviews are undertaken every three years.

Wendy Browning-Sampson stated that there has been a Freedom of Information about the number of medical reviews that had been reassessed. The request had been minuted and a process would need to be implemented.

It was felt that the Pension Board should be cited on the process and administration information initially so that they could comment back to the organisation.

Paul Gwynn stated that all ill health retirements are reviewed 5 yearly to ensure the member's health is the same.

It was noted that a process is missing but in the wider sense this is not within Pensions Board's remit.

The Service could be under or over paying benefits and Paul Gwynn could produce a list of ill health pensioners.

Neil Chamberlain enquired whether internal audit had picked up on this process and Wendy Browning Sampson said this had happened in 2012.

32/19 Bulletins

The Pensions Board had received Bulletins 20 – 24. The Board's attention was brought to the McCloud Judgment and it was suggested that the Board was want to consider the implications of the remedy and Pensionable Pay Guidance when received in December.

33/19 TPR Governance and Administration Survey

Pension Board had received and considered the local impacts of the Administration and Benchmarking Report.

It was noted that notifications by the Scheme Manager decision's could be received from the Minutes of the Audit and Risk Committee as an agenda item for the Pension Board.

Mr Kal Shoker, Employer Representative, attends the Audit and Risk Committee.

It was agreed that following any decisions made by the Audit and Risk Committee that the Pension Advisor would provide an update as part of his regular reports.

34/19 Public Service Governance and Administration Survey 2018

The Pension Board received the Research Report and were asked for their observations or recommendations.

Emmett Robertson had attended the meeting where the Survey had been discussed and whilst some Brigades had received poor results the West Midlands Pension Board were seen to be performing well and was well thought of.

Malcolm Eastwood, Chair of the SAB had been complimentary about the West Midland's Pension Board when he had visited the Service in March 2019.

Alan Tranter stated he thought there were some contradictions in the report and it was inward looking and although some Boards were not working as effectively as they could, there was encouragement to work with others collaboratively.

35/19eNews From GAD

The Pensions Board received the latest round up of information from the Government Actuary's Department.

It was agreed that the newsletters would be circulated electronically to Members of the Board and that Paul Gwynn would make the Board aware of any potential problems in the future.

Paul Gwynn agreed to clarify the vision or plan for the national portal and provide an update.

Other Pension portals are self-service and allow Members to access benefit statements and access pension projections.

Paul Gwynn stated that the potential is unknown and as an organisation the Fire Service had stayed away from self service. However, when the contract is renewed the new system would have self-serve element.

It was noted from the Administration and Benchmarking survey that one third of Services don't have a self-serve system and also that many are externally provided.

It was expected that the cost of the self-service module would be approximately £10,000.

36/19Conference

Alan Tranter felt it should be the Chair's decision as to which representative of the Pension Board attends the Conference if the Chair is unable to attend.

Adam Harper, Paul Gwynn, and Councillor Miks, Chair of the Audit and Risk Committee would be attending the Conference.

Feedback from the Conference was requested to be provided at the next meeting.

37/19 Regional training – 17 September – Shropshire

Basic Pension Board Training had been arranged to take place at Shropshire Fire and Rescue Headquarters on 17 September 2019 and this was open to all Members. Each Regional Pension Board would be hosting a training session that was open to regional Pension Board members.

38/19 Topical legal regulatory issues

Paul Gwynn stated that he was waiting on next steps in McCloud Judgement and no timeframes were known. However, it was hoped that details would be received before Christmas with a Tribunal possibly at the end of 2020 or 2021.

39/19 Activity Log

The activity log to be updated for the next meeting removing previous year's activities.

40/19 Work Programme

The work programme was noted. The Board wished to factor in training and annual events and requirements.

41/19 Date and Time of Next Meeting

The next meeting of the Board was due to take place in December and the date would be confirmed. The Scheme Manager training would also take place following this meeting.

Julie Connor
Strategic Hub
0121 380 6906
Email: Julie.Connor@wmfs.net

Pension Board

10 September 2019

Actions

23	Paul Gwynn to notify the Board of the Internal Auditors Report	
24	Kal Shoker to work with Paul Gwynn to provide an estimated indication of number of leavers, estimated projection of starters and levers	
25	Wendy Browning Sampson and Paul Gwynn to look at final work required on Risk Register	
26	Wendy Browning Sampson requested feedback on the final Risk Register by the end of October 2019	
27	Paul Gwynn/Kal Shoker to report back to Pension Board any relevant decisions made by the Audit and Risk Committee	
28	Paul Gwynn would check GAD enews and flag up potential problems for the future	
29	Activity Log to be updated	

Minutes of the Audit and Risk Committee ^{Item 4}

29 July 2019
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

Present: Councillors Miks (Chair), Gill (Vice Chair), Miller and Spence

Apology: Councillor David Barry
Mr Ager (Independent)
Peter Farrow, Audit Manager
John Matthews, Internal Audit
ACO Gary Taylor, Strategic Enabler (Process)

As well as the Members of the Committee the following officers attended the meeting:

Mike Griffiths, Treasurer
Kal Shoker, Finance Manager
Karen Gowreesunker, Strategic Enabler (Strategic Hub)
Richard Percival, Grant Thornton
Javed Aktar, Grant Thornton

Councillor Brackenridge, Chair (Observing)

At the beginning of the meeting everyone introduced themselves.

35/19 **Declarations of Interest**

There were no declarations of interest.

36/19 **Minutes of the Audit and Risk Committee held on 3 June 2019**

Resolved that the minutes of the Audit and Risk Committee held on 3 June 2019 be approved as a correct record.

37/19 **Audit and Risk Committee Terms of Reference**

The Committee noted its Terms of Reference.

The Terms of Reference had been amended to reflect the separation of the role of the Pensions Board from the Role of the Audit and Risk Committee.

Audit and Risk Committee

“To have delegated responsibility as Scheme Manager for making decisions in the management and administration of the firefighters’ pension schemes.

Pension Board

The Pension Board assists the Audit and Risk Committee in the role as Scheme Manager to secure compliance with regulations relating to Governance and Administration.”

Resolved that the amendments to the Audit and Risk Committee Terms of Reference be approved.

38/19 **Audit Findings Report 2018/19**

The Committee noted the Audit Findings report (AFR) 2018/19. The AFR set out and reported on the key messages arising from the external audit work undertaken during the year. The AFR is designed to support the Auditor’s opinions and conclusions and is a requirement of the Code of Audit practice.

Mr Richard Percival, Grant Thornton, explained the findings to the Members of the Committee and summarised the key messages on the Financial Statements and Value for Money arrangements arising from their audit of the accounts.

It was confirmed that there was nothing to report under the Auditor’s Statutory Duties and the Auditor was able to provide an Unqualified Opinion.

The Management Representation letter would be signed following the meeting.

Materiality for the financial statements remained at circa £2.5m with the performance materiality circa £1.8m and was set out in a table in the report.

The Auditor stated that they had looked at four risk areas:

The revenue cycle includes fraudulent transactions – no issues to report in this regard.

Management override of controls - no issues identified in respect of management of override of control

Karen Gowreesunker left the meeting at this point.

Valuation of pension fund net liability – the Auditor did not have anything to report on this work, however, during the course of the audit The Authority has sought a revised report from the actuary in order to account for the impact of the recent “McCloud” judgement and also in relation to Guaranteed Minimum Pension (GMP) impact.

The Auditor stated that this was a complex issue regarding age discrimination that had been referred to the Court of Appeal but an appeal by the government had been denied.

It was noted that the final version of the accounts would need to allow for this issue. The revised actuaries reports were received in July and accounts updated accordingly, it had led to an increase in the net pension liability of £53.633m.

The overall impact is nil because of the way local authority accounts work and is a latent issue. However, contributions will be significantly impacted and the Treasurer would need to consider this.

A review had now been undertaken. The Finance Manager confirmed that this was a national issue that affected every fire authority across the country.

Valuation of Property Plant and Equipment – the Auditor stated that the valuation involved large figures and a slight change to estimated key assumptions can impact on the figures involved.

The Auditor had reviewed and were comfortable with the valuations.

The Auditor stated he was prepared to give an Unqualified Opinion and was waiting for a letter of assurance from the West Midlands Pension Fund in the next couple of days.

In respect of Value for Money, the Auditor had carried out an initial risk assessment in February 2019 and identified one significant risk using the guidance contained in AGN03.

The Auditor stated that they cannot cover all bases but looking for risks where a wrong conclusion could be based.

Financial sustainability was a key issue for all authorities and fire authorities.

In 2018/19 the Auditor considered the Authority's £2.5m favourable variance to be a good result considering the challenges faced.

2019/20 budget assumes savings of £3.8m and the use of £1.1m of balances.

The use of balances had been discussed at the previous meeting of the Audit and Risk Committee.

The Auditor stated that the future financial outlook for the Fire and Rescue Authorities is key and there would be pressure and significant uncertainty on balances going forward and also a pressure to spend on balances.

By 2021/22 there would be an estimated £1.7m gap in the budget.

Notwithstanding this there is sufficient financial stability.

One Member was extremely concerned on the amount of money to be found in savings and felt that further savings would bring suffering to the employees, the Authority and organisation. Concern was expressed for employees and jobs. With the reserves being reduced, the Members asked the Auditor what would happen if the government did not provide a grant.

The Auditor stated that the reserves bought time but could only be used once and there was a level of uncertainty. Officers could only plan for the known, but will continue to have to make savings.

The Treasurer stated that the use of reserves had been discussed at Authority meeting in February 2019 where the budget had been confirmed.

There would be a short fall this year and next year and it was recognised that in year 3 there would be significant shortfall.

The issue will be addressed in the next few months at meetings of the Authority and Policy Planning Forum.

The report identified flashing warning signs for the next two years and the Authority will need to consider these issues in the next two years if the warning signs unfold.

In response to a question from the Chair regarding the significant new risks emerging which will require the Authority to find further efficiency savings, it was confirmed the Internal and External Auditors were keeping an eye on these issues and the Authority would be required to look at these issues at future meetings.

Another Member expressed concern about the pension liability on the Authority for the next ten years.

The Auditor confirmed that an actuarial re-evaluation would be taking place next year.

The Treasurer confirmed that the specific pension issue has created the need to reassess the situation in the next six months.

All sectors are affected and the Fire Sector total equated to £4bn and the Authority's share of this amount will be high.

The full impact will not be known for a number of months. It is also unknown how this will be funded.

The Chair asked the Auditor for an explanation of the difference between the proposed and final fee figures.

The Auditor stated that Grant Thornton are regulated.

Between last year and this year a new contract was negotiated by the Public Sector Appointments Ltd (PSAA) and fees were reduced by one third.

The Regulator required further work on Pensions and PPE costing £1,000, the additional work on assessing the impact of the McCloud ruling required additional work costing £1,500 and additional work was required on Pensions IAS19 at a cost of £1,500. The additional charge of £4,000 was to cover the additional work undertaken.

There is a process for fees and following referral to the Public Sector Audit Appointments Ltd they will or will not approve.

The Auditor confirmed that all authorities would be asked for an additional fee because additional issues were not in the initial contract.

39/19 **Statement of Accounts 2018/19**

The Audit and Risk Committee's approval was sought for the Authority's Statement of Accounts for the financial year ended 31 March 2019. The full Statement was attached as Appendix A to the report and can be viewed at www.wmfs.net/your-fire-service/openness/documents.

A summary of the Statement outlining the main issues was attached at Appendix B to the report. The Treasurer stated the Statement links closely with the Audit Findings Report. It was confirmed that the Letter of Representation was to be signed by the Chair of the Audit and Risk Committee and the Treasurer at the end of the meeting. Members were informed that the Statement linked to the Workshop held for Members of the Audit Committee on 3 June 2019, however, as the majority of Members were new to the Audit and Risk Committee, the Treasurer recapped the main areas of the lengthy report. The Treasurer stated that the main Statements were the Comprehensive Income and Expenditure Statement and the Balance Sheet, although both were significantly affected by accounting requirements relating to pension arrangements.

The Treasurer highlighted the Movement in Reserves Statement which showed Earmarked Reserves had decreased by £5.604m from £38.984m to £33.380m in the year ending 31st March 2019 and General Reserves had decreased by £1.476m to £6.914m in the year ending 31st March 2019.

Last year the assumption was that the Authority would need to use £1.5m in general balances and the figure was in line with the assumed use.

The Authority's overall reserves had decreased by £7.080m and it was anticipated that this trend would continue.

The Treasurer stated that the prime purpose of the report was to seek approval of the set of accounts, which was a sizable document. A summary of the accounts was also provided.

The Treasurer confirmed that the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement were set out on pages 69 and 70 of the agenda pack.

Total reserves as at 31 March 2019 were £42.700m and it was anticipated they would reduce further in future years.

The overall reserves as at 31st March 2019 are made up of:

- £6.914m Un-earmarked general fund reserve
- £33.380m Earmarked general fund reserve
- £2.249m Capital receipts reserve
- £0.157m Government grant

There are other long term liabilities which are linked to pension liabilities of £1.8 billion.

The Treasurer highlighted the scale and size of this figure which was required to be reflected as part of accounting regulations.

The Treasurer also highlighted the Long Term Borrowing which stood at £35.697m. This had reduced from £36.002m the previous year. This was historical borrowing undertaken by the Authority which was used to acquire assets.

The value of Property Vehicles Plant and Equipment stood at £131.195m

The value of assets was higher than the outstanding borrowing amounts.

£40.302m Cash and cash equivalents was held as at 31 March 2019 compared to £51.379m as at 31 March 2018 the figure was down by circa £11m, a significant proportion of which was the reduction in reserves.

One Councillor expressed concerns about the impact of reducing budget on employees.

In answer to a Members question, the Treasurer confirmed that the guidance stated that if general balances exceeded 5% of the total budget, the Authority would be expected to justify this.

The Authority's general balances were above this figure but by 31st March 2021 this figure will be circa £5m and earmarked balances will reduce more quickly as they are being used to fund capital projects.

The Authority's budget was considered to be relatively healthy but would not be so in a couple of years and members would see a real change in the future.

Members of the Authority would be increasingly required to consider the impact of the reducing budget.

In answer to a question regarding penalties for Authority's with general balances higher than 5%, the Treasurer confirmed that the argument being used was if balances were being used to smooth out budget reductions and are earmarked to support projects and the capital infrastructure, then there would not be a direct loss but there were differing political views on reserves.

It was confirmed that the reserves are kept in banks and building societies as part of the Treasury Management arrangements with Sandwell MBC.

In answer to a question from the Chair regarding a longer term debt to Dudley MBC, the Finance Manager confirmed that this debt related to the ex-West Midlands County Council and all local authorities including the Fire Authority were required to make contributions towards the debt which should would be running for the next 7 years.

In response to a question from the Chair regarding the Assets that the Authority holds, the Treasurer confirmed that the Fire Authority used to provide accommodation for firefighters and their families and some remain occupied with strong legal tenancy agreements. Some of the accommodation is empty but are within the boundary of the fire station and the Service were considering how best to utilise the accommodation.

An example was given that at Perry Barr Fire Station, planning permission was being sought for alternative access to the properties so that they could be brought back into use by a housing association or property developer. Officers were looking at ways of using the accommodation as effectively or appropriately as possible.

The Chair requested a report at the next Audit and Risk Committee regarding the Authority's residential homes. The Treasurer agreed to provide the information requested.

Members enquired about the critical judgement in applying accounting policies on page 90 of the agenda pack and, in particular, the statement of No residual value of assets. The Authority assumes that the residual value of plant or equipment will be nil when they are de-commissioned, as the assets are held to provide a service rather than the resale at the end of their useful life. The Treasurer stated that equipment and plant is sold on if it is felt it has a sales value and officers would seek to gain some income and depreciation is reflected in the accounts.

Some equipment was cannibalised for parts when it has come to end of its useful lifespan.

Resolved that the Summary Accounts be noted and Statement of Accounts for 2018/19 as set out at Appendix A be approved.

40/19 **Treasury Management Annual Report 2018-19**

The Committee received the Treasury Management Annual Report 2018/19, which covered the Treasury Activity during 2018/19 and the Actual Prudential Indicators for 2018/19, which had been compiled by the Treasurer.

The Authority approved its 2018/19 Treasury Management strategy as part of the Budget Setting report in February 2018 and also received a mid-year Treasury Management update at the Audit and Risk Committee meeting in November 2018.

The three key Treasury Management activities to note were:

Capital Expenditure

The Authority's capital expenditure for 2018/19 was £8.809m which was funded mainly by the use of revenue contributions (£8.149m) capital grants (£0.660m). The largest spend on capital was £3.8m on the redevelopment of Coventry Fire Station, £1.8m on the Vehicle Replacement Programme and £1.3m on the redevelopment of Aston Fire Station.

No borrowing was undertaken to finance any capital expenditure in 2018/19.

The Authority's Debt

As at 31 March 2019 the Authority's total external debt was £36m of which £33.1m was in respect of borrowing undertaken with Public Works Loan Board and the balance £2.9m is in respect of the Authority's share of the Ex WMCC debt. The value of long-term assets held by the Authority as at 31st March 2019, which the loans have helped fund was £131.4m

The average rate of interest payable on this debt was 5.4%.

The Authority's Investment

As at 31 March 2019 the Authority's investments totalled £40.9m which are invested with Sandwell MBC as part of the treasury management arrangement the Fire Service has with them.

Interest is received on the Authority's average cash balance and is based on the average return achieved by Sandwell MBC plus 10 basis points which for 2018/19 was 0.73%. This compares favourably to the benchmark, which is the average 7-day LIBID rate of 0.51%.

In answer to a Member's enquiry it was confirmed that the average rate of interest was 5.4%. Some of the outstanding loans that were over 20 years old had a higher rate of interest whereas more recent loans attracted lower interest rates.

In answer to a question from the Chair about the possibility of renegotiating the interest rates charged on long term loans, the Finance Manager confirmed that it was possible to refinance debt and Treasury Management advisors would look at this from time to time and if the PWLB offered better interest rates, officers would look to take advantage of the better interest rates. However, it was noted that if loans were repaid and replacement loans taken out, there would be a premium to pay and officers needed to consider the balance between paying a loan off and paying the premium charge.

41/19 Minutes of the Pensions Board held on 4 March 2019 and 4 June 2019

The Committee received the Minutes of the Pensions Board held on 4 March 2019 and 4 June 2019.

Mr Kal Shoker gave the apologies of Mr Neil Chamberlain, Chair of the Pensions Board who was unable to attend the meeting.

It was explained the frequency of Pension Board meetings had increased from two to four per year. This was to ensure more timely discussions on pensions issues and to reduce the time between meetings. Previously, due to a meeting being cancelled there had only been one Pension Board in a municipal year.

Similarly, to ensure a quorum at meetings, the number of Employee Representatives and Employer Representatives had increased from 2 to 3.

Both sets of minutes were considered together. It was noted that the Chair of the Strategic Advisory Board, Malcolm Eastwood, had attended the Pensions Board on the 4 March 2019.

