WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

28 NOVEMBER 2022

1. REGULATOR SUPERVISORY REPORT - UPDATE

Report of the Clerk

RECOMMENDED

1.1. THAT Members note the agreed Action Plan shared with The Pension Regulator on 11 November 2022 (see Appendix 1), including specific Actions for the Committee.

1.2. THAT Members agree to receive updates on progress and provide input on the action plan over the next three months via e-mail, with a full update to be received at the March 2023 A&R Committee meeting.

1.3. THAT Committee agree to invite The Pension Regulator (the Regulator) to attend the March 2023 A&R Meeting to participate in the update discussion.

2. PURPOSE OF REPORT

2.1 To inform members of the final submitted Action Plan produced in response to the Supervisory Report.

2.2 To agree the process by which Audit and Risk Committee, as the Scheme Manager, will take forward its actions and receive updates on progress against the Action plan within the required six-month timescale set by the Regulator.

3. BACKGROUND

3.1 In September 2022, the Regulator provided their 2020-21 Supervisory Report for the West Midlands Firefighters' Pension Scheme. It covered the period March 2020 - March 2021 but had

been delayed as a result of COVID-19. It set out a number of recommendations for improvement to the systems and processes, management, and governance of the scheme, and required the Scheme Manager to create an Action Plan within one month, to be implemented within six months. In recognition of meeting timetables, the Regulator agreed to a submission deadline of 11 November.

3.2   The Supervisory Report was shared with Audit and Risk Committee, in their role as Scheme Manager, on 26 September 2022. It was agreed on that date that Officers would create a draft action plan to receive input from both Audit and Risk Committee and the Pension Board. Discussions took place at a specially convened Pension Board on 20 October 2022 (with the Regulator also in attendance), and a draft Action Plan was shared with Audit and Risk Committee members on 21 October 2022.

3.3   The Report was finally signed off by Councillor Catherine Miks as Chair of the Audit and Risk Committee and submitted on 11 November. The Regulator have confirmed receipt and are currently reviewing the plan for approval.

3.4   Once agreed, the Regulator will plan catch up appointments with the Scheme Manager and Pension Board at three months and six months.

3.5   The Committee will note a number of items require Scheme Manager input – it is proposed that this will be done outside of meetings via e-mail, with a full update on progress brought to the March 2023 Audit and Risk Committee, with the Regulator invited to contribute.

3.6   It should be noted that as the Action Plan relates to the 2020-21 Supervisory Report it does not currently include more recent issues highlighted to the Audit and Risk Committee at previous meetings. The Independent Investigation into these matters, which is currently underway, will provide recommendations which can be incorporated into the Action Plan. The Regulator has also requested updates on the progress of the investigation and any findings and recommendations upon its completion.

4. **EQUALITY IMPACT ASSESSMENT**

4.1 In preparing this report an initial Equality Impact Assessment has not been undertaken but EIAs may be necessary for some of the individual actions contained within the Action Plan.

5. **LEGAL IMPLICATIONS**

5.1 The Pension Regulator is the statutory regulator of public sector pension schemes such as the West Midlands Firefighters' Pension Scheme. Supervision is the process by which the Regulator monitors schemes more closely, outlining expectations, and preventing problems from developing. Supervision involves building strong relationships with schemes regardless of whether they trigger traditional risk indicators. However, significant concerns and recommendations that are not fulfilled can be taken forward for enforcement action.

6. **FINANCIAL IMPLICATIONS**

6.1 There may be a number of financial implications as a consequence of implementing the actions, for example as a result of introducing new digital systems or making improvements to communications.

7. **ENVIRONMENTAL IMPLICATIONS**

7.1 Moves towards digital approaches may present opportunities to reduce paper usage.

BACKGROUND PAPERS

The Pension Regulator Supervisory Review Report – September 2022

The contact for this report is Tom Embury, Deputy Clerk.