The Committee were informed that the Pension Board considered on a regular basis:

Pensions Advisor – supporting information
Risk Register
Firefighters Pension Scheme Bulletins
Topical Legal and Regulatory Information

The Chair noted the Actions and, in particular, the item regarding Engagement with the Audit and Risk Committee. Mr Shoker explained that the Pension Board recommended regular engagement and dialogue with the Audit and Risk Committee as Scheme Manager and the Chair of the Pensions Board.

One of the Actions in the Minutes of the meeting of the 4 June 2018 was a request for a named person to be nominated as a point of contact for the Scheme Manager. The Chair stated that this would remain as the Audit and Risk Committee.

The Chair thanked the Pensions Board for their work and reports.

43/19 Annual Report of the Pensions Board 2018/19

The Annual Report of the Pensions Board for 2018/19 was received.

42/19 Audit and Risk Workplan 2018-2019

The Committee noted the Work Programme for 2018/19.

43/19 Update on Topical, Legal and Regulatory Issues

There were no new issues to report.

44/19 Training

Members were asked to let the Clerk know if there were any specific areas of training required.

Councillor Spence had previously received training from the Treasurer that had been very useful.

LGA Training for Scheme Managers would be arranged for the Members of the Audit and Risk Committee and members of the Pension Board. A date would be confirmed.

The meeting finished at 1120 hours.

Julie Connor Strategic Hub 0121 380 6906 Julie.Connor@wmfs.net

Minutes of the Audit and Risk Committee ^{Item 5}

2 September 2019
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

Present: Councillors Miks (Chair), Gill (Vice Chair), Barrie,
Miller and Spence
Mr Ager (Independent)
Peter Farrow, Audit Manager
John Matthews, Internal Audit
ACO Gary Taylor, Strategic Enabler (Process)

Apology: Richard Percival, Grant Thornton
Karen Gowreesunker, Strategic Enabler (Strategic
Hub)

As well as the Members of the Committee the following attended
the meeting:

Mike Griffiths, Treasurer
Kal Shoker, Finance Manager
Councillor Brackenridge, Chair (Observing)
Emily Maine, Grant Thornton

At the beginning of the meeting everyone introduced themselves.

45/19 **Declarations of Interest**

Cllr Brackenridge declared a non-pecuniary interest as he is
in receipt of a fire service pension.

46/19 **Minutes of the Audit and Risk Committee held on 29
July 2019**

Resolved that the minutes of the Audit and Risk
Committee held on 29 July 2019 be approved as a
correct record with the following amendment.

Cllr Barry should read Cllr Barrie in the list of
attendees.

In the penultimate paragraph on page 9 of the minutes, on the final line the word “should” to be deleted.

47/19 **Corporate Risk Update**

Assistant Chief Officer (ACO) Taylor (Strategic Enabler – Process) presented the Corporate Risk Update. As agreed by the Audit Committee on 25 July 2016 the updates are now provided bi-annually.

The Update covered Quarters 4 2018/19 and Quarter 1 2019/20. The report included the Corporate Risk Assurance Map Summary and the Position Statement for Quarter 1 2019/20. In accordance with the Services risk management strategy, the Corporate Risk Assurance Map Summary was submitted for approval by the Audit and Risk Committee following its submission and discussion at the Corporate Performance Review Meeting.

Corporate risks are those risks which, if they occurred, would seriously affect the Authority’s ability to carry out its core function or deliver its strategic objectives as set out in the Plan. At the time of the meeting, the Service maintained 9 corporate risks, some of which had more than one element.

Each corporate risk is assigned to a Risk Owner, who is a member of the Strategic Enabling Team. The Risk Owner has the overall responsibility for monitoring and reviewing the progress being made in managing the risk.

To enable for effective risk management, the Risk Owner would have periodically undertaken an assessment of each corporate risk. The frequency of this review would be based upon the estimated risk rating undertaken based on likelihood or impact. The likelihood was a measure of probability of a given risk occurring using a scale of 1 (low) to 4 (high). The impact was a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

To ensure that Members are kept informed of corporate risk matters, a Corporate Risk Assurance Map Summary for Quarter 1 2019/20 (Appendix 1) and the Position Statement for Quarter 1 2019/20 (Appendix 2) were included.

In undertaking a review of corporate risks, the Risk Owners had reviewed the Corporate Risk Assurance Map.

The Assurance Map provided details of:

- The strategic objectives and performance indicators relevant to the risk.
- The risk scores
- A description of events that could lead to the corporate risk being realised.
- The control measures in place designed to reduce the likelihood of risk realisation or its impact should the risk be realised.
- Additional control measures currently implemented to further reduce the likelihood or impact.
- Control owners who are responsible for the implementation maintenance and review of individual control measures.

As part of the review each Risk Owner had considered the risk score and rating and updated the Assurance Map. The Risk Owner had provided assurance that the control measures identified were still effective in the management of risk and identified whether any new risk events or controls could have been implemented or were required.

Where ongoing additional controls were being implemented, Risk Owners would have confirmed the progress in implementing such controls.

Increase/Decrease in Overall Corporate Risk Score

During the six months (Quarter 4 2018/19) there had been an increase in the risk scores for Corporate Risk 4.1, Protection. This risk score increased from 6 (Likelihood 2 x Impact 3) to 9 (Likelihood 3 to Impact 3).

This was due to the high demand and complexity in the building applications received. These applications included two high profile developments; High Speed Rail (HS2) and the Commonwealth Games. Additional investment for Protection resources into the Planning and Building Applications team was agreed by the Authority in November 2018, however it would take approximately 12 months for the additional Protection officers to become competent.

ACO Taylor explained that the Performance Indicator had shown that officers were not responding to all planning applications within the 15 day consultation period. However, following the increase in capacity in the Fire Safety Team, compliance had increased by 40% to significant compliance of 78%.

Officers were using some investment for existing and qualified staff to undertake work on overtime.

As well as HS2 and the Commonwealth games there was more demand for new properties.

Nationally the cronic impact of the shortage of fire safety expertise was also being recognised.

In Quarter 1 2019/20 there was a decrease in Corporate Risk 1.1 External (Political and Legislative) Environment. This decreased from 6 (Likelihood 3 x Impact2) to 2 (Likelihood 1 x Impact 2).

The change in Our Plan 2019-2022 indicates there is currently limited risk of public service reform impacting on the delivery of core service delivery.

ACO Taylor confirmed that health commissioning work had now ceased, the transfer of governance to the Mayor would not progress and governance of WMFS would continue through the Reformed Fire Authority.

The Position Statement attached as Appendix 2 to the report provided the detail of the risk management activity undertaken or ongoing in respect of the Authority's 9 Corporate Risks for the six months (Quarter 4 2018/19 and Quarter 1 2019/20).

- Corporate Risks 1.1, 1.2, 2.3, 4.1, 5.2, 8.1 and 8.2 were awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.
- Corporate Risks 2.1, 2.2, 3.1, 3.2, 6.1, 7.1, 7.2, 9.1 and 9.2 were awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.

Position Statements

Corporate Risk 2 – People The risk owner is confident that positive progress continues to be made in the delivery of several elements of the collective agreements and the Employee Relations Framework (ERF) has now been issued. An E-Cademy learning package for all employees is being developed, to enable all employees to ensure a greater understanding of the ERF and the specific elements in it. The Cultural Review was coming to a close and the outcomes will also provide opportunities.

Corporate Risk 3 – Prevention An IT solution to assist with Safe and Well visits was currently being developed as part of the introduction of Tymly, this was currently being piloted in the Black Country South. This was with the view to eventually rolling it out across the organisation.

Corporate Risk 5 – Response The continuation of the flexible use of resources to achieve the £3.8M savings outlined in the Financial Efficiency Plan shortfall and to deliver a balanced budget in 2019/20, means that there is

an overall reduction in fleet availability. The reduction in fleet in done dynamically and currently includes Brigade Response Vehicles and 2nd PRL's riding at 4, instead of 5 personnel.

ACO Taylor stated that the flexible response was working well but changes were having some impact, but the Service was maintaining its Service Delivery Model and its risk based attendance standard.

Corporate Risk 6 – Business Continuity and Preparedness The Emergency Planning team are monitoring all events that will have an impact on business continuity and alongside Local Resilience Forum Partners continue to engage with specific EU Exit No Deal planning. West Midlands Fire Service are maintaining awareness of updated government planning assumptions and have continued engagement with the Ministry of Housing Communities and Local Government.

Regular updates would be provided at Policy Planning Forums and briefings would be provided to Members on an ongoing basis. Councillors would then be able to pass this information onto their colleagues.

ACO Taylor confirmed that all authorities are undertaking their own Business continuity activities in the conurbation with category 1 and 2 responders.

In response to a Members question about Brexit preparedness, ACO Taylor stated that there was a high level of confidence and the Service was as prepared as it could be. In respect of the broader Business Continuity arrangements for possible Industrial Action levels of confidence had reduced.

Corporate Risk 7 – Information, Communications and Technology The organisation continues to take a cloud-based approach to data storage thus reducing the reliance on in-house processes, procedures and infrastructure to access and maintain data.

Cloud based solutions for business continuity and disaster recovery are being considered to improve resilience.

Corporate Risk 8 – Finance and Assets The budget was set in February 2019 with several significant issues still to be determined regarding future funding impacts. This specifically related to the Firefighters Pension Scheme, Firefighters pay awards, the outcome of the Governments Fair Funding Review and a lack of clarity around future Government funding settlements linked to the uncertainty of the timing and impact of public sector Comprehensive Spending Reviews. Details regarding these issues have not yet been determined.

Corporate Risk 9 – Business Development The recommendation was for Corporate Risks 9.1 and 9.2 to be removed. This was due to the Fire Authority directing officers to develop alternative options to make appropriate budget reductions in order to set a balanced budget. The revised strategy was presented and agreed at the 18 February 2019 Authority meeting, where it was agreed that “Our Plan” and the balanced budget would be delivered through the flexible risk-based management of resources daily. There was no longer a requirement to achieve alternative funding targets through business development and the wider health contracts that were in place were closed on the 3 April 2019.

The Committee discussed the issue of Safe and Well visits and the fact that some elements were considered nationally outside of the role map. ACO Taylor stated that there was an arrangement with staff and FBU and currently Safe and Well visits were continuing on the basis of good will, but it was down to individual choice with questions around wider vulnerability. Some staff were uncomfortable to ask questions for example about receiving benefits. Where this happened the crews had the option to give the occupier a tablet device to complete the full set of Safe and Well questions personally.

As the Service had now stopped delivering commissioned health work, some partnership referrals were suffering.

Officers were using their best efforts to engage with making representations to Councils about safeguarding of residents but were struggling to get traction with local authorities and this was less effective than falls response referrals. The Chair felt it was important to find a way to engage with the most vulnerable.

ACO Taylor stated because there was no longer day to day engagement and the Authority had withdrawn from health contracts, officers were having to work in a different way, but the commitment was still there to refer people to the Safe and Well list.

It was suggested that this could be an area for discussion at the forthcoming Policy Planning Forum with the potential to look at this work through a Scrutiny Review and that Elected Members would have more influence in their own Councils.

Cllr Greg Brackenridge stated that the focus for Safe and Well visits was on quality rather than quantity.

Cllr Brackenridge suggested a Conference could be held with Cabinet members on this subject in a similar way to the Conference being held on prevention and protection and sprinklers.

ACO Taylor confirmed that the Service was delivering safe and well visits and the mechanism for individual referrals but was struggling with external engagements.

It was confirmed that in Wolverhampton City Council the partnerships referrals system was more effective as the withdrawal from the falls contracts was longer and allowed more time to embed the referral pathway. However, in other areas there was a quicker withdrawal and the relationships and pathways were broken.

The Chair would suggest that the Scrutiny Committee look at this work further.

The Independent Member stated that considerable efforts had been for the transfer of governance to the West Midlands Combined Authority and enquired if central government would have any views on this matter.

Cllr Brackenridge stated that the Authority's view was not to go down this road again. The government had removed the red lines from the Order and had asked Leaders to sign within 36 hours notice. The Order had not been approved.

It was noted that the PCC or Mayor could put in a bid to take over the governance arrangements for the Fire Service but following conversations there did not appear to be any appetite to follow this route.

The other option would be for primary legislation.

ACO Taylor confirmed that some of the collaborative benefits still exist and officers were still working positively with local partners for efficiency and effectiveness.

In response to a Member's enquiry about the Risk Score of 9 showing as both green and amber, it was confirmed that this was due to professional judgement applied by the Risk Owner.

The Committee thanked ACO Taylor for a thorough report on risk.

Resolved that the Corporate Risk Map Summary (Quarter 1, 2019/20, Appendix 1) be approved and the Position Statement noted the Audit and Risk Committee be approved.

Resolved that the removal of Corporate Risks 9.1 and 9.2 be approved.

48/19 **Request of a Member to Discontinue Pension Payment of Periodical Contributions - New Firefighters' Pension Scheme (2006)**

The Committee, in their role as Scheme Manager, considered a request from a firefighter to discontinue payment of his periodical contributions under the rules of the New Firefighters' Pension Scheme (2006).

Members were provided with background information including details of Part 11, Chapter 2, Paragraph 8 of the New Firefighters' Pension Scheme (2006).

The request to stop paying the additional payment related to financial circumstances as set out in the Appendix to the report.

In answer to a Member's question, it was confirmed that this was the first occasion where a firefighter had requested to stop paying additional payments. Very few firefighters make additional payments and additional payments only affect the individual and not the Authority and each case was to be judged on its own merits.

Another Member felt that the Committee were not in a position to give financial advice and it was down to individuals to make extra payments and accept the changes to their future pension.

Resolved that the Committee, in their role as Scheme Manager, have decided that the request of a firefighter to discontinue payment of his periodical contributions under the rules of the New Firefighter' Pension Scheme 2006 be approved.

49/19 **Pensionable Pay Decision**

The Committee received a report providing information to enable them to make a decision, as required by the Firefighters' Pension Scheme regulations, as to whether

the allowance for the provision of Canine Response should be treated as pensionable pay.

West Midlands Fire Service had recently implemented a new allowance payable to a member of the Technical Rescue Unit for the provision of Canine Response.

At the Strategic Enabling Team meeting held on 12 December 2018 it was stated that in recognition of the additional responsibility and impact on personal time and in line with similar arrangements across other Fire and Rescue Services, proposed that a 10% pay enhancement should be attached to the role. The allowance recognised that:

- The dog is permanently resident with the employee;
- The employee has caring responsibilities for the dog and to ensure that it remains fit and healthy for work;
- The dog is available for duty in line with the employee's shift pattern and on call arrangements; and
- The employee needs to reach and maintain additional competencies to enable the dog to be deployed to operational incidents.

Pensionable pay for all schemes is defined as being the pay determined in relation to the performance of the duties of the role.

Members of the Committee were provided with Guidance from Home Office on the Firefighters' Pension Scheme and a fact sheet was attached as an appendix to the report.

Members of the Committee were also provided with details of the Firefighter Role map.

The definition of pensionable pay states that the pay must be in relation to the performance of the duties of the role and must be clear in terms of the decision.

There was no definition on what sort of allowances should be regarded as permanent or temporary.

Each case was to be considered on its merit.

The Pensionable Pay Guidance outlined the case law when interpreting the application of pensionable pay, the 'Blackburne Principles' were often cited. The judge cited that in order for pay to be pensionable it had to be:

- Calculated in accordance with ordinary rate of pay
- For work done under the Firefighters contract of employment
- Regular in nature, i.e. something to which the firefighter was entitled in the ordinary course of fulfilling duties under the contract, not a one off or unexpected payment.

The monthly allowance was for the care of the dog and regular payment would be made for the foreseeable future and met the tests.

A proportion of the allowances was for care and welfare of dog, food and vets charges. The dog lives with the firefighter to enforce the bond and to ensure that the relationship is enhanced. The dog also needs to be available when the firefighter is required.

The key decision for the Committee was whether the allowance related to the Firefighter Rolemap.

Members felt that the role was permanent, regular and not an additional contract and the requirements were discharged under Reference FF6 Support the effectiveness of operational response and FF8 Contribute to safety solutions to minimise risks to your community of the Firefighter Rolemap and there was evidence to support this.

Resolved that the allowance for the provision of Canine Response should be treated as pensionable pay.

50/19 **Annual Audit Letter 2018/19**

The Audit and Risk Committee received and noted the Annual Audit Letter 2018/19.

In line with the Code of Audit Practice, the Auditor is required to produce a letter at the end of the audit and it was intended to communicate key messages to the Authority and external stakeholders including members of the public.

The key messages included the financial statements audit, (including audit opinion) the Value for Money Conclusion and the Audit fees charge for audit and non-audit services and titles and dates of when reports had been issued.

The Audit Findings Report had been presented to the Audit and Risk Committee on 29 July and outlined the findings of the audit work undertaken.

The Auditor had issued an unqualified opinion on the Authority's 2018/19 financial statements included in the Authority's Statement of Accounts.

As part of the external audit work programme, the Auditor was also required to provide a value for money conclusion.

As a consequence of this work the audit concluded that for 2018/19, the Authority had proper arrangements in all significant respects to secure economy, efficiency and effectiveness and to ensure it delivered value for money in its use of resources.

The Auditor had determined materiality for the audit of the Authority's financial statements to be £2,396,000 which is 2% of the Authority's gross revenue expenditure.

The Auditor had set a lower level of specific materiality for remuneration disclosure of £100,000 due to their sensitive nature and public interest.

The Auditor set a lower threshold of £119,802 above which the Auditor reported errors to the Audit and Risk Committee in their Audit Findings Report.

The Auditor stated that financial sustainability was a significant risk and reserves had dwindled.

As set out in the Audit Plan the Auditor felt there were real challenges for the Authority. All organisations have financial risks but this would remain an area of focus for Grant Thornton and they would continue to report on this at future meetings.

The final fee charge for the audit was £33,750. The planned fee was £29,750 but an additional charge of £4,000 had been added to cover the additional work required in Assessing the impact of the McCloud ruling, Pensions -IAS 19 work and PPE Valuation work of experts.

This figure still represented a reduction on the £38,636 charge in 2017/18.

It was noted that following consultation with the Treasurer some areas of the Annual Audit Letter would be amended prior to submission to the Fire Authority on the 30 September 2019.

As follows:

On pages 86 and 87 Key Findings, Significant risk in our Audit Plan, Financial Sustainability

- “FFPS – Employers Contributions – potential additional costs of £6.2m per annum assuming no government funding.” The figure should read £5.3m.

On page 88, Reports issued and fees

“As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £29,750 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed due to national issues outside of the Authority’s control, which have led to additional work. These are set out in the following table.”

The words “due to national issues outside of the Authority’s control” would be added.

In answer to a Member's enquiry it was confirmed that at the time the budget was set the estimated cost was £5.3m with the grant of £4.8m for the current year. However, when the actual figures were confirmed the costs were higher for all Authorities and this national issue was then raised with the Home Office who eventually covered the cost of £6.2m for WMFRA with a grant of £5.7m. There was the potential that the Authority would be required to pay this if not covered by the Home Office.

The Treasurer confirmed that in respect of the McCloud case, no further indication or clarity had been received on the figure quoted if all transitional arrangements had to be rectified

In answer to a question from the Independent Member on the significant risk identified in the audit plan on the Valuation of Property and Equipment and that the audit work had not identified any issues in respect of valuation of land or buildings, the Auditor stated that the Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. The valuation of land and the buildings represents a significant estimate by management.

The valuer makes an assessment of assets and the Auditor undertakes testing on assumptions and never give positive assurance, but there is a low risk of estimation and uncertainty

The method of annual evaluation is of benefit for the Authority, however, other authorities use the previous year's valuation.

51/19 **Residential Homes**

The Committee received a report from the Treasurer on the current status of the Authority's Residential Homes (flat and houses). The facilities had been provided in the past for firefighter use. The Authority no longer provides residential homes to new tenants and any properties that become vacant are held as 'surplus assets' for accounting purposes.

The information had been requested by the Chair of the Audit and Risk Committee.

A table of residential home, sites and commentary was provided as an appendix.

In answer to a Member's enquiry it was confirmed there was a small level of cost dependent on the rateable value of the site.

Some of the properties are used for training and partnership work.

There was current interest from a third party in refurbishing and leasing a house at Kings Norton although access was an issue for the houses and flats at this station.

A planning application had been approved in relation to creation of new vehicular access with the intention of the disposal of the Houses at Perry Barr Fire Station.

A Housing Association may be interested in modernising or redeveloping the houses on this site. It was noted that the houses are near the area of the 2022 Commonwealth Games.

Members were concerned about the number of homeless in the Region and whether the Authority would be able to work with external partners in respect of vulnerable and homeless people.

The Audit and Risk Committee requested a further report outlining the options as the Lead Member of the Combined Authority's Reduction of Homeless Strategy is a Member of Sandwell Council and they may be able to assist.

The Chair requested further information to be provided to the next meeting of the Audit and Risk Committee.

52/19 Audit and Risk Workplan 2019-2020

The Committee noted its Work Programme for 2019/12.

53/19 **Update on Topical, Legal and Regulatory Issues**

The Treasurer stated that an independent review had been announced with the outcomes being published towards the end of the year.

The Committee were informed that the government had indicated that the Chancellor would be announcing a 12 month spending round on the 4 September 2019.

ACO Taylor informed the Committee that in the absence of a pay settlement for the Fire Service, the National Fire Chiefs Council and the Local Government Association had written a joint letter highlighting the importance of fair pay across the sector.

54/19 **CIPFA Audit Committee Update 29**

John Matthews stated that the CIPFA Update had been circulated to Members and provided information to Audit Committees to enable them to keep up to date and improve their effectiveness. The document set out details of the CIPFA Statement on the Role of the Head of Internal Audit and the five principles that are used to deliver the organisation's strategic objective. Members of the Audit and Risk Committee should be aware of the five principles and the key steps.

In answer to a query about the Audit Commission, following a suggestion in 2010 by Eric Pickles MP, it was confirmed that the Audit Commission had been abolished in 2015 some of the staff had been TUPEd to other Audit companies and these companies now undertook the Audits.

A small body of people from the Audit Commission had been used to create a team who managed the PSAA Ltd and the National Fraud Office.

Members were requested to let Julie Connor know if they wished to attend any of the Training Opportunities available to members of the Audit and Risk Committee outlined in the document.

The meeting finished at 1208 hours.

Julie Connor Strategic Hub 0121 380 6906 Julie.Connor@wmfs.net

Firefighter Pension Scheme Risk Register

Risk Area - OPERATIONS	Likelihood	Impact	Score	Change from previous review	Control	Owner	Assigned to	Test / Review	Mitigation	Comments
1. Operational disaster (i.e. flood/fire)	1	4	4		Some records are stored electronically. Data is backed up regularly	Pension Provider	Pensions Manager	Annual review		Business continuity and safety/security of records is the role of the Pension administration provider
					Pension files are predominately paper but we are moving to electronic records slowly.	Scheme Manager	Pensions manager			Business continuity and safety/security of records is role of the pension administration provider
2. Member data incomplete or inaccurate	3	2	6		Annual reconciliation of member data to ensure accuracy and resolve any gaps	Scheme Manager	Pension Manager	Annual		Currently, checks are completed in preparation for annual return
					Address data cleanse completed annually and any addresses found to be incorrect are investigated using a tracing agency	Pension Provider	Pension Manager	Annual		
					Robust payroll processes in place to ensure accuracy of data sent to pension provider	Scheme Manager	Pension manager			

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3. Administration Failure / Maladministration	1	2	2		Staff are employees and managed through normal operational processes	Scheme Manager	Pension Manager	Quarterly		
					Authority Levels and signatory lists clearly documented and up to date	Scheme Manager / Provider		When there is a change in staff or policy		
					Review Pension Providers audit reports	Scheme Manager	Pension Manager			
4. Computer system failure at pay date	1	4	4		Pay the previous month Pension from the file id with adjustments for death or part period payments. If notification that system will not be available or when upgrade is going through at compliance date. Trial pay run can be used as actual if testing fails	Scheme Manager	Pensions Manager			
5. Failure to process BACS	2	4	8		Internal process for ensuring that BACS has been sent.	Pension Provider	Pension Manager			
6. Payment made to ineligible pensioner.	1	1	1		Annual Certificate of identity process in place.	Pension Provider	Pension Manager			
7. Fraud in Payroll office.	1	2	2		Reconciliation with report from payroll system and Excel spreadsheet balance each month	SE Resources	Pension Manager			

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8. Insufficient resource to enable function to meet requirements of Pension Regulator	2	2	4		Structure and staffing of function under	SE Resources	Pension Manager			
9. Failure to produce Annual Benefit Statement	1	3	3		Report to TPR. Keep scheme members and pension board informed of issue.	Scheme Manager	Pension Manager			
10. Successful legal challenge by FBU to Transitional Regulations										Should this now be removed

Risk Area – FINANCIAL	Likelihood	Impact	Score	Change from previous review	Control	Owner	Assigned to	Test / Review	Mitigation	Comments
11. Failure to complete reconciliation of GMP records to HMRC	1	1	1		Ensure appropriate level of resource deployed	SE Resources	Pensions Manager			
12. Fraud / Fraudulent behaviour	1	1	1			SE Resources	Pension Manager			
13. Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner	1	3	3		<ul style="list-style-type: none"> - Keep up to date with changes - Attend regional meetings - Subscribe to knowledge hub - Subscribe to HMRC pension tax updates 	RE Resources (151 Officer)	Pension Manager			

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					<ul style="list-style-type: none"> - Pension board involvement - Access professional advice before proceeding 					
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Risk Area – FUNDING	Likelihood	Impact	Score	Change from previous review	Control	Owner	Assigned to	Test / Review	Mitigation	Comments
14. Failure to deduct correct contributions from pay	1	1	1			Pension Provider	Pension Manager			
15. Failure of employer to pay contributions to the scheme	1	1	1		Pension deductions are accounted for by the FRA and therefore contributions are deducted directly from employee pay and accounted for in the pension fund account.	SE Resources (151 Officer)	Finance	Monthly		Monthly checks are conducted by the Finance team.
16. Failure to manage FPS fund correctly i.e. injury pension accounting	1	2	2		Training – Guidance Fire Finance network links					

Risk Area – REGULATORY AND COMPLIANCE	Likelihood	Impact	Score	Change from previous review	Control	Owner		Test / Review	Mitigation	Comments
17. Failure to interpret rules or legislation correctly	2	2	4		Central LGA resource and regional / national groups to assist with interpretation of rules and possible provision of legal opinion where this has	Scheme manager	Pensions Manager			

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					been sought – with the caveat that each FRA should take own legal advice.					
					Technical team of pension provider					
					Access to knowledge hub and HMRC pension tax updates					
					Training					
					Access professional legal / tax advice where necessary					
18. Failure to comply with disclosure requirements or communicate with staff	2	2	4		IDRP process Communications with staff ABS HR processes in place for auto-enrolment and annual pension band changes mail merges	Scheme Manager	Pensions Manager			

Item 7

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

PENSION BOARD

16 DECEMBER 2019

PENSION SECTION SUPPORTING INFORMATION

1. **WEST MIDLANDS FIRE SERVICE FIREFIGHTERS' PENSION SCHEMES MEMBERSHIP AS AT 30 November 2019**

Active Firefighters	1,382	(-40)
1992 Scheme members	158	(-15)
2006 Scheme members	6	(-1)
2015 scheme members	1,082	(-6)
Non-members	136	(-18)
Pensioners	2,208	(+31)
Dependants	397	(-4)

The figures in brackets indicate movement since 31 August 2019.

2. **ANNUAL ACTIVITY LEVELS**

2.1 During the last twelve months (01/12/2018 to 30/11/2019) the following levels of activity have been experienced:-

Age Related Retirements	58	(-19)
Ill Health Retirements	0	(-6)
Opt outs	73	(+13)
Other leavers	24	(-19)
New joiners	99	(+11)
Applications to transfer in/out	33	(+4)

The figures in brackets indicate movement since 31st August 2019.

- 2.2 The section has also processed the requests shown in the table below and achieved the levels of performance shown.

Request type	Received	Average Response time in days
Benefit Estimate	109 (+18)	67 (-8)
CETV for Divorce	16 (nc)	39 (-9)
General Information	65 (+26)	8 (-9)

3. **INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)**

In the last twelve months, five cases have entered the IDR Procedure. The service takes an approach regarding complaints or disputes as follows;

Where a member raises a query, regarding any aspect of the Pension scheme, these are initially received within the Pension section. In most cases the matter will be handled by the Pension Practitioner. If a matter has a wider impact or the member queries the initial response the Payroll and Pensions Manager will issue a formal response.

If the member continues to disagree or to query the issue they may be advised to make a formal complaint through the IDRP.

A stage one decision is given by the Strategic Enabler for Finance and Resources (formerly the Deputy Chief Fire Officer), who discusses the matter with the Payroll and Pensions Manager. Appeals are heard at Stage two by the Appointment, Standards, and Appeals committee. The Committee have the power to either uphold the original decision or replace it with a new decision. If a member is unhappy after Stage two they may ask the Pension Ombudsman for a determination.

The table below provides additional detail on the reasons, progress, and outcome of the 5 cases.

Case ref	Issue	Progress	Outcome
1AS	Poor communication of retained pension options	Resolved at Stage one	Additional Pension purchased for member at cost of £1,496.84
2GM	Member incorrectly completed Lump Sum option form	Resolved at Stage one	Member allowed to complete a second form. No cost.
3AA	Poor communication of retained pension options	Member asked to clarify complaint before Stage one decision made.	Pending response from member.
4SM	Dispute regarding treatment of successive temporary promotions	Complaint rejected at Stage One, member requested Stage Two application form 4 th December	
5AF	Dispute regarding calculation of Additional Pension Benefits	Complaint rejected at Stage One. Member appealed.	Legal advice being sought prior to appeal hearing being arranged.

The first and third complaints both came from the retained Firefighters Pension resolution. Whilst there will not be any further issues from the initial action under this change, we will be receiving guidance early in the new year regarding further work. It is essential that lessons are learned from these two complaints to avoid any issues when the next batch are processed.

The last two complaints are both linked to the application of the Additional Pension Benefit rules in the 1992 and 2006 Pension Schemes and the way it interacts with the temporary promotions arrangement which was in place prior to May 2019. It is expected that now the temporary promotion arrangement has been lifted the potential for queries will be reduced.

The remaining issue was caused by the member not understanding the option form they were sent and therefore completing the wrong box.

4. **OPT OUT LEVELS AND REASONS**

During the 12 months ending 31 August 2019, 72 members opted out of the Firefighters' Pension schemes. Of these 68 were from the 2015 and 4 from the 2006 scheme. 44 of these were members who had been Auto-enrolled on 1 June 2019 and had deductions taken in that month.

The remaining 28 members had an average length of service of two years at the date of opt out, though this figure may be affected as the five longest serving members had an average length of service of almost 9 years.

During the year in question we had 83 new recruits who were enrolled in the scheme contractually. Of these 10 opted out within 6 months of joining. The remainder of these continue to be members of the scheme.

5. **PREDICTED STARTERS AND LEAVERS**

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Starters	83	77	62	67	62	57
retirements	71	65	50	55	50	45

6. **III HEALTH AND INJURY PENSIONERS**

We have 724 Pensioners who retired due to incapacity and are in receipt of an Ill Health Pension under the rules of the scheme. Of these 198 also have an injury pension. We have 6 pensioners who receive injury pension but not an Ill Health Pension. 5 of these cases relate to deferred pensioners whose pensions came into payment early due to ill health.

The remaining case is of an individual who retired following an on duty injury under the 1966 scheme. A full list of those individuals in receipt of Ill Health and or Injury Pensions has been provided to HR managers for review.

7. **ACTION FROM FPS BULLETINS 25 AND 26**

Bulletin 25 asked LPB Chairs and Scheme Managers to check with administrators that the new factors for 2006 Special Members Non Club transfers in have been applied. These factors affect 2 of our employees. As both of these are over the schemes normal retirement age a non-club transfer in could not be accepted. As such the factors will not be used. If in future we have affected members we will apply the factors that are current at the date the question arises.

Bulletin 26 required no action.

Board members are advised to ensure that they are familiar with the issues raised in FPS Bulletins and contact the Payroll and Pensions Manager for further information should they require it.

8. **SCHEME MANAGER DECISIONS**

The Scheme Manager was requested to make two decisions at the Audit and Risk Committee meeting of 2 September.

The first decision was in the case of a member of the 2006 scheme who wished to discontinue the purchase of additional service by periodical payments. The Scheme Manager decided to allow this request.

The Scheme Manager was also asked to determine whether an allowance paid to a member of the Technical Rescue Unit for having responsibility for the unit's dog should be classed as Pensionable Pay. The decision was that the payment was pensionable.

Background papers for these two decisions can be found at the link below;

<https://wmfs.cmis.uk.com/cmis5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2981/Committee/577/Default.aspx>.

9. **OTHER ISSUES RAISED**

In his email of 19 September, Adam Harper, raised a number of issues. Three of these issues are dealt with separately in this report. Three items will be combined into a review to be undertaken by the Employee Representatives on behalf of the Board. The final item is for the Board to consider a definition of what constitutes reasonable endeavours.

10. **DATA REVIEW AND SCORING**

The Payroll and Pensions Manager reported a score of 98% in respect of the latest measurement of Common data. This score is based on our local view of the issue and has not been calculated using the SAB guidance. It was reported that Scheme Specific data has not been measured. A data review is currently ongoing though no timescales for completion or improvement plan has been set.

11. **SALARY TO BE USED FOR BENEFIT PURPOSES**

Adam Harper raised this issue in his email of 19th September. The Payroll and Pensions Manager and Adam will meet to review the current process.

12. **FEEDBACK FROM FIREFIGHTER PENSIONS AGM**

The Payroll and Pensions Manager attended both days of the AGM. The first day focused on the role of the Scheme Manager and was also attended by the Chair of the Audit and Risk Committee. The second day was a more technical event and was also attended by Adam Harper. Several relevant issues were discussed including the outcome of the Benchmarking review and possible national Key Performance Indicators.

13. **McCLOUD JUDGEMENT – ADMINISTRATION MEETING
18 DECEMBER 2019**

The initial meeting to set the timeframes and scope for remedy in the McCloud case will take place on the 18 December. It is expected that an initial announcement will be made regarding the treatment of members transferred from the 1992 to the 2015 scheme.

The impact of that announcement cannot at this point be estimated but will probably result in additional work for the Payroll team in January and increased costs to the service. The Board are asked to consider additional board meetings or to monitor the progress of any work that results.

Paul Gwynn
Payroll and Pensions Manager

FPS Bulletin 24 – September 2019

Welcome to issue 24 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, issue and content indexes are held on the main [bulletin](#) page of the website and are updated following each new issue.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

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Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact [Claire Hey](#).

SAB	3 October 2019
North East regional group	4 October 2019
Fire Finance Network conference : Arden - Warwick Conferences	9-10 October 2019
Fire Communications Working Group	16 October 2019
SAB Administration & Benchmarking/ Cost-effectiveness committee	24 October 2019
South East regional group	28 October 2019
Pensions tax seminar	12 November 2019
SAB LPB effectiveness committee	14 November 2019
SAB	12 December 2019
Firefighters' Pensions AGM – save the date!	22-23 September 2020

FPS

[Firefighters' Pensions: Board of Medical Referees - appointment of new contractor](#)

The contract for providing the Board of Medical Referees (BMR) to consider medical appeals under the Firefighters' Pension Schemes (in England) is currently held by Health Management Limited and will expire on 30 September 2019.

Following the completion of a formal tendering process, the Home Office can now confirm that it has appointed the successful applicant, Duradiamond Health Ltd, to provide the BMR from 1 October 2019 onwards.

Further information on the company can be accessed at: <https://www.duradiamondhealth.com/>.

It has been agreed that any new medical appeal cases referred to the BMR on or after 14 September 2019 will be considered by Duradiamond Health Ltd. In order to facilitate a seamless transition to the new contractor, FRAs are asked to hold off referring any new appeal cases to the BMR during the period 14 to 30 September 2019 - these cases can then be referred to Duradiamond Healthcare from the 1 October onwards. Any cases referred to the BMR before 14 September will be seen through to conclusion by Health Management Ltd.

While it is not expected that the appointment of Duradiamond Healthcare Ltd as the new contractor will change the current medical appeals arrangements, the Home Office will provide further detail in due course on hearing fees, hearing venues and the address that new appeal claims should be sent to, etc.

Contact details for Duradiamond Healthcare Ltd are as follows:

Email: pfmab@duradiamondhealth.com

Phone: 01273 963729

Postal Address: Duradiamond Healthcare
Tribune House
Bell Lane
Bellbrook Industrial Estate
Uckfield
East Sussex TN22 1QL

Please contact philip.perry@homeoffice.gov.uk if you would like to discuss any of the above.

Claims for refunds of NICs - FPS 2006 special members

HMRC has received claims for refunds of National Insurance Contributions (NICs) in relation to retained firefighters who have taken up backdated membership of their employer's pension scheme as special members of FPS 2006. A refund will be due for the difference between the amount already paid and the amount due at the lower contracted-out rate for the period of contracted-out employment.

However, for the employment to be treated as contracted-out employment a valid contracting-out certificate will need to be in place. Each of the affected FRAs will need to make a formal election to vary their pre 2016 contracting-out certificate, to backdate the start date of the certificate to 6 April 2000.

HMRC will contact you shortly to let you know what action you need to take. Once your backdated contracted-out certificate is issued, HMRC will be able to process your refund claims.

GAD data improvement reports for FRAs now issued

As detailed in [FPS Bulletin 23 – August 2019](#), the individual data improvement reports from GAD have now been sent to the Chief Officer and Local Pension Board chair at each FRA.

If you are not aware that your authority has received this information and would like to have sight of the document, please contact bluelight.pensions@local.gov.uk.

TPR data measuring review

We have recently been informed that some authorities may have received an email entitled 'Our records show you don't measure your data' from the Pension Regulator (TPR). We have sought reassurance that this is not a scam email, and can confirm this is a genuine request from TPR as the first stage of one of their regulatory initiatives, based on information supplied in the scheme return last year.