Karen Gowreesunker
CLERK TO THE AUTHORITY

APPENDIX 1

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

Recommendations – Action Plan

Ref	Date	Subject	Action	Responsible	Completion date / Suggested timeframe	Status [Ongoing / Completed]
A1	11/11	Skills and Training	Pension Board (PB) and Scheme Manager (SM) to undertake Training Needs Analysis to set a baseline for development of future training plans. Previous templates exist that can be used.	Pension Board Chair and Scheme Manager	Undertaken by January 2023	Ongoing
A2	11/11	Pension Board Training and skills	PB to formalise their training plan, to be reviewed at least yearly, which will cover emerging themes, such as cyber security. This will be published on a joint Pension Board filing system/Teams site (see Recommendation D1) to ensure all PB member can review as required and bring forward suggestions for training and development.	Pension Board Chair	Implemented by February 2023	Ongoing
B1	11/11	Pension Board Succession	Clerk and PSS to develop a succession plan for both Scheme Member and Employer representatives, including undertaking a revision of role descriptions. This will include a proposal for hand-over between departing representatives and their replacements.	Clerk and PSS supported by Pension Board	Implemented by March 2023	Ongoing
B2	11/11	Pension Board Succession	PB and SM to review Terms of Reference with regards to representative tenures to ensure these are staggered and include a suitable handover period.	Pension Board Chair and Scheme Manager	Implemented by February 2023	Ongoing

C	11/11	Pension Board Composition	Review appointment/election communications for Pension Board representatives to ensure they encourage diversity amongst the Pension Board membership and encourage the widest possible number and range of candidates to apply. TPR Equality, Diversity and Inclusion guidance to be utilised.	PSS/Pension Board/Portfolio Team	Implemented by January 2023	Ongoing
D1	11/11	Pension Board Information Sharing	Review communications to Pensions Board and Scheme manager and ensure updates are provided when required.	Portfolio and Administration Teams	Implemented by February 2023	Ongoing
D2	11/11	Pension Board Information Sharing	Pension Board members to review information sharing arrangements and PB representatives' views on information sharing, knowledge and skills, with input from Scheme Manager.	Pension Board and Scheme Manager	Held at March 2023 Pension Board meeting, with report into Audit and Risk Committee in March 2023	Ongoing
E1	11/11	Business Continuity Planning	Pensions Board to receive a report on current BCP arrangements and testing and review their effectiveness with a view to making recommendations to Scheme Manager on whether a bespoke BCP outside existing WMFS arrangements is necessary.	Pensions Board Chair and Pensions Manager	Update to December Pensions Board Meeting, report to Scheme Manager at March 2023 Audit and Risk Committee meeting	Ongoing
E2	11/11	Business Continuity Planning	Pension Administration Team to develop and share with the Scheme Manager and Pension Board a set of procedural notes for key pensions administration tasks. Content may be impacted by implementation of remedy.	Pensions Administration Team	Update to March 2023 Audit and Risk Committee Meeting – subject to Remedy roll out.	Ongoing

F	11/11	Information Sharing between SM, PB and Pension Administration Team	Written (rather than verbal) reports to be provided by the Pension Team on key issues to both the Pension Board and Scheme Manager as a standing item for all meetings.	Pensions Administration Team	To begin from March 2023 Audit and Risk Committee	Ongoing
G	11/11	Conflicts of Interest	Conflict of Interest Register, based on the TPR template, to be created and stored on system where all PB members have access. Will be a standing item for all PB meetings. This document to be shared with The Pension Regulator.	Portfolio Team and Pensions Board	To begin from implementation of new system as of February 2023	Ongoing
H1	11/11	Risk Management	PB Risk Register Sub Group to consider TPR recommended changes or improvement in formatting of the Risk Register: • utilising a cover sheet to provide a snapshot of the current risks, helping to clearly identify the current major risk(s) to the Scheme. The Scheme may wish to identify emerging risks in this location as well. • ensuring all risks have mitigating actions and owners • documenting closed risks Incorporate relevant WMFS Corporate