This year's scheme return invitations are imminent, so FRAs have an opportunity to rectify the information TPR hold. The Exchange system is open all year for updates to scheme information and

TPR encourage schemes to maintain the information held throughout the year, not just in response to a scheme return request.

[FPS contacts for HMRC – a gentle reminder](#)

Also in the [August bulletin](#), we requested contact details of the Pensions Manager or senior person responsible for pensions administration within each FRA to provide to HMRC to help get their records as up to date as possible.

So far, we have received 19 of an expected 44 responses for England. Please consider this a gentle reminder of the following action.

ACTION: FRAs to provide the name, address, telephone number, and email address for the pensions manager or senior responsible person.

Please email bluelight.pensions@local.gov.uk by 15 October 2019 using the subject line “FPS contacts for HMRC”.

[SAB Administration & Benchmarking committee vacancy](#)

A vacancy has arisen on the [Administration & Benchmarking committee](#) for an FRA Local Pension Board representative. The main objectives of the committee are to provide guidance to the SAB to understand the value and cost of administration, and consider how administrators can best be supported by identifying best practice. The committee are currently involved in considering the recommendations made by Aon in the [administration and benchmarking review](#) and how these can be progressed.

The required commitment is attendance at three to four meetings per year, generally held in London. Attendance can be made by conference call if necessary. If you are interested in sitting on the committee, please email clair.alcock@local.gov.uk for further information.

[New factsheet – FPS Management and Governance](#)

We have recently produced a factsheet on the management and governance of the England Firefighters’ Pension Schemes (FPS) in order to highlight the roles of stakeholders and the guidance that is available to ensure good governance and management of the scheme.

While the factsheet will be interesting to all stakeholders, it will be particularly beneficial to those new to the FPS family, to give an overview of the relationship between stakeholder groups and the support networks available.

The factsheet has been published on the [factsheets](#) tab of the FPS Regulations and Guidance website and is also attached as [Appendix 1](#).

[September query log](#)

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in August.

Other News and Updates

ICO changes to GDPR

While GDPR has now been in force for some time, it is important for data controllers and processors to keep up to date with changes made by the Information Commissioner's Office (ICO).

Recent updates include a change in position on calculating the time limit for responding to requests in relation to individual rights, and additional guidance around "manifestly unfounded and excessive" requests.

All the latest news is available from the following link <https://ico.org.uk/for-organisations/guide-to-data-protection/whats-new/>

TPR publish LGPS engagement report

On 19 September, TPR published a [report](#) on the findings from its engagement with 10 Local Government Pension Scheme (LGPS) funds. The engagement took place between October 2018 and July 2019.

The report summarises the key findings against the Regulator's Code of Practice 14 both in terms of exceeding and falling short of required standards.

TPR have confirmed that they are planning future supervisory and engagement work with a number of FRAs.

Up-rating of UK State Pension recipients living in the EU after Brexit

The government has committed to up-rating the UK State Pension paid to those living in the EU each year until March 2023, in the event that the UK leaves the EU without a deal on 31 October 2019.

During this three year period the Government plans to negotiate a new arrangement with the EU to ensure that up-rating continues.

HMRC

Contracting-out reconciliation update

The following bulletin, containing important guidance and information about the end of contracting out and the scheme reconciliation process, was published by HMRC on 30 August 2019.

[Countdown bulletin 48](#)

Updates include:

- Final Data Cuts for Ceased Schemes
- Approach for producing Final Data Cuts
- Guaranteed Minimum Pension (GMP) Conversion

Training and Events

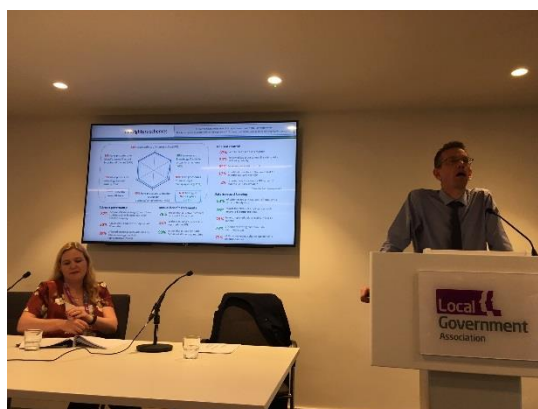
FPS AGM – event summary

In keeping with tradition, our annual fire pensions conference two day event opened with a meeting of the regional chairs of each fire pensions officer group, followed by the technical community. You can find out more about the work of each of these forums, along with the various other stakeholder groups involved with FPS administration, governance, and management in our new [factsheet](#).

We were delighted to welcome over 60 delegates to the first full conference session, aimed at scheme managers and Local Pension Boards, along with other parties with an interest in FPS governance. Following the Chair's welcome, the audience heard from Gavin Chambers, ACO and chair of Bedfordshire FRS LBP, on his experiences before participating in a lively debate on the efficiency of boards and challenges of assisting the scheme manager.



TPR then took to the stage to present the headline results from the [2018 Governance and Administration survey](#), including everyone's favourite slide – “the spider diagram of doom”.



We ended the day with a networking drinks reception and although the weather was not quite as accommodating as last year, this didn't seem to dampen the animated conversation between colleagues and friends.

The day 1 presentations are available [here](#).

The full technical/ administration AGM took place on day 2 with a record attendance of around 120 delegates in our Bevin Hall conference room at 18 Smith Square.

Malcolm Eastwood, chair of the FPS (England) SAB, once again opened proceedings, outlining some of the complexities in managing the Firefighters' Pension Schemes. We were then delighted to welcome Amar Pannu, Head of Police and Firefighters' Pensions at the Home Office, to provide a view from central government including updates on the transitional protections case and the 2020 scheme valuation.

Twelve months after launching the FPS [administration and benchmarking review](#), Craig Payne from Aon, was back on stage at the AGM to present a summary of the review outcomes and recommendations. Read the full and final report [here](#).



Following a short break, attendees were given the option to join one of three technical workshops: [National performance monitoring](#); [Abatement](#); and [Transitional pension calculations refresher](#). All workshops were well attended and received positive feedback. Thank you to our facilitators and those who participated.

Lunch followed the short workshop feedback session, and delegates had chance to network with colleagues and visit exhibition stands hosted by the following organisations: Barnett Waddingham, Eversheds Sutherland, ITM, and Income for the Third Age.

We make a special apology here to Laura of Pen-gage <https://www.pengage.co.uk/> and Mark from Income for the Third Age <https://i3aguidance.co.uk/>, as we somehow managed to lose a box of promotional leaflets which had been delivered in advance to the office.

In the tough first afternoon slot, Alec Bennett from Eversheds Sutherland provided the ever-popular case law update, taking the audience on a whistle stop tour of recent court and Pensions Ombudsman decisions. And the final session of the day was delivered by the Bluelight lead Clair Alcock, who gave an update on the work of the team and future plans.



Malcolm Eastwood closed the conference for 2019 with a fond farewell, as he retires as chair of the SAB in March 2020.

We would like to thank all for their participation and support, particularly our speakers and exhibitors for contributing to the success of the event, and to all delegates who took time out of their busy schedules to attend. We look forward to seeing you again next year – save the date 22-23 September 2020!

The day 2 presentations are available [here](#). To view the full conference in pictures, visit our [@LGAWorkforce](#) twitter feed, #LGAfirepensions

Training survey research report

Between 31 May and 31 July 2019, FPS stakeholders were invited to take part in a web-based survey on the current and future training provision offered by the LGA Bluelight team, to ensure that the LGA training offer remains relevant and that the statutory levy provides value for money.

During that time a total of 51 responses were received from across a wide range of FPS stakeholders in England, Wales, and Scotland.

Having collated and analysed the responses, we are pleased to present the final [research report](#), which will be used to inform our training plan for 2020.

The LGA would like to thank all those that were able to submit a response for their participation in the survey, and for continuing to support the work of the Bluelight team.

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

Contact details

Clair Alcock (Bluelight Senior Pension Adviser)

Telephone: 020 7664 3189

Email: clair.alcock@local.gov.uk

Kevin Courtney (NPCC Pensions Adviser)

Telephone: 020 7664 3202

Email: kevin.courtney@local.gov.uk

Claire Hey (Firefighters' Pension Adviser)

Telephone: 020 7664 3205

Email: claire.hey@local.gov.uk



FPS Bulletin 25 – October 2019

Welcome to issue 25 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, issue and content indexes are held on the main [bulletin](#) page of the website and are updated following each new issue.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

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Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact [Claire Hey](#).

Pensions tax seminar	12 November 2019
SAB LPB effectiveness committee	14 November 2019
Midlands regional FPOG	19 November 2019
SAB	12 December 2019 - TBC
North East regional FPOG	4 March 2020
LGA annual Fire conference and exhibition	10-11 March 2020
SAB	19 March 2020
SAB	11 June 2020
SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

FPS

TPR – six key processes

The Pensions Regulator (TPR), who has a statutory duty for regulatory oversight under the [Public Service Pensions Act 2013](#) monitors six key processes as part of their annual governance and administration survey. TPR use these key processes as indicators of public service pension scheme performance.

The six processes are:

- i. Documented policy to manage board members conflicts of interest
- ii. Access to knowledge, understanding and skills needed to properly run the scheme
- iii. Documented procedures for assessing and managing risks
- iv. Process to monitor records for accuracy / completeness
- v. Process for resolving contribution payment issues
- vi. Procedures to identify, assess and report breaches of the law

In 2018, only 63% of Firefighters' Pension Scheme (FPS) across the UK reported having all six processes in place¹.

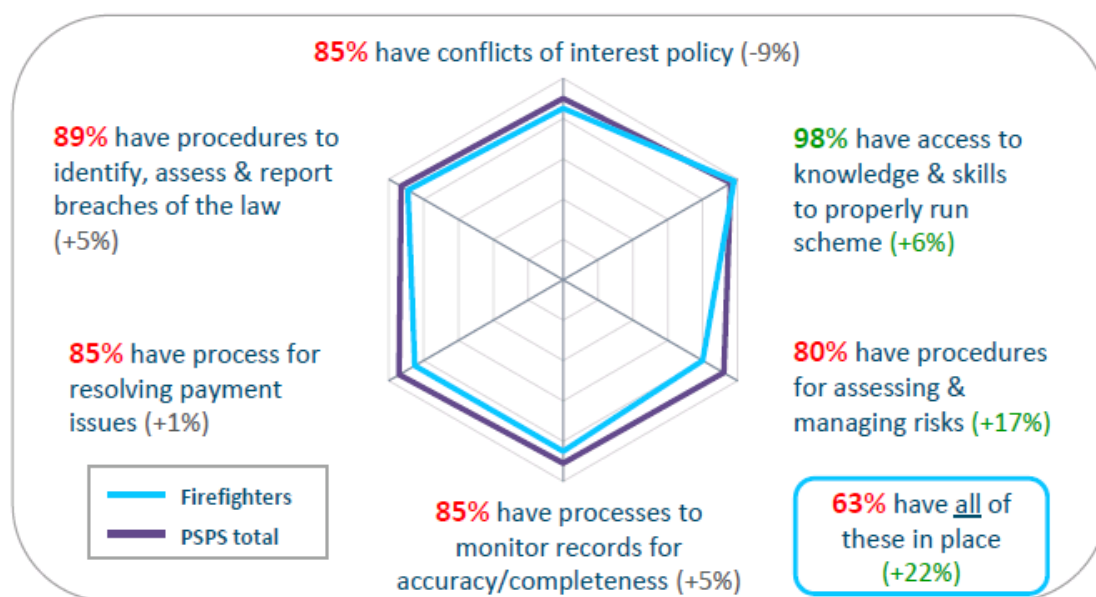


Figure 1 Spider-diagram of doom

Following feedback from FRAs, a [factsheet](#)² has been prepared to give further guidance on the six key processes in order to achieve a higher rate of understanding and compliance ahead of the 2019 survey.

Fire Finance Network – a message from the Chair

The Fire Finance Network (FFN) is an informal network of finance professionals from across the Fire Sector and is a great way to engage with colleagues from other Fire and Rescue Services.

The FFN meets quarterly and holds an annual conference, where attendees receive updates on strategic and technical issues; recent speakers included the Home Office Fire Funding team and CIPFA Police and Fire advisor. Key members of the FFN also sit on the National Fire Chief's Council Finance Co-ordination Committee and so are ideally placed to influence nationally.

We are particularly keen to hear from colleagues who work with county and devolved Fire Services to ensure their voices are heard. Membership is free and the best way to get involved is via our Workplace page as information and events are shared regularly – if you would like to join please contact the FFN Chair, Amy Webb, via email at awebb@dsfire.gov.uk.

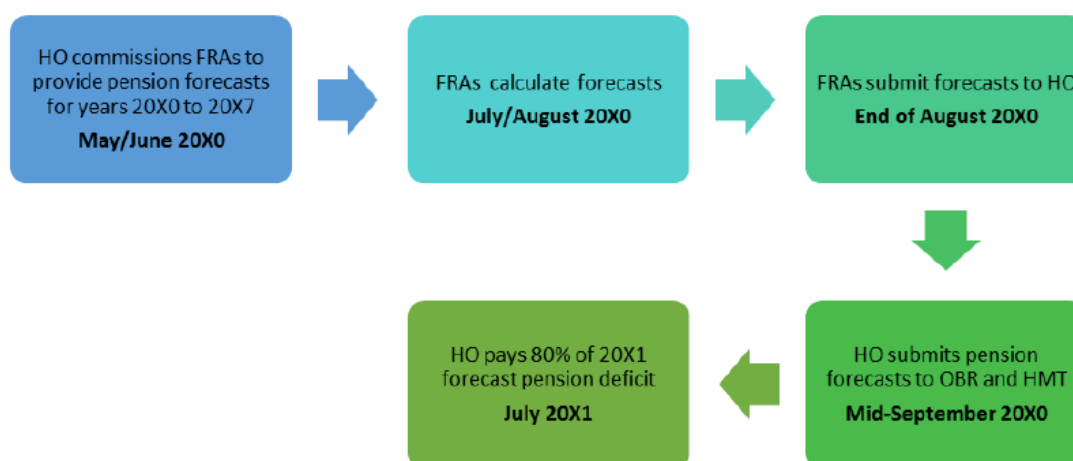
¹ Slide 6 – LGA Fire Pensions Conference Day One 24 September 2019
<https://www.local.gov.uk/sites/default/files/documents/TPR%20Update.pdf>

² <http://fpsregs.org/images/admin/TPR-6-key-processes.v1.pdf>

FPS forecasting guidance

Following the workshop on [Forecasting Public Service Pensions](#) held at the 2018 annual conference, the Home Office facilitated a working group to produce guidance for FRAs when calculating pension forecasts for the FPS top-up grant.

While this should already have been circulated to relevant stakeholders in line with the forecasting timetable, we are pleased to now include the guidance as [Appendix 1](#) to the bulletin.



Revised Fire (England) factors: Non-Club Transfer-In

Further to the letter issued by the Home Office on 31 October 2018 regarding the [review of scheme factors](#) due to the change to the SCAPE discount rate, GAD has provided replacement factor tables for FPS 2006 special member non-club transfer-in cases [table reference x-218 to x-219].

The suspension of any outstanding cases can be lifted and these factors can be used with immediate effect.

The updated table is available at <http://fpsregs.org/index.php/gad-guidance/transfers-in>. GAD has informed us that they will update the guidance and example calculations to reflect these revised factors at a later date.

ACTION: Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the factors are applied with immediate effect.

The table of consolidated factors at [Appendix 2](#), which includes implementation dates for all changes, has been updated to reflect the addition of the special member TV-in factors.

Valuation data

As valuation year 2020 fast approaches, we wish to encourage FRAs to try and mitigate as many data issues as possible by ensuring that the data you hold is both correct and up-to-date before the year-end.

In particular we recommend that you ensure the following information is accurate:

- Contribution details
- Joiners and leavers
- Changes to the members details, including addresses,
- Any payments that qualify for [Additional Pension Benefits](#)

Eligibility factsheet updated

Minor amendments have been made to the factsheet on 'Eligibility to join FPS' to correct a referencing error. [Clean](#)³ and [tracked](#)⁴ versions are available.

We have also taken the opportunity to produce a version for FPS Wales. The factsheet on [eligibility to join FPS Wales](#)⁵ has been added to the [factsheets](#) tab of the FPS Regulations and Guidance website.

In brief, the factsheet confirms that in order for a person to be eligible for the scheme they have to be employed as a 'firefighter'. The regulations provide an interpretation of a 'firefighter', and it is for each FRA to satisfy themselves that those in the scheme are employed within this definition.

TPR data requirements – 2019 scheme return

For the first time in 2018, TPR asked schemes to measure the common and scheme specific data they hold about their members and report this on the annual scheme return.

The LGA Bluelight team agreed that in order to achieve consistency and allow for benchmarking and best practice, a standard list of scheme-specific items for FPS should be developed, and issued informal guidance on data scoring including which data items might be considered.

Rather than produce a definitive list of data elements, we provided a range of suggested items, split into categories for active, deferred, pensioner, and dependant members. This was based on the GAD Universal Data Extract and TPR guidelines, subject to feedback from software suppliers and our knowledge of the Firefighters' Pension Schemes.

This guidance has now been updated for the 2019 return, with some new items added based on feedback from administrators and an expanded section on testing data for accuracy as well as presence. We are pleased to include a matrix of weighting criteria to allow schemes to assess the likely accuracy of their data and adjust the score accordingly.

Please see the updated guidance at [Appendix 3](#) and spreadsheet at [Appendix 4](#).

³ <http://fpsregs.org/images/admin/Eligibilityv3clean.pdf>

⁴ <http://fpsregs.org/images/admin/Eligibilityv3tracked.pdf>

⁵ <http://fpsregs.org/images/admin/EligibilityWalesv1.pdf>

Information about measuring data is available on the TPR website:

<https://www.thepensionsregulator.gov.uk/en/trustees/managing-db-benefits/governance-and-administration/record-keeping/review-your-scheme-data>

To assist with completion of the scheme return, TPR have provided the following checklist and example return:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/db-scheme-return-checklist.ashx>

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/db-scheme-return-example-form.ashx>

GAD Fire pension accounting disclosures

GAD currently provide annual pensions accounting disclosures for more than half of all Fire and Police authorities in England and Wales and are looking to expand their portfolio.

If you are interested in speaking to GAD about the possibilities surrounding your 2019-20 disclosures more information can be found in the attached flier ([Appendix 5](#)) along with contact details.

October query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in September.

Other News and Updates

The Queen's Speech

The Queen's Speech to Parliament on 14 October confirmed the introduction of a new Pensions Schemes Bill, which was published on 16 October.

The main elements of the Bill, as stated in the background briefing notes⁶ to the speech, will provide a framework for Collective Defined Contribution (CDC) schemes, strengthen TPR's powers and existing sanctions, provide a framework to support pensions dashboards, and create new regulations to set out member rights to a transfer.

The latest news on the progress of the Bill can be followed on the parliament.uk website <https://services.parliament.uk/Bills/2019-20/pensionschemes.html>

6

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839370/Queen_s_Speech_Lobby_Pack_2019_.pdf

Eversheds Sutherland have produced a [Speedbrief](#)⁷ which outlines the provisions of the bill in more detail.

GAD PSPS newsletter

The Government Actuary's Department (GAD) has issued the [September edition](#) of its Public Service Pension Schemes newsletter. This is intended to be an informal note to provide regular updates on what is happening within the PSPS area of GAD and to highlight some current hot topics that schemes and other department contacts might be interested in.

TPO corporate plan 2019 – 2022

The Pensions Ombudsman (TPO) published their corporate plan on 2 October, outlining their priorities and strategic aims for 2019 – 2022.

TPO state that the focus of the plan is to ensure that “every dispute can be resolved at the earliest point, with no loss of quality”. This will include a redesign of the casework function and expansion of digital solutions, supported by a strengthened governance structure as recommended by the DWP Tailored Review⁸.

The full corporate plan can be read at [Appendix 6](#).

HMRC

Contracting-out reconciliation update

The following bulletin, containing important information about the services and support HMRC will provide now that Scheme Reconciliation Service (SRS) has ended, was published on 4 October 2019.

[Countdown bulletin 49](#)

Updates include:

- final SRS outputs
- Scheme Contracted-Out Numbers (SCONs)
- incorrect GMP
- Contribution Equivalent Premiums (CEP)
- raising queries with HMRC

⁷ <https://www.eversheds-sutherland.com/global/en/what/articles/index.page?ArticleID=en/Pensions/Speedbrief-The-Pension-Schemes-Bill-was-it-worth-the-wait>

⁸ <https://www.gov.uk/government/publications/the-pensions-ombudsman-tailored-review/tailored-review-of-the-pensions-ombudsman>

Training and Events

Pensions tax – London – 12 November 2019

We are pleased to invite readers to a pensions tax seminar being held at the LGA offices at 18 Smith Square, London on **Tuesday 12 November 2019**, from 10:30 to 15:30.

This conference will allow delegates to hear from various stakeholders on pensions tax for the Firefighters' and Police Pension Schemes.

The purpose of the day is to build up a picture of public sector pensions tax and how it is applied. The morning will cover the technical side of tax i.e. what it is, how is it calculated, what challenges arise, and then the second part of the day covers how can we move on, help better educate the sector and improve. The final session of the day will be a question and answer panel session with all of our speakers.

The event is aimed at FPS practitioners, Fire and Rescue senior management responsible for managing the pension scheme, LPB chairs and members, along with other professionals with an interest in the Firefighters' or Police Pension Scheme

A draft agenda is available via the booking link, however, please note that the programme is subject to change.

[Click here to book your place.](#)

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

Contact details

Clair Alcock (Bluelight Senior Pension Adviser)

Telephone: 020 7664 3189

Email: clair.alcock@local.gov.uk

Kevin Courtney (NPCC Pensions Adviser)

Telephone: 020 7664 3202

Email: kevin.courtney@local.gov.uk

Claire Hey (Firefighters' Pension Adviser)

Telephone: 020 7664 3205

Email: claire.hey@local.gov.uk

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FPS Bulletin 26 – November 2019

Welcome to issue 26 of the Firefighters' Pensions Schemes bulletin.

If you are looking for information on a certain topic, issue and content indexes are held on the main [bulletin](#) page of the website and are updated following each new issue.

If you have any comments on the contents of this bulletin or suggested items for future issues, please contact [Claire Hey](#).

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Calendar of events

Please see below a calendar of upcoming events relevant to the Firefighters' Pension Schemes. Only those events which are hyperlinked are currently available to book. If you have any events you would like to be included in a future bulletin, please contact [Claire Hey](#).

Eastern FPOG	10 December 2019
SAB	9 January 2020 - amended
North East regional FPOG	12 February 2020 – amended
LGA annual Fire conference and exhibition	10-11 March 2020
SAB	19 March 2020
SAB	11 June 2020
SAB	17 September 2020
Firefighters' Pensions AGM – save the date!	22-23 September 2020
SAB	10 December 2020

FPS

Fire and Rescue workforce and pensions statistics published

The Home Office published workforce and pensions statistics for Fire and Rescue Services (England) on 31 October¹. The pension scheme statistics, covering April 2018 to March 2019, reflect data returns on income, expenditure and membership submitted by all 45 FRAs in England.

Some key results:

- Firefighters' Pension Scheme expenditure in 2018/19 was around £856 million.
- In 2018/19, 81% of expenditure was "recurring outgoing payments" and 18% was "commutation payments".
- Firefighters' Pension Scheme income in 2018/19 was around £257 million.
- In 2018/19, 53% of income was "employer contributions", 44% was "employee contributions" and the remaining 4% comprised transfers, miscellaneous income and ill-health charges.
- The Firefighters' Pension Scheme deficit in 2018/19 was around £599 million.
- As at 31 March 2019, the total number of pensioner members was 43,665. Of these, 95% were members of FPS 1992.

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843566/fire-rescue-workforce-pensions-1819-hosb2619.pdf

ABS 2019 survey – action required

A little later than anticipated, we are pleased to launch this year's survey of the ABS process, developed in collaboration with the SAB Local Pension Board effectiveness committee.

The survey was extended last year to invite administrators to submit responses, and while the 2018 web-based version gave more flexibility to response options, there were issues around the clarity and wording of the questions, particularly for measuring internal controls, and issuing the same question set to both FRAs and administrators skewed the results in some areas. The 2018 [research report](#)² was published in April 2019.

Taking into account feedback and learning from previous years, we have revised the question sets and have developed separate surveys for the FRA and administrator to complete. We welcome one reply from each FRA, and for administrators with multiple FRA clients, a completed survey per authority.

To ease the burden on those administrators, a third, shorter version of the survey has been provided, with the intention that they will complete a full survey for the first FRA and the reduced version for each subsequent submission.

FRA (employer) survey https://www.surveymonkey.co.uk/r/ABS_2019_SURVEY_FRA

Administrator survey for single, or first of multiple FRAs

https://www.surveymonkey.co.uk/r/ABS_2019_SURVEY_ADMIN

Administrator survey for subsequent multiple FRAs

https://www.surveymonkey.co.uk/r/ABS_2019_SURVEY_ADMIN_PLUS

We would be grateful for your responses by **10 January 2020**. If you require any further information or clarification on the surveys, please contact claire.hey@local.gov.uk.

FPS England - 2020 valuation draft data specifications

The Government Actuary's Department (GAD) has issued the draft 2020 valuation data specifications for FPS England. This has been circulated by email to software suppliers and administrators.

The data specifications are mostly the same as they were for the 2016 valuation, with the one major addition being the inclusion of extra data requirements for salary and contribution information between 2015 and 2020 following the McCloud judgement.

As these specifications are in draft GAD welcome any comments from administrators regarding the contents or structure of the document. Please submit any comments to bluelight.pensions@local.gov.uk.

GAD will follow up in the near future with the required data collection spreadsheet and instructions.

A new page has been created in the member-restricted area of www.fpsregs.org to hold confidential or draft documentation relating to the valuation process <http://fpsregs.org/index.php/member-area/scheme-valuations-restricted>. If you require log-in details for the member area, please contact us on the email address above.

² <http://www.fpsboard.org/images/PDF/Surveys/ABS2018.pdf>

Accounting disclosures: Police and Firefighters Pension Schemes 2019/20

Have you started thinking about your 31 March 2020 pension accounting disclosures? If not, now is the time!

Click on the attached flier ([Appendix 1](#)) to find out how Hymans Robertson can help you.

November query log

The current [log of queries and responses](#) is available on the FPS Regulations and Guidance website. The queries have been anonymised and divided into topics. The log will be updated on a monthly basis in line with the bulletin release dates.

Queries from earlier months have been grey-shaded to differentiate from new items added in October.

Other News and Updates

TPR governance and administration survey 2019

Invitations for the Pension Regulator's annual Governance and Administration survey were sent out 6 November 2019 with a deadline of 29 November 2019. An email was sent to Local Pension Board chairs to remind them to liaise with their scheme manager to ensure completion within the deadline.

Before completing the survey, FRAs should ensure they are familiar with the recent guidance published on the [six key processes](#)³ used by TPR to measure public sector performance under and our guidance on [data scoring to measure accuracy](#)⁴. The TPR reports from previous surveys can be found on our dedicated webpage <http://www.fpsregs.org/index.php/legal-landscape/the-pensions-regulator>.

Pension Schemes Bill – second reading delayed

In [FPS Bulletin 25 – October 2019](#), we reported on the Queen's Speech confirming that a new Pension Schemes Bill would be introduced to strengthen TPR's powers, provide a framework to support pensions dashboards and introduce regulations covering the right to a pension transfer.

The first reading of the Bill took place on 15 October 2019 and the second reading of the Bill was scheduled to take place on 30 October 2019. However, this was delayed with no replacement date set, as the UK moves towards a general election on 12 December 2019.

LGA Pensions Adviser vacancy

The LGA is [recruiting](#) for a pensions adviser to lead on the development and implementation of an extended service to LGPS Scotland. It is a full-time role that can be either office (London) or home based. The salary scale ranges from £41,675 to £47,736 (plus London weighting where appropriate).

The closing date for applications is 3 January 2020; interviews will be held on 13/14 January 2020. For more information or to discuss this opportunity please contact Jeff Houston (07786 681 936) or Lorraine Bennett (07766 252847).

³ <http://fpsregs.org/images/admin/TPR-6-key-processes.v1.pdf>

⁴ <http://fpsregs.org/images/admin/TPR-data-scoring-2019-clean.pdf>

HMRC

HMRC newsletters/bulletins

HMRC have published pension schemes newsletters 114 and 115 containing important updates and guidance on pension schemes. The following issues are covered:-

- [Pension schemes newsletter 114 – 30 October 2019](#): Registration statistics | Pension flexibility statistics | Pension scheme administration - moving pension recipients from one payroll to another | Relief at source | Guaranteed Minimum Pension Equalisation | Annual allowance scheme pays GOV.UK guidance |
- [Pension schemes newsletter 115 – 26 November 2019](#): Lifetime allowance and the 2019 to 2020 event report | Managing Pensions Schemes service - giving access to Government Gateway administrators and assistants | Managing Pension Schemes service - pension practitioner IDs | Relief at source - notification of residency status report for 2020 to 2021 | Annual allowance - members declaring their annual allowance charge on their Self Assessment tax return |

HMRC have published a new guide about paying the AA tax charge for pension scheme members. The guide entitled '[who must pay the pensions annual allowance tax charge](#)' has information about 'mandatory' and 'voluntary' scheme pays and provides links for members on declaring their AA charge on their self-assessment return.

Authorities are asked to remind those members who have exceeded their annual allowance for 2018/19 and who do not have sufficient unused annual allowance to carry forward to cover the excess, that they must declare this on their Self-Assessment tax return, even if the FRA is paying the tax charge.

Training and Events

Pensions tax – event summary

It was another full house at Smith Square on 12 November for the LGA Bluelight team's final event of the year: pensions tax in the Firefighters' and Police schemes.

In an unfortunate turn of events, Malcolm Eastwood was unable to chair the day due to ill-health and was ably substituted by Andy Hopkinson, DCFO at Bedfordshire FRS. We would like to take this opportunity to pass on the good wishes of the FPS community to Malcolm for a full and speedy recovery.

Andy remained at the lectern to deliver the first session of the day; an update on the work of the Public Service Pensions Alliance, which brings together pension experts from across the public sector, and is currently investigating options to help members better manage their tax consequences by improving freedom and flexibilities, and what evidence might be needed to build a robust business case.

Andy was followed by the ever-popular Annemarie Allen from Barnett Waddingham, with a look at the ins and outs of the annual and lifetime allowance.



Following a short break, the LGA's very own Clair Alcock delivered back to back sessions on unauthorised payments, including the how and why, and scheme pays, including the who and when.

In an afternoon dedicated to next steps, and in the tricky after-lunch slot, Laura Bowler of Pen-gage kept delegates entertained with a fascinating look at engagement and communication in relation to pensions tax: the good, the bad, and the ugly...



Craig Moran of First Actuarial then picked up the theme from Andy's earlier session with a look at the landscape across public service schemes, the work of the Scheme Advisory Board around the cost-cap breach, and what evidence is needed to build a case for change.

The final session of the day allowed the audience to direct their burning questions (no pun intended) to our panel of experts. And that's a wrap for 2019. See you all again in 2020!

The complete presentation slide decks from the event are available [here](http://www.fpsboard.org/images/PDF/Events/Pensions-Tax/Pensions-tax-slide-deck-121119.pdf)⁵. Please note that Annemarie's slides are available to delegates of the session only.

To view the full conference in pictures, visit our [@LGAWorkforce](https://twitter.com/LGAWorkforce) twitter feed, #LGAfirepensions

⁵ <http://www.fpsboard.org/images/PDF/Events/Pensions-Tax/Pensions-tax-slide-deck-121119.pdf>

Legislation

NISR	Reference Title
2019/206	The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2019
SI	Reference Title
2019/1425	The Finance Act 2004 (Specified Pension Schemes) Order 2019
2019/1433	The Occupational Pensions (Revaluation) Order 2019
2019/1449	The Local Government Pension Scheme (Amendment) Regulations 2019
SSI	Reference Title
2019/357	The Firefighters' Pension Scheme (Scotland) Amendment Regulations 2019
2019/358	The Firefighters' Pension Schemes (Scotland) Amendment Order 2019
2019/380	The Police Pensions Amendment (Increased Pension Entitlement) (Scotland) Regulations 2019
2019/381	The Firefighters' Pension Scheme Amendment (Increased Pension Entitlement) (Scotland) Order 2019
2019/382	The Firefighters' Pension and Compensation Schemes (Amendment) (Scotland) Order 2019

[The Civil Partnership \(Opposite-sex Couples\) Regulations 2019 \[SI 2019/1458\]](#)

On 5 November 2019 the Government made the Civil Partnership (Opposite-sex Couples) Regulations 2019 [\[SI 2019/1458\]](#) which are effective from 2 December 2019. This means that an opposite-sex couple can give notice of a proposed civil partnership on 2 December 2019 after which the 28 day waiting period will commence (section 11 of [The Civil Partnership Act 2004](#)). This means an opposite sex civil partnership registration can take place from 31 December 2019.

These regulations were made in response to the Government [consultation](#) published on 10 July 2019, which proposed changing the law to allow opposite-sex couples to form civil partnerships (section 2 of the [Civil Partnerships, Marriages and Deaths \(Registration etc\) Act 2019](#)).

Also amended is section 37 of the Marriage (Same Sex Couples) Act 2013. This limits the conversion of a civil partnership into a marriage, to couples in same sex civil partnerships only. The Government has not made provisions to allow a marriage to be converted into a civil partnership.

Useful links

- [The Firefighters' Pensions \(England\) Scheme Advisory Board](#)
- [FPS Regulations and Guidance](#)
- [Khub Firefighters Pensions Discussion Forum](#)
- [FPS1992 guidance and commentary](#)
- [The Pensions Regulator Public Service Schemes](#)
- [The Pensions Ombudsman](#)
- [HMRC Pensions Tax Manual](#)
- [LGA pensions website](#)

Contact details

Clair Alcock (Bluelight Senior Pension Adviser)

Telephone: 020 7664 3189

Email: clair.alcock@local.gov.uk

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Telephone: 020 7664 3205

Email: claire.hey@local.gov.uk

From: The Pensions Regulator <enews@thepensionsregulator.gov.uk>
Date: 20 August 2019 at 11:15:57 BST
To: <Karen.Gowreesunker@wmfs.net>
Subject: Time's up for pension scammers
Reply-To: The Pensions Regulator <enews@thepensionsregulator.gov.uk>

Item 11

[Email not displaying correctly? View online](#)

Hot news to match the weather

Welcome to the summer 2019 edition of our Regulatory Round-up for scheme managers, focussing on news and recent developments in the pensions industry over the last few months.

If you're a member of LinkedIn, join our [Trustee showcase page](#) and keep up-to-date with the latest news for trustees and scheme managers. Our Trustee toolkit is another excellent resource that can help you stay up to date – [log in and start learning](#).

News

Don't let scammers enjoy your members' retirement

Scammers are targeting your members and [new figures show](#) 5 million members could be tempted by common scam tactics. That's why we've joined forces with the Financial Conduct Authority to run a campaign which helps savers spot the warning signs and avoid falling victim to scams. Charles Counsell writes about how we continue to tackle pension scams in his [new blog](#). Share our scams prevention booklets, post on social media and make sure your members are protected now. [Find out more](#).

TPR issues climate change joint statement

The financial risks of climate change are far-reaching, and companies should consider the likely consequences on their business decisions. For scheme managers, it must be considered when setting investment strategies. That's why we have joined with the FCA, the Financial Reporting Council, and the Prudential Regulation Authority, to [make a combined statement](#) on the financial risks of climate change.

The 2019 scheme return is nearly here

This year's scheme return for public service schemes is coming soon, so you should start gathering the information you'll need to complete it. We'll be sending scheme managers a notice between July and October, which will be your prompt to complete and submit your scheme return to us using our [Exchange website](#). Public service schemes are legally required to supply us with certain information in a scheme return – if you don't include it, you could be fined. [Our guide to the public service scheme return](#) will help you get started.

Guaranteed Minimum Pensions equalisation call to action published

The High Court ruled in October last year that schemes must equalise benefits for the effects of GMP. Now a cross industry working group chaired by PASA has published [a call to action](#) which trustees and their advisers might find useful. Discover the actions that can be carried out now in preparation for equalisation.

Public service schemes - complete your annual benefit statements by 31 August

The deadline to send your [annual benefit statements](#) to all relevant parties is fast approaching. You need to send these out no later than 31 August, or this will be a breach of your legal duties, which you should consider reporting to us.

Consultations

Take part in our consultation on reducing the number of badly-run schemes

We're looking for ways to deal with badly-run schemes and unengaged scheme managers and have outlined new proposals in a [consultation](#). With [half-day consultation events](#) coming up in Manchester (5 September) and London (12 September) now is the time to have your say on the future of trusteeship. The consultation closes on 24 September. Don't miss out.

Have your say on new fiduciary management services guidance

From 10 December, new rules will affect how scheme managers of LGPS can work with those offering investment consultancy services. To help scheme managers understand these new duties we've drafted guidance. But we want your views to make sure it's fit for purpose. [Have your say](#) by 11 September.

Guidance

New DB transfers guidance from PASA

The Pensions Administration Standards Association (PASA) has released guidance on DB transfers to DC schemes, which we would encourage trustees and their administrators to read and engage with where relevant. It aims to support members in making better choices. The guide aims to strike a balance between members' protection and their legal right to take their pension in a different shape or form. PASA wants the guide to improve

the overall member experience through faster, safer, and more transparent transfers. [The guidance tools](#) are available to use now.

New investment guidance and new requirements coming soon

Scheme Managers have new reporting and disclosure obligations from 1 October 2019. The scheme’s statement of investment principles (SIP) must be publicly available on a website, and must include the trustees’ policy on environmental, social, and governance factors. We’ve revised our [DC investment guidance](#), providing practical information and examples to help trustees prepare. From 1 October 2020, trustees will be required to publish a report on how they’ve followed the investment policies in the SIP. An update for DB schemes will be coming later this year.

Regards,

The Pensions Regulator

Useful Links

[The Trustee Toolkit](#)
[21st Century Trusteeship](#)

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TPR is a data controller for the purposes of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA). For information about how we process personal data, please see our [privacy notice](#).

The Pensions Regulator, Napier House, Trafalgar Place, Brigh

Governance and administration risks in public service pension schemes: an engagement report

Findings from our engagement with 10 local government funds, selected from across the UK, to understand scheme managers' approaches to a number of key risks. As part of each engagement we fed back on good practice and suggested improvements that could be made.

The engagement took place between October 2018 and July 2019 following the results of our annual governance and administration survey, in which we identified that improvements being made across the Local Government Pension Scheme (LGPS) had slowed down. We were pleased to note that scheme managers were already sharing good practice with their LGPS peers and hope that working with us offered scheme managers a new perspective on their funds.

We carried out this review at a high level based on meetings with scheme managers to understand the challenges they face. The meetings were supplemented by a review of some fund documentation and examples of communications sent to members, prospective members and beneficiaries.

It is not a comprehensive evaluation of the funds' operations and is not intended to replace audit requirements, nor is it to be considered as regulatory assurance or an endorsement of the fund by The Pensions Regulator (TPR).

Glossary of terms

Term	Description
CETV	Cash Equivalent Transfer Value, a valuation of a members benefit entitlement that can be transferred to another scheme.

FCA	The Financial Conduct Authority, which regulates firms in the financial sector including IFAs.
Firm	A business in the financial sector carrying out activities that require authorisation from the FCA.
Fund	A locally administered element of a wider pension scheme.
IFA	Independent Financial Adviser, a person with FCA authorisation to advise people about financial decisions.
Member	A person who has paid into and expects to receive or is receiving a benefit from a pension scheme.
PAS	Pension Administration Strategy, a document detailing roles and responsibilities as well as penalties for non-compliance with duties to the fund.
Pension Board	A body that supports and advises the scheme manager.
Pension committee	A body running a pension scheme with the delegated authority of the scheme manager.
PSPS	Public Service Pension Scheme
Saver	A potential beneficiary of a pension scheme, whether or not they are a member.
s.151 officer	A senior member of staff at a Local Authority. Controls resourcing across the Authority, including for the running of the local element of the Local Government Pension Scheme.
Scheme	A pension scheme which may have separate funds within it.

Scheme manager	The person or body legally responsible for the operation of a PSPS.
SLA	Service Level Agreement, an agreed and measurable level of quality usually forming part of a contract.

Executive summary

Overall we found a number of common areas, some requiring improvement but others demonstrating good practice relating to the various risk areas we investigated. The key improvement areas are summarised below. These findings align with the findings from our [annual public service governance and administration survey](https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis#b856d02f01714192895cdb91e84a4410).

(<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis#b856d02f01714192895cdb91e84a4410>)

Key person risk: While most scheme managers demonstrated a good knowledge of what we expect, many funds have a lack of comprehensive documented policies and procedures. We also found an over-reliance on controls put in place by the Local Authority with little interaction between the scheme manager and Local Authority. This was particularly prevalent in relation to cyber security but this theme overlays several of the risk areas we explored.

Pension boards: Engagement levels varied, with concerns being raised about the frequency some pension boards meet and their appetite to build their knowledge and understanding. We saw evidence of some pension boards not wanting to review full documents, instead relying on much reduced summaries and leading us to question how they could fulfil their function. Others were well run and engaged.

Fraud / scams: We saw evidence of scheme managers learning from wider events and taking steps to secure scheme assets. However, not all were as vigilant when it came to protecting members from potential scams.

Employers: We saw considerable variance in the approaches taken to dealing with the risks surrounding employers, such as receiving contributions and employer insolvency. Generally this was connected to fund resourcing but also related to different philosophies related to taking security over assets.

The following sections detail our findings and recommendations, together with case studies we believe will be helpful to the PSPS community.

Key findings and associated case studies

Area of focus: Record-keeping

[Code of Practice 14 – Governance and administration of public service pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4>)

Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and paying members incorrect benefits.

Findings	Recommendations
<p>Many scheme managers have moved from annual to monthly member data collection and found this enabled them to verify data at an earlier stage, with some funds providing monthly reports to employers highlighting the quality of data submitted and action points they need to complete.</p> <p>Well-run funds are aware of the quality of the common and scheme specific data they hold. Where it is not entirely accurate robust and measurable, data improvement plans are in place. scheme managers of these funds consider a range of methods to improve data quality, including tracing exercises and improving contract management methods.</p> <p>They also generally have a robust PAS in place which detail rights and obligations of all parties to the fund.</p>	<ul style="list-style-type: none"> ● Scheme managers should be aware of how the member data they hold is measured. Data quality needs regular review. A robust data improvement plan should be implemented as appropriate. ● The quality of member data should be understood by the Scheme Manager and Pension Board. It should be recorded and tracked to ensure common and scheme specific data is of good quality. An action plan should be implemented to address any poor data found. ● Although not a legal requirement, a PAS could be implemented clearly setting out responsibilities and consequences of not complying with duties to the fund. The Pension Board should review the PAS and ensure it will stand up to challenges from employers.

Record-keeping case study 1

One scheme manager we engaged with identified concerns with the accuracy of both the common and scheme specific data it held about the fund members. Following engagement with TPR, the scheme manager created and implemented a robust data improvement plan to drive up record-keeping standards.

One of the data areas of concern for the scheme manager was the number of missing member addresses - this resulted in data scores of 60-80% for common and scheme specific categories. After a review of available resources, the scheme manager undertook a tracing exercise and within a short period of time was able to locate and carry out existence checks on over 90% of the deferred members without known addresses. The exercise also involved reviewing the way active and pensioner members are communicated with to ensure the fund holds the correct contact details for them.

This is an example of a scheme manager taking a holistic approach to improving its record-keeping standards. It gave consideration to the resource available so the project achieved a positive result while providing good value for money. The scheme manager has established that having a data improvement plan which is regularly reviewed will improve oversight of the actions it needs to take and the associated deadlines.

Record-keeping case study 2

The scheme manager of a fund we engaged with openly communicated with us about the challenges it faced in producing Annual Benefit Statements. We were told delays were caused by employers not providing member data to the scheme manager on time, and there were issues with the accuracy of some member data provided by employers.

Having considered its operational structure, and our expectations on governance and administration, the scheme manager reorganised itself internally. With the support of the s.151 officer, the scheme manager developed and implemented a robust data improvement plan which could be measured.

As well as creating a data improvement plan the scheme manager also strengthened its pension administration strategy, outlining responsibilities and the timeframes for action. This document made the consequences of non-compliance by employers clear, such as financial penalties. The scheme manager has also introduced regular employer forums to help further raise standards with employers.

As a result the scheme manager has seen a marked improvement in employer engagement and the quality of member data it holds. It continues to actively monitor both data quality and employer compliance.

Area of focus: Internal controls

[Code of Practice 14 – Governance and administration of public service pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#d4afe35ae78c404688a62e103fd192c5)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#d4afe35ae78c404688a62e103fd192c5>)

The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

Findings	Recommendations
<p>There were a range of approaches to identifying, monitoring and mitigating risks to the funds we engaged with. Some funds had detailed risk management frameworks in place and clear defined procedural documents. Others lack detailed risk registers or do not review the risks to the fund on a frequent basis, with little oversight of work being done to identify or mitigate risks.</p> <p>We found evidence across a number of funds of key person risk, where a long serving member of staff has developed a high level of knowledge about their role and internal processes but this knowledge is not documented. This leaves these funds exposed to the risk of a sharp downturn in administration and governance standards should the key person unexpectedly leave their role.</p> <p>Funds with an engaged s.151 officer who has a good relationship with the scheme manager are more likely to have clear and robust internal controls.</p>	<ul style="list-style-type: none"> ● A risk register should be in place and cover all potential risk areas. It should be regularly reviewed by the pension board. ● The scheme manager should take a holistic view to risks and understand how they are connected. ● The pension board should have good oversight of the risks and review these at each pension board meeting. ● Internal controls and processes should be recorded, avoiding an over reliance on a single person's knowledge levels. ● The scheme manager should ensure all processes are documented and reviewed on a regular basis. ● Decision and action logs covering all decisions provide a useful reference point as decisions recorded in minutes can be hard to locate.

Internal controls case study 1

A scheme manager has reviewed the approach it takes to maintaining a risk register, having found the approach it was taking could be more effective.

The scheme manager developed a high level document which identifies a wide range of risks with all members of the senior leadership team having a role in the identification and scoring of potential risks.

This document is supported by detailed 'risk maps' which provide:

- (i) a description of the identified risks
- (ii) the person responsible for overseeing the risk

(iii) how the risk is scored and

(iv) details of the mitigating actions and controls in place

Action points identified have clear timescales for completion with an identified person being responsible for delivery.

The full risk register is made available to the pension committee and pension board each time they meet and its review is a standing item on both agendas. This allows for constructive oversight and challenge, along with a clear process to act on feedback provided.

This is an example of a fund which is engaged at all levels of seniority to identify and mitigate risks to good saver outcomes. There are clear, identified processes in place along with strong oversight of the work being done. This approach was devised before TPR began to engage with the scheme manager and demonstrates a clear desire to improve.

Internal controls case study 2

A scheme manager has developed two risk registers, one for the pension committee (which acts as delegated scheme manager) and a separate, shorter, register for the pension board.

The risk register for the pension board had been reduced in size and detail at the request of the pension board. We have concerns the reduced risk register will prevent the pension board members from having full oversight of all the fund's risk and applying their knowledge and understanding in an appropriate way as they will not be fully conversant with the facts surrounding each risk.

The pension board also only reviews the risk register twice a year. We believe the risk register should be a standing item on the agenda for both the pension committee and the pension board and reviewed at each meeting – ie it will be reviewed at least each four times a year by each body.

We gave feedback to the scheme manager about our concerns and recommendations, and would encourage funds that adopt similar practices to consider how they can make more effective use of the pension board and improve the engagement levels of its members.

Area of focus: Administrators

[Code of Practice 14 – Governance and administration of public service pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#458801ec082a49e0bb494b6ff7480d12)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#458801ec082a49e0bb494b6ff7480d12>)

Good administration is the bedrock of a well-run fund. A scheme manager should work well with its administrator or administration team, and ensure the right people and processes are in place to ensure members' benefits are administered to a high standard.

Findings	Recommendations
<p>Better performing scheme managers have a close relationship with their administrator, whether they use a third party provider or an internal team. In these instances robust SLAs are in place which are routinely monitored by senior managers. These scheme managers are also willing to effectively challenge reports from administrators to ensure they fully understand the work being done.</p> <p>Not all scheme managers have clear oversight of the work being done by administrators or question the information provided by them when it is appropriate to do so. This leads to the scheme manager not understanding how well the fund is performing and can act as a barrier between the scheme manager and both participating employers and members.</p> <p>There is a variety of methods used to appoint third party administrators, and scheme managers generally carefully consider the best approach for the individual circumstances of their fund.</p>	<ul style="list-style-type: none"> ● Scheme managers must agree targets and have a strong understanding of what service providers are expected to achieve. The scheme manager should challenge and escalate as appropriate should agreed standards not be met. ● Contract lengths should be known and planned against to allow sufficient time to consider contract extensions or for the tender process, as appropriate. This mitigates risks in handing over to a new administrator. ● It is helpful for the administrator to attend and present to pension board meetings as pension board members can use their knowledge and understanding to effectively challenge reports being provided. ● Scheme managers should hold regular meetings with their service providers to monitor performance.

Administrator case study 1

A scheme manager had entered into a outsourcing contract with an administrator. The administrator's performance over a period of time was unsatisfactory, and targets and SLAs were not consistently met. Despite the council's finance director personally intervening with the administrator, matters were not improved to acceptable levels and penalty clauses were invoked.

The scheme manager decided to terminate the contract and review alternative administrative options, with a key aim of including more visibility, which the previous contract type arrangement had not provided.

The scheme manager decided not to take the administration back in house, but to enter into a third option, a shared service partnership with another administrator. This is charged on a shared cost per member basis. The new administrator also provides administrative services for a few other public service funds. The scheme manager is now part of a collaborative board and engages regularly with other scheme managers, has better visibility and good reporting functionality which now enables easy monitoring of the administrator's performance.

Data quality improvements were recognised as a key focus for the new administrator on its appointment. The scheme manager developed and put in place a robust data improvement plan with the new administrator and has made considerable improvements in its data quality scores in a short period of time. They are now using the plan as a living document to continue to target the areas needing improvement.

Administrator case study 2

One of the scheme managers had appointed a third party administrator using a partnership agreement, rather than a commercial contract. This demonstrates one of a number of approaches taken by scheme managers to secure administration services.

The scheme manager has established a clear set of objectives for the administrator and receives monthly reports about whether these are being met. The reports are shared with the pension board. Additionally, at each pension board meeting a representative of the administrator is present. This allows the pension board members to directly question the administrator about the work it is doing on behalf of the scheme manager and ensure that good saver outcomes are achieved.

Even when a scheme manager uses an outsourced administration service it remains liable for the work done on its behalf. This example demonstrates positive steps taken by a scheme manager to ensure it has effective oversight and can hold an administrator to account.

Administrator case study 3

A scheme manager was informed that its third party administrator intended to restructure in order to improve the level of service it provided to its clients. The administrator was confident that the restructure would not affect its business as usual work and the scheme manager took comfort from this without seeking more detailed assurances.

The restructure did not go as planned, which led to delays in member data being processed and SLAs not being met for around six months. The scheme manager has since increased the number of both operational and strategic meetings it holds with the administrator to combat the declining performance of the administrator.

As part of this work the scheme manager has set clearly documented expectations and provided priorities to the administrator to minimise the number and impact of poor saver outcomes. The scheme manager has now developed new ways of working with the administrator to ensure it probes the administrator's plans in more detail in the future.

This is an example of a scheme manager placing excessive reliance on assurances from an administrator without seeking evidence that supported the assurances. Robust contract management is important and will help scheme managers to identify upcoming risks to savers and to build a strong understanding of the information being provided.

Area of focus: Member communication

[Code of Practice 14 – Governance and administration of public service pension schemes](#)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#d4afe35ae78c404688a62e103fd192c5>).

The law requires scheme managers to disclose information about benefits and scheme administration to scheme members and others. This allows savers to understand their entitlements and make informed financial decisions.

Findings	Recommendations
<p>A number of scheme managers are currently reviewing the documents they send to savers. It is widely appreciated that pensions and retirement provision is complicated, and communication with savers needs to be in plain English. A variety of methods are being used, with the strongest scheme managers in this area working closely with a technical team and also enlisting the assistance of non-technical staff to check readability and whether it is comprehensive.</p> <p>Not all scheme managers fully appreciate the extent of their duties to provide information to savers, with some not knowing about the legal duty to inform active members where employee contributions are deducted but not paid to the fund within the legislative timeframe.</p>	<ul style="list-style-type: none"> ● Information sent to members should be clear, precise and free from jargon. ● There should be senior oversight of communications sent to members and prospective members. ● It is often helpful for scheme managers to measure the effectiveness of their communication with savers, eg measuring website traffic and running surveys.

Member communication case study 1

A scheme manager had previously delegated responsibility for communication with members to its third party administrator. However, it had a number of concerns about the quality of the service being provided, which included how members were kept informed and the level of detail provided.

The scheme manager took the decision to change its administrator and has now taken greater control over the communication with members. This has led to the development of a new pension administration strategy, with clear expectations around member communications being set and monitored.

A new website is being developed and the scheme manager recognises that having a clear online presence is an important method of communicating with current and potential members.

It is important to communicate with members, potential members and other relevant savers in a clear way. The information provided by a scheme manager will be used by members to make important decisions about their financial affairs. This is an example of a scheme manager looking to improve the member experience through revising the way it communicates.

Member communication case study 2

We engaged with a scheme manager that has developed a detailed communication strategy, which covers the content, frequency, format and methods of communicating. The scheme manager actively promotes the benefits of joining the fund to prospective members and through the participating employers.

Two people are responsible for different aspects of member communications, with all material being formally approved by the scheme manager before being used. The scheme manager has developed a wide range of accessible materials for savers, including a website, a wide range of information booklets, and newsletters.

Members are informed clearly of how they can raise any queries or concerns about the operation of the fund. This includes members being able to go to the scheme manager's offices in person to discuss any queries with a suitable member of staff.

The scheme manager conducts annual surveys of its members, publishing the outcomes on its website and in its annual report. It uses this information, together with complaint trends, to identify how it can provide a better service to savers.

Area of focus: Internal Dispute Resolution Procedure (IDRP)

[Code of Practice 14 – Governance and administration of public service pension schemes](#)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4>)

Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law as set out in the Code to help resolve pensions disputes

between the scheme manager and a person with an interest in the scheme.

Findings	Recommendations
<p>Some scheme managers have clear procedures in place for recording, and learning from, complaints and disputes they receive. They use this information to make changes to the way the fund is run in order to provide the best possible service to beneficiaries.</p> <p>Not all the complaints procedures and IDRP's we saw were clear about who was entitled to use them, and in some cases details of how to complain were not clearly published. This limits the ability of people with an interest in the funds to raise concerns and restricts a useful source of information for scheme managers.</p> <p>Not all scheme managers have a clear definition of a complaint. It is important for scheme managers to act in a consistent manner and if what a complaint looks like is not known this will affect its ability to put things right.</p>	<ul style="list-style-type: none"> ● There should be a clear internal policy on how to handle complaints, including escalation to suitable senior members of staff. ● People entitled to use the IDRP should be given clear information about how it operates. ● This information should be easily available, eg on the fund website. ● The pension board and scheme manager should have oversight of all complaints and outcomes, including those not dealt with in-house. ● Complaints and compliments could be analysed to identify changes that can be made to improve the operation of the fund.

IDRP case study 1

All the scheme managers we engaged with operate a two stage IDRP, where the first and second stages are looked at by people who are independent of each other.

Initially, one of the scheme managers we engaged with didn't have oversight of complaints entering the first stage of the IDRP. These complaints were dealt with by employers as they were not considered to be issues about the fund or an in-house administration matter. This meant the scheme manager did not have full oversight of the first stage complaints and therefore could not identify whether there were any trends or patterns that needed addressing, eg an employer training issue.

Following engagement as part of the cohort work, we recommended that the scheme

manager develop greater oversight of the work being done on its behalf. The scheme manager now recognises this is an area where it should improve and has amended its processes to ensure it is aware of how member outcomes are being managed when first stage IDRP complaints are received.

IDRP case study 2

Like all other funds we engaged with, this scheme manager operates a two tier IDRP. However, the scheme manager stood out in this instance for the detailed and methodical manner in which it records complaints that are raised.

All complaints are recorded in a single log which detail how it progresses, potentially from an initial concern through to a finding issued by the Pensions Ombudsman. This allows the scheme manager to analyse complaint trends and the learning points are used to improve the operation of the fund.

Additionally, all actions relating to complaints have a clear owner. This allows for strict quality control and helps ensure complaints are dealt with as soon as possible.

We would encourage all scheme managers, where they have not already done so, to adopt a detailed and auditable approach to monitor complaints and compliments received through all channels.

Area of focus: pension boards

[Code of Practice 14 – Governance and administration of public service pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4>)

The role of the pension board is to assist the scheme manager with the operation of the scheme. Pension board members are required to have an appropriate level of knowledge and understanding in order to carry out their function.

Findings	Recommendations
Scheme managers have a variety of methods for appointing pension board members and the structure of these boards also varies between funds. In some cases board member rotation is staggered to help preserve knowledge levels. Additionally, some boards have independent chairs, depending on the needs of the individual pension board.	<ul style="list-style-type: none"> • The scheme manager should arrange training for pension board members and set clear expectations around meeting attendance. • Individual pension board member training and training needs should be assessed and clearly recorded. • The pension board should meet an appropriate number of times a year, at least quarterly.

We also found a mix of engagement levels amongst pension board members. Some scheme managers are able to call on strong, committed pension boards to assist them with the operation of the fund. Other scheme managers face challenges around pension board members who routinely fail to attend meetings or complete the training they need to meet the required level of knowledge and understanding.

The relationships between pension boards and scheme managers varied - where the pension board had a strong relationship with the scheme manager, including a willingness to challenge, we found better-run funds.

- Processes should be in place to deal with an ineffective pension board member by either the chair of the pension board or the scheme manager.
- Scheme managers should be aware of the risk of pension board member turnover and ongoing training needs.
- Regular contact between the scheme manager and chair of the pension board is helpful. An open and auditable dialogue outside of formal meetings can help improve the governance and administration of the fund.
- The chairs of the pension board and pension committee should consider attending each other's meetings to observe as this leads to better transparency.
- Pension board members should be fully engaged and challenge parties where appropriate.

Pension board case study 1

One scheme manager spoke to us about the challenge it has faced regarding attendance at pension board meetings, and ensuring the pension board has the required level of knowledge and understanding. At one time it had to reschedule a meeting of the pension board because so few people attended the meeting.

Since then the scheme manager has changed its policy on pension board meetings. One pension board member with a low attendance record has been removed and replaced with a more engaged representative.

The scheme manager is also reviewing how it records the training that pension board members attend. Currently, training is recorded at a high level and there is no clear method of identifying training needs, although informal discussions take place between the scheme manager and individual pension board members.

The scheme manager has recognised that it needs to better understand how pension board members are meeting their obligation to have an appropriate level of knowledge.

Pension board case study 2

Another scheme manager we engaged with has reviewed how the pension board operates and decided to appoint an independent chair. While the chair does not have voting rights, this person lends their expertise to the running of the pension board to ensure meetings run effectively.

Having an independent chair is not compulsory but in this instance is a positive example of a scheme manager being aware of the needs of the local pension board and taking steps to ensure it operates effectively.

The scheme manager has also developed a strong working relationship with the chair, holding a number of informal meetings outside of the formal pension board meetings. This working practice allows the scheme manager to ensure the pension board receives all the information it needs and that the scheme manager can comprehensively answer any anticipated questions.

Area of focus: Employers and contributions

[Code of Practice 14 – Governance and administration of public service pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#e6e12897999d45e5bc8ead7983fd15b4>)

Contributions must be paid to the scheme in accordance with scheme regulations. Scheme managers are also reliant on employers to provide accurate and timely member data, which is required for the effective administration of the scheme.

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Findings	Recommendations
Scheme managers monitoring the payment of contributions often face the challenge of payroll providers making a single payment for several employers and delaying sending a breakdown of the amount paid. Some scheme managers have been working with participating employers to encourage them to provide training to payroll providers where the payroll company won't engage with a body it doesn't have a direct contractual relationship with. Changing a payroll provider can cause issues. Early engagement with the	<ul style="list-style-type: none"> • Scheme managers should understand the financial position of participating employers and take a risk-based and proportionate approach to identifying employers most at risk of failing to pay contributions. Red, Amber, Green reporting often provides extra focus. • Employer solvency should be considered on an ongoing basis and not just at the time of each valuation. • Where employers outsource the payroll function, early engagement with the employer on the potential

<p>employer and provider is helpful to mitigate later problems.</p> <p>Scheme managers have a variety of ways of assessing the risk of employers failing to pay contributions or having a disorderly exit from the fund, depending on the fund's resources. Better resourced and funded scheme managers will carry out detailed covenant assessments of all participating employers, with other scheme managers only reviewing those they believe to pose the highest risk.</p> <p>Most scheme managers seek security from employers to mitigate the risk of a failure to pay contributions. Some scheme managers rely on guarantees, particularly in relation to participating employers providing outsourced services. Others expect the majority of employers to set up a bond. Only a few scheme managers accepted a wide range of security types, generally those with larger funds.</p> <p>Decisions around what security to require are often based on previous ways of operating, rather than considering the best option in individual circumstances.</p>	<p>risks will help them manage their supplier.</p> <ul style="list-style-type: none"> • Employers may exit the fund so it is helpful to have a principle based policy on how to manage this given that circumstances are likely to vary in individual situations. • Scheme managers should develop an understanding of the risk and benefits of a range of security types, such as charges, bonds and guarantees. • Scheme managers should consider whether accepting a range of security types will offer more effective protection to the fund, rather than focussing on a single form of security. • Scheme managers should understand which employers have not provided any security for unpaid contributions and consider what appropriate steps can be taken to secure fund assets. • Where security is in place, Scheme Managers should have a policy on when the security should be triggered.
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Employer case study 1

Having a robust method for reviewing employer risk is a high priority for one of the scheme managers we engaged with. It has developed a process to maintain oversight of the various participating employers in the fund, covering a range of topics from the provision of member data to the strength of the employer covenant.

Each employer is risk rated and the risk levels are regularly monitored. This allows the scheme manager to gain advance notice of potential problems so it can take steps to mitigate the risks and to provide comfort that guarantors are in a position to pay additional amounts to the fund if a call on the guarantee is made.

This information is also used to inform employers of any failures to meet their obligations to the fund at an early stage, identifying action points they need to carry out.

Employer case study 2

Scheme manager 1 has decided to incorporate a charging policy for seeking the reimbursement of costs caused by an employer's failure to comply with its obligations into admission agreements. This means the scheme manager has a clear policy in place that all employers will be aware of when they start to participate in the fund.

Not all scheme managers have approached the issue of employer compliance in the same way. Scheme manager 2 has a small portfolio of participating employers and relies on having a good relationship with them in order to achieve compliance. This scheme manager also considers that as most employers are supported by central government it need not be concerned with affordability.

We were concerned about the lack of formal processes to ensure compliance. While the scheme manager has not encountered difficulties to date, we have recommended that it makes some improvements. Additionally, all scheme managers should remember that, should a participating employer suffer an insolvency event, any missing payments due to the fund will need to be paid by someone and there should not be an over-reliance on the taxpayer and other employers.

Area of focus: Cyber security

[Guidance: Cyber security principles for pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/cyber-security-principles-the-pensions-regulator)

(<https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/cyber-security-principles-the-pensions-regulator>).

Pension schemes hold large amounts of personal data and assets which can make them a target for fraudsters and criminals. scheme managers need to take steps to protect their members and assets accordingly.

Findings	Recommendations
Most scheme managers are heavily reliant on the security systems put in place by the Local Authority, with some not engaging with how the procedures in place affect the fund. Scheme managers of well run funds have a good understanding of the IT systems in place, even where these are implemented by the Local Authority.	<ul style="list-style-type: none"> • Scheme managers and pension boards should understand the risk posed to data and assets held by the fund so steps can be taken to mitigate the risks. This should be reflected in the risk register. • Regular, independent, penetration testing should be carried out. Scheme managers should consider

<p>Some scheme managers have not given consideration to the risks posed by cyber crime. For these funds, cyber security did not appear on the risk register before our engagement with the scheme manager.</p> <p>Scheme managers that are aware of the risks associated with cyber crime generally have robust procedures in place to test the effectiveness of both cyber security and resilience methods.</p>	<p>physical security as well as protection against remote attacks.</p> <ul style="list-style-type: none"> • Where cyber security is maintained by the Local Authority rather than the scheme manager, the scheme manager should understand the procedure and ensure the fund's requirements are met. • Scheme managers should be aware of the cyber security processes used by third party providers, such as the administrator or custodian, that handle fund assets or data.
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Cyber security case study 1

A scheme manager we engaged with identified cyber security as one of the top risks to the fund. It demonstrated a good awareness of the processes put in place by the Local Authority and carries out testing of these processes.

The scheme manager had recently tested both its cyber defences and the wider business continuity plan. As a result it is confident it can provide a good service to savers in the event of a wide variety of disaster scenarios.

As part of our engagement we also found the scheme manager has processes in place to assess the adequacy of steps taken by its service providers to protect member data. This gives the scheme manager comfort that member data will be secure when being handled by other bodies.

Although the scheme manager has not implemented its own controls it has rigorously reviewed the process put in place by the Local Authority. It has satisfied itself that those processes are of a sufficient standard to protect the fund and its savers.

Cyber security case study 2

A scheme manager had not considered the importance of cyber security until we engaged with them as part of this work. The scheme manager was reliant on the security measures put in place by the council but did not engage on the topic, so it was not clear how it was affected.

Cyber security did not appear on the fund's risk register and the scheme manager was not actively considering the dangers of a successful cyber attack on the fund.

Following our engagement, the scheme manager has developed its understanding of the risks surrounding cyber security. It now records the risk on its risk register and as part of the

Local Authority's strategy all staff will receive mandatory training in cyber security.

The scheme manager has also started engaging with third party service providers to ensure they also have robust cyber security and data protection procedures in place. This gives the scheme manager better oversight of how member data is protected when not under the scheme manager's direct control and marks a significant improvement in how this risk is monitored and mitigated.

Area of focus: Internal fraud and false claims

[Code of Practice 14 – Governance and administration of public service pension schemes](#)

(<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice#015b082d7b984f94a598a6377fae1b29>)

Schemes without strong internal controls are at greater risk. This includes having a clear separation of responsibilities and procedures which prevent a single member of staff from having unfettered access to scheme assets. Strong internal controls, particularly over financial transactions, also help mitigate the risk of assets being misappropriated.

Findings	Recommendations
<p>Scheme managers generally appear to have an awareness of the risks of fraud against their fund, both from an internal and external source. We found scheme managers are generally aware of publicised fraudulent activity that have affected other pension schemes and have taken steps to review their own procedures.</p> <p>Scheme managers of well run funds typically take steps to regularly screen member existence. Their scheme managers are also aware that not all incorrectly claimed pension benefits are the result of an attempt to defraud the fund and can identify when to treat a situation with sensitivity.</p> <p>Most scheme managers have introduced multiple levels of sign offs, with more than one person being required to agree to a payment being made. The scheme managers were also</p>	<ul style="list-style-type: none"> • Scheme managers should regularly review their procedures to protect the fund's assets from potential fraud. • A clearly auditable process should be in place for the authorising of payments. Ideally, this would require more than one person to provide authority to make the payment. • A scheme manager should have a policy in place to differentiate between a potential fraud and a potential honest mistake by a saver. • Where a fraud is detected in the scheme manager's fund, or another one, they should take steps to stop the fraud and analyse causes to prevent a reoccurrence. • When paper records are being used they should be held securely to

aware of frauds involving other funds, where this had been made public. They had taken steps to reduce their own vulnerability to similar issues.	prevent the risk of loss or misappropriation.
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Fraud case study 1

A scheme manager has worked with its administrator to put in stringent measures to prevent fraudulent activity. In addition to participating in the National Fraud Initiative, it does regular life certificate exercises as part of the fund's policy, checking mortality and addresses. Where doubts are raised the scheme manager will suspend payments pending clarification.

Many of the members of the fund are now non-resident in the UK, which provides challenges to the scheme manager in locating members. The scheme manager has adopted an innovative use of technology for the foreign domiciled members by arranging video calls to speak to the member who must show their passports to provide their identity and confirm personal details.

The scheme manager demonstrated good awareness of the risk of internal fraud by connected persons, and there is clear segregation of duties. Additionally the workflow processes being system driven provide automatic checks with different people checking and authorising the processes. Suspicious payments are immediately reported to senior management to check.

Fraud reporting policies are clear, and internal auditors are involved whenever there is suspicion of a fraudulent activity. The fraud reporting goes immediately to directorship and chief executive level.

Fraud case study 2

In this instance the scheme manager has strong controls in place to identify potential frauds against the fund assets.

The scheme manager works with the National Fraud Initiative to identify instances of possibly fraudulent claims for a benefit from the fund. The scheme manager's work in this area is supplemented by its involvement with the 'Tell Us Once' initiative and the use of a third party agency to help identify when beneficiaries have passed away.

The scheme manager also demonstrated an awareness of the risks associated with members and other potential beneficiaries being overseas. It carries out existence checks on these people as well as those residing in the United Kingdom.

When a payment is due to be made, the scheme manager has introduced a vigorous set of controls. This has led to a clear separation of duties and the requirement for payments to

be independently authorised, reducing the risk of fund employees misappropriating fund assets.

Conclusion

We've outlined some areas of good practice in this report, and also some areas where we remain concerned and expect scheme managers to improve where appropriate. Overall, we noted:

- Not all funds are the same and there is a variety of equally valid approaches to mitigating risk used across funds in the LGPS.
- It is important that scheme managers recognise, and maintain, a separation between the fund and Local Authority to avoid an over-reliance on the Local Authority's policies and procedures. When establishing its own policies and procedures a scheme manager should be able to seek assistance from the pension board, meaning steps should also be taken to ensure the pension board is able to fulfil its role. Where this is not possible, scheme managers should feed into creating Local Authority policies to make sure they are fit for purpose.
- There are clear benefits to the operation of the fund where there is an engaged s.151 officer who is directly involved.
- Good quality data and record-keeping standards underpin all aspects of successfully running a fund and these areas should be treated as a priority in order to drive good outcomes.
- Scheme managers that have developed and implemented a robust pension administration strategy have found them useful. While not a legal requirement, scheme managers should consider whether this type of document will be useful and look to introduce them where this is the case.
- A common risk is the unexpected departure of key members of the scheme manager's staff. Succession planning and clearly recorded processes help mitigate this risk.
- Measuring governance and administration is challenging and requires more than just an analysis of raw figures. Scheme managers should therefore put in place appropriate reporting measures that they believe capture both quantitative and qualitative assessments. This approach should be tailored to the specific circumstances of their fund.
- Scheme managers should take a holistic approach when considering the governance and administration risks to their fund. Most risks are connected to each other and a scheme manager should understand how a risk materialising will impact on other areas of governance and administration.
- Risks to funds are constantly changing and evolving. For example, the methods used by scammers change over time. Scheme managers should be alert to the changing nature of risks and adapt their approaches accordingly.

- Many scheme managers have a clear understanding of how their funds operate and want to provide the best experience for savers. Where scheme managers liaise with each other to discuss common challenges and solutions to them, whether at formal events or through ad hoc engagement, often leads to improved governance standards. We encourage such action.

The Pensions Regulator

Public Service Governance and Administration Survey 2019 Item 13

This document is intended to be used as a guide to help you gather the information required for the survey. Please note, however, that we need you to complete the questionnaire through the [online survey link](#) contained in your invitation email.

Thank you for taking the time to complete this survey. Please answer the questions in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful.

SECTION A – GOVERNANCE

The first set of questions is about how your pension board works in practice.

A1. EVERYONE TO ANSWER

Does your scheme have a documented policy to manage the pension board members' conflicts of interest?

Please select one answer only

1. Yes
2. No
3. Don't know

A2. EVERYONE TO ANSWER

Does your scheme maintain a register of pension board members' interests?

Please select one answer only

1. Yes
2. No
3. Don't know

A3. EVERYONE TO ANSWER

Focusing on the scheme's pension board meetings in the last 12 months, please tell us the following:

Please write in the number for each of a-c below

- a) Number of board meetings that were scheduled to take place (in the last 12 months)
- b) Number of board meetings that actually took place (in the last 12 months)
- c) Number of board meetings that were attended by the scheme manager or their representative (in the last 12 months)

A4. EVERYONE TO ANSWER

Do the scheme manager and pension board have sufficient time and resources to run the scheme properly?

Please select one answer only

1. Yes
2. No
3. Don't know

A5. EVERYONE TO ANSWER

Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

Please select one answer only

1. Yes
2. No
3. Don't know

A6. EVERYONE TO ANSWER

How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

Please select one answer only

1. At least monthly
2. At least quarterly
3. At least every six months
4. At least annually
5. Less frequently
6. Never
7. Don't know

A7. EVERYONE TO ANSWER

On average, how many hours of training per year does each pension board member have in relation to their role on the pension board?

Please write in the number below

..... hours per year

A8. EVERYONE TO ANSWER

Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?

Please select one answer only

1. Yes
2. No
3. Don't know

A9. EVERYONE TO ANSWER

Is the pension board able to obtain sufficient specialist advice on the following matters when it needs to?

<i>Please select one answer per row</i>	Yes	No	Don't know
a) Administration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Cyber security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Legal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A10. EVERYONE TO ANSWER

Focusing on the composition of your pension board, please tell us the following:

Please write in the number for each of a-d below

- a) Number of current board members
- b) Number of vacant positions on the board
- c) Number of members that have left the board
in the last 12 months
- d) Number of members that have been appointed
to the board in the last 12 months

A11. EVERYONE TO ANSWER

Does the scheme have a succession plan in place for the members of the pension board?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

A12. EVERYONE TO ANSWER

Has the scheme manager delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

SECTION B – MANAGING RISKS

The next set of questions is about managing risks.

B1. EVERYONE TO ANSWER

Does your scheme have its own documented procedures for assessing and managing risk?

Please select 'No' if your scheme relies on your local authority's documented procedures for assessing and managing risk.

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

B2. EVERYONE TO ANSWER

Does your scheme have its own risk register?

Please select 'No' if your scheme relies on your local authority's risk register.

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

B3. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings reviewed the scheme's exposure to new and existing risks?

Please write in the number below

.....

B4. EVERYONE TO ANSWER

To what do the top three governance and administration risks on your register relate? If you do not have a risk register, please tell us to what the top three governance and administration risks facing your scheme relate.

Please select up to three options below

1. Funding or investment
2. Record-keeping (i.e. the receipt and management of correct data)
3. Guaranteed Minimum Pension (GMP) reconciliation
4. Securing compliance with changes in scheme regulations
5. Production of annual benefit statements
6. Receiving contributions from the employer(s)
7. Lack of resources/time
8. Recruitment and retention of staff or knowledge
9. Lack of knowledge, effectiveness or leadership among key personnel
10. Poor communications between key personnel (board, scheme manager, administrator, etc.)
11. Failure of internal controls
12. Systems failures (IT, payroll, administration systems, etc.)
13. Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
14. Administrator issues (expense, performance, etc.)
15. Other (please specify):
16. Don't know

SECTION C – ADMINISTRATION AND RECORD-KEEPING PROCESSES

The next set of questions is about administration and record-keeping.

C1. EVERYONE TO ANSWER

Does the scheme have an administration strategy?

Please select one answer only

1. Yes
2. No
3. Don't know

C2. EVERYONE TO ANSWER

Which of the following best describes the scheme's administration services?

Please select one answer only

1. Delivered in house
2. Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract
3. Outsourced to a commercial third party
4. Other
5. Don't know

C3. EVERYONE TO ANSWER

Which of the following do you use to measure the performance of your administrators (whether in-house or outsourced)?

Please select all the options that apply

1. Performance against a service level agreement or service schedule
2. Member satisfaction ratings
3. 'Right first time' statistics
4. Testing the accuracy of calculations
5. Analysis of errors
6. Complaints volumes and trends
7. Volumes of rework required
8. Assessing project delivery against initially agreed time and cost
9. Benchmarking against the market
10. Auditing administration functions and systems
11. None of these
12. Don't know

C4. EVERYONE TO ANSWER

To what extent are the following processes automated?

A process is automated if it is completed through the use of technology, for example through a software platform, with minimal human intervention.

Please select one answer per row

	Fully automated	Mainly automated with some manual intervention	Mainly done manually	All done manually	Don't know
a) Verification and input of employer data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Reconciliation of contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Reporting – data quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Reporting – complaints and issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Benefit value calculations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Transfer value calculations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Production of benefit statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Monitoring workload and resourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C5. EVERYONE TO ANSWER

What, if any, barriers do you face to automating more of the scheme's processes?

Please select all the options that apply

1. Lack of suitable technology
2. Difficulty in integrating it with the scheme's existing systems
3. The initial set-up costs involved
4. Securing the necessary internal approval
5. Internal resistance to (further) automation
6. Lack of knowledge/expertise about how to implement this
7. Poor quality of the data
8. Other (please specify):
9. No barriers to automating more of the scheme's processes
10. Don't know

C6. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings had administration as a dedicated item on the agenda?

Please write in the number below

.....

C7. EVERYONE TO ANSWER

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

Please select one answer only

1. Yes
2. No
3. Don't know

C8. EVERYONE TO ANSWER

Does the scheme have an agreed process in place with the employer(s) to receive, check and review data?

Please select one answer only

1. Yes
2. No
3. Don't know

C9. EVERYONE TO ANSWER

Is your scheme single employer or multi-employer?

Please select one answer only

1. Single employer scheme (i.e. used by just one employer)
2. Multi-employer scheme (i.e. used by several different employers)

C10. ANSWER IF SINGLE EMPLOYER SCHEME (C9=1)**Does your participating employer...***Please select one answer per row*

	Yes	No	Don't know
a) Always provide you with timely data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Always provide accurate and complete data?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Submit data to you monthly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Submit data to you electronically?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C11. ANSWER IF MULTI-EMPLOYER SCHEME (C9=2)**What proportion of your scheme's employers...**

Please write in the percentage (from 0% to 100%) for each of a-d below. If you do not know exactly, please give an approximate percentage.

- a) Always provide you with timely data? %
- b) Always provide accurate and complete data? %
- c) Submit data to you monthly? %
- d) Submit data to you electronically? %

C12. EVERYONE TO ANSWER**Does the scheme have a process in place for monitoring the payment of contributions?***Please select one answer only*

1. Yes
2. No
3. Don't know

C13. EVERYONE TO ANSWER**Does the scheme have a process in place for resolving contribution payment issues?***Please select one answer only*

1. Yes
2. No
3. Don't know

SECTION D – CYBER SECURITY

The next set of questions is about your scheme's cyber security.

D1. EVERYONE TO ANSWER

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

By 'cyber risk' we mean the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes.

Please select all the options that apply

1. Roles and responsibilities in respect of cyber resilience are clearly defined and documented
2. Cyber risk is on the risk register and regularly reviewed
3. Assessment of the vulnerability to a cyber incident of the key functions, systems, assets and parties involved in the running of the scheme
4. Assessment of the likelihood of different types of breaches occurring in the scheme
5. Access to specialist skills and expertise to understand and manage the risk
6. System controls (e.g. firewalls, anti-virus and anti-malware products and regular updates of software)
7. Controls restricting access to systems and data
8. Critical systems and data are regularly backed up
9. Policies on the acceptable use of devices, passwords and other authentication, and on home and mobile working
10. Policies on data access, protection, use and transmission which are in line with data protection legislation and guidance
11. An incident response plan to deal with any incidents which occur
12. The scheme manager has assured themselves of third party providers' controls (including administrators)
13. The scheme manager receives regular updates on cyber risks, incidents and controls
14. The pension board receives regular updates on cyber risks, incidents and controls
15. None of these
16. Don't know

D2. EVERYONE TO ANSWER

Have any of the following happened to your scheme, including at your administration provider, in the last 12 months?

Please select all the options that apply

1. Computers becoming infected with ransomware
2. Computers becoming infected with other viruses, spyware or malware
3. Attacks that try to take down your website or online services
4. Hacking or attempted hacking of online bank accounts
5. People impersonating your scheme in emails or online
6. Staff receiving fraudulent emails or being directed to fraudulent websites
7. Unauthorised use of computers, networks or servers by staff, even if accidental
8. Unauthorised use or hacking of computers, networks or servers by people outside your scheme
9. Any other types of cyber security breaches or attacks
10. None of these
11. Don't know

D3. ANSWER IF EXPERIENCED ANY CYBER SECURITY BREACHES IN THE LAST 12 MONTHS (D2=1-9)

Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months (including at your administration provider), which, if any, of the following happened as a result?

Please select all the options that apply

1. Software or systems were corrupted or damaged
2. Personal data (e.g. on members, beneficiaries or staff) was altered, destroyed or taken
3. Permanent loss of files (other than personal data)
4. Temporary loss of access to files or networks
5. Lost or stolen assets, trade secrets or intellectual property
6. Money was stolen
7. Your website or online services were taken down or made slower
8. Lost access to any third-party services you rely on
9. None of these
10. Don't know

SECTION E – DATA REVIEW

The next set of questions is about your scheme's approach to reviewing and improving its data.

E1. EVERYONE TO ANSWER

When did your scheme last complete a data review exercise?

Please select one answer only

1. Within the last 12 months
2. More than 12 months ago
3. Never completed one
4. Don't know

E2. ANSWER IF SCHEME HAS EVER COMPLETED A DATA REVIEW EXERCISE (E1=1 OR 2)

Did your scheme's most recently completed data review exercise identify any issues or problems with the following?

Please select one answer per row

	Yes	No	Don't know
a) National insurance number	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) First name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Surname	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) First line of address	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Postcode	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Membership start date	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) Other data item(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E3. ANSWER IF REVIEW IDENTIFIED ISSUES WITH ANY OF THE SPECIFIC DATA ITEMS (YES AT ANY OF E2a-k)

Focussing just on the specific data items that you identified issues or problems with in your most recently completed data review, approximately what percentage of the scheme memberships were affected by each one?

Please select one answer per row

% of memberships affected

<i>(just for those selected at E2)</i>	<1%	1-9%	10-19%	20-29%	30%+	Don't know
a) National insurance number	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) First name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Surname	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) First line of address	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Postcode	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Membership start date	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E4. ANSWER IF DATA REVIEW IDENTIFIED ISSUES WITH ANY DATA ITEMS (YES AT ANY OF E2a-l)

Has any action been taken to address the issues or problems identified with the data?

Please choose one answer that most closely describes the action your scheme has taken to date

1. An improvement plan is in development
2. An improvement plan is in place but rectification work is not yet complete
3. An improvement plan has been put in place and rectification work has been completed
4. Rectification work has been undertaken without an improvement plan
5. No improvement plan has been developed and no work has been undertaken
6. Don't know

SECTION F – ANNUAL BENEFIT STATEMENTS

The next set of questions is about members' annual benefit statements.

F1. EVERYONE TO ANSWER

In 2019, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

..... %

F2. ANSWER IF DEADLINE WAS MISSED FOR ANY MEMBERS (F1=0-99%)

Was the missed deadline for issuing active member statements reported to TPR?

Please select one answer only

1. Yes - and Breach of Law report made
2. Yes - but decided not to make a Breach of Law report
3. No - not reported
4. Don't know

F3. ANSWER IF MISSED DEADLINE WAS NOT REPORTED TO TPR (F2=3)

What was the main reason for not reporting the breach?

Please select one answer only

1. Not material - few statements affected
2. Not material - very short delay
3. Other reason (please specify):
4. Don't know

F4. EVERYONE TO ANSWER

What proportion of all the annual benefit statements the scheme sent out in 2019 contained all the data required by regulations?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

..... %

SECTION G – RESOLVING ISSUES

The next set of questions is about resolving issues or complaints the scheme has received.

G1. EVERYONE TO ANSWER

Does the scheme have a working definition of what constitutes a complaint?

Please select one answer only

1. Yes
2. No
3. Don't know

G2. EVERYONE TO ANSWER

Focusing on the complaints you have received in the last 12 months from members or beneficiaries in relation to their benefits and/or the running of the scheme, please tell us the following information.

Please write in the number for each of a), b) and c) below. The number at b) should be equal to or lower than the number at a). The number at c) should be equal to or lower than the number at b).

- a) **Total number of complaints received**
- b) **Number of these complaints that have entered the Internal Dispute Resolution (IDR) process**
- c) **Number of these complaints that were upheld by the IDR process**

G3. ANSWER IF ANY COMPLAINTS ENTERED THE IDR PROCESS IN THE LAST 12 MONTHS (G2b>0)

To what did the top three types of complaint going through the IDR process relate?

Please select up to three options below

1. Slow or ineffective communication
2. Inaccuracies or disputes around pension value or definitions
3. Delays to benefit payments
4. Disputes or queries about the amount of benefit paid
5. Delay or refusal of pension transfer
6. Inaccurate data held and/or statement issued
7. Pension overpayment and recovery
8. Eligibility for ill health benefit
9. Other (please specify):
10. Don't know

SECTION H – REPORTING BREACHES

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

H1. EVERYONE TO ANSWER

Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify breaches of the law?

Please select one answer only

1. Yes
2. No
3. Don't know

H2. EVERYONE TO ANSWER

In the last 12 months, have you identified any breaches of the law that are not related to annual benefit statements?

Please select one answer only

1. Yes
2. No
3. Don't know

H3. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

What were the root causes of the breaches identified?

Please select all the options that apply

1. Systems or process failure
2. Failure to maintain records or rectify errors
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of the employer(s) to provide timely, accurate or complete data
5. Late or non-payment of contributions by the employer(s)
6. Other employer-related issues (please specify):
7. Something else (please specify):
8. Don't know

H4. EVERYONE TO ANSWER

Are there procedures in place to assess breaches of the law, and report these to TPR if required?

Please select one answer only

1. Yes
2. No
3. Don't know

H5. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do not include any breaches that related to annual benefit statements.

Please select one answer only

1. Yes
2. No
3. Don't know

SECTION I – GOVERNANCE AND ADMINISTRATION

The next set of questions is about your progress in addressing governance and administration issues.

I1. EVERYONE TO ANSWER

What do you believe are the top three factors behind any improvements made to the scheme's governance and administration in the last 12 months?

Please select up to three options below

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved engagement by TPR
3. Improved understanding of the risks facing the scheme
4. Resources increased or redeployed to address risks
5. Administrator action (please specify):
6. Scheme manager action (please specify):
7. Pension board action (please specify):
8. Other (please specify):
9. No improvements made to governance/administration in the last 12 months
10. Don't know

I2. EVERYONE TO ANSWER

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

Please select up to three options below

1. Lack of resources or time
2. Complexity of the scheme
3. The volume of changes that are required to comply with legislation
4. Recruitment, training and retention of staff and knowledge
5. Lack of knowledge, effectiveness or leadership among key personnel
6. Poor communications between key personnel (board, scheme manager, administrator, etc.)
7. Employer compliance
8. Issues with systems (IT, payroll, administration systems, etc.)
9. The McCloud judgement
10. Other (please specify):
11. There are no barriers
12. Don't know

SECTION J – PERCEPTIONS OF TPR

The final set of questions is about your views of TPR.

J1. EVERYONE TO ANSWER

Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) Tough	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Efficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Visible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Fair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Respected	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Evidence-based	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Decisive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Approachable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

J2. EVERYONE TO ANSWER

Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?

Please select one answer only

1. Very effective
2. Fairly effective
3. Neither effective nor ineffective
4. Not very effective
5. Not at all effective
6. Don't know

J3. EVERYONE TO ANSWER

To what extent do you agree or disagree with the following statements?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) TPR is effective at bringing about the right changes in behaviour among its regulated audiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) TPR is proactive at reducing serious risks to member benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION K – ATTRIBUTION

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

K1. EVERYONE TO ANSWER

Which of the following best describes your role within the pension scheme?

Please select one answer only

1. Scheme manager*
2. Representative of the scheme manager
3. Pension board chair
4. Pension board member
5. Administrator
6. Other (please specify):

**In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

K2. EVERYONE TO ANSWER

What other parties did you consult with to complete this survey?

Please select all the options that apply

1. Scheme manager
2. Representative of the scheme manager
3. Pension board chair
4. Pension board member
5. Administrator
6. Other
7. Did not consult with any other parties

K3. EVERYONE TO ANSWER

To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose
2. No, I would like my responses to remain anonymous

K4. EVERYONE TO ANSWER

And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board
2. No, I would like my responses to remain anonymous

K5. EVERYONE TO ANSWER

TPR may conduct some follow up research on this topic to improve their advice and engagement with schemes such as yours. Would you be willing for us to pass on your name, contact details and relevant survey responses to them so that they, or a different research agency on their behalf, could invite you to take part?

You may not be contacted and, if you are, there is no obligation to take part. Your contact details will be stored for a maximum duration of 12 months, before being securely destroyed.

Please select one answer only

1. Yes, I am happy to be contacted for follow-up research
2. No, I would prefer not to be contacted for follow-up research

K6. EVERYONE TO ANSWER

Please record your name below. This is just for quality control purposes and will not be passed on to TPR (unless you have agreed that they can contact you for follow-up research).

Please write in below

.....

K7. EVERYONE TO ANSWER

Finally, please use the space below if you have any other comments or would like to clarify/ explain any of the answers you have given.

Please write in below if applicable

.....

.....

.....

.....

.....

.....

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Thank you. Please now submit your responses through the [online survey link](#) contained in your invitation email. If you have any queries or technical issues please contact James Murray (Director, OMB Research) at james.murray@ombresearch.co.uk or on 01732 220582.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Pension Board Activity Log 2019/20

Date	Activity	Undertaken by	Action Completed
2019			
31 January	Receipt of FPS Bulletin 16		
28 February	Receipt of FPS Bulletin 17		
28 March	Receipt of FPS Bulletin 18		
3 April	Data Conference	Member of Pensions Team attended	
30 April	Receipt of FPA Bulletin 19		
15 May	Firefighters and Police Local Pensions Boards Governance Conference	Emmett Robertson attended	
May	Receipt of FPS Bulletin 20		
4 June	Pensions Board		
18 June	LPB annual wrap up training – London	Emmett Robertson and Kal Shoker attended	
June	Receipt of FPS Bulletin 21		
July	Receipt of FPS Bulletin 22		

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25 July	Receipt of enews from Gad	Pension Board	
29 July	Audit and Risk Committee	Kal Shoker attended	
20 August	The Pension Regulator Summer Round Up	Pension Board	
30 August	Receipt of FPS Bulletin 23 including Firefighters Admin Benchmark report - Final	Pension Board	
6 September	Email from Paul Gwynn re GAD data improvement reports for FRAs		
17 September	LGA Pension Board Training – Shropshire FRS	Wendy Browning Sampson Julie Felton Adam Harper	
20 September	Paul Gwynn responses to Adam Harper email	Pension Board	
24/25 September	LGA Annual Pension Conference	Cllr Miks Adam Harper Paul Gwynn	
30 September	Receipt of FPS Bulletin 24		
1 October	Paul Gwynn provided contact details for HMRC		
1 October	Email confirmation of December Pension Board and Training Opportunity		
2 October	Enews What the TPR learned investigating PS Schemes including Engagement Report		
8 October	Email from Wendy Browning Sampson re TEAMS		
30 October	FPS Bulletin 25		
8 November	Email from Claire Hey re TPR Governance and Administration Survey 2019 and 6 key processes		

15 November	TPR letter to Paul Gwynn – Relationship supervision: Areas of Focus		
9 December	Meeting of Chair of Pension Board, Chair of Audit and Risk, Clerk and Treasurer to the Authority and Payroll and Pensions Manager		
16 December	Pensions Board		
	2020		
13 January 2020	Audit and Risk Committee	Chair to attend	
	Pensions Board		
23 March	Audit and Risk Committee	Chair to Attend	
1 June	Audit and Risk Committee		

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Pension Board WORK PROGRAMME 2019/20

Date of Meeting	Item	Responsible Officer	Completed
	2019		
1 July 2019	Deadline for Audit and Risk Committee		
29 July 2019	Audit and Risk Committee Presentation of Pension Board Annual Report Minutes of the Pension Board held on 4 June 2019 Annual Report of Pension Board	Chair to Present Minutes and	
10 September	Pensions Board Minutes of the Pension Board held on 4 June 2019 Pension Board Supporting Information New Pension Board Risk Register for consideration Scheme Advisory Board Bulletins 20, 21, 22 Pension Regulator Public Service Governance and Administration Survey Pension Regulator Summer Roundup eGAD Newsletter Ill Health Retirement Pension Board Activity Log Pension Board Work Programme Training Update on Topical, Legal and Regulatory Issues		

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17 September	Pension Training – Shropshire Fire and Rescue Service	Wendy Browning Sampson Julie Felton Adam Harper	
24/25 September	Firefighters' Pension AGM	All to Note	
21 October	Deadline for Audit and Risk Committee		
11 November	Audit and Risk Committee		
2 or 5 December	LGA Training with Scheme Manager		
13 December	Deadline for Audit and Risk Committee		
16 December	Pensions Board Minutes of the Pension Board held on 10 September 2019 Minutes of the Audit and Risk Committee held on 29 July and 2 September 2019 Supporting Information Risk Register Bulletins 24, 25, 26 TPR Times Up for Pension Scammers TPR What TPR Learned investigating Pension Schemes Governance and Administration risk in public service pension schemes: an engagement report Training – Update from Shropshire training Feedback from Pensions Conference TPR - Public Service Governance and Administration Survey 2019 update TPR Relationship Supervision – Areas of Focus Use of Microsoft Teams Activity Log Work Programme		

	2020		
13 January	Audit and Risk Committee Pension Board Minutes of 10 September to be presented Pension Board Minutes of 16 December to be presented	Chair to attend Pension Board to present Minutes	
2 March	Deadline for Audit and Risk Committee		
23 March	Audit and Risk Committee		
? March	Pension Board to be held		
11 May	Deadline for Audit and Risk Committee		
1 June	Audit and Risk Committee Minutes of March Pension Board to be presented		
? June	Pension Board to be held Annual Report to be produced		
29 June	Deadline for Audit and Risk		
20/27 July	Audit and Risk Committee Minutes of the June Pension Board to be presented		

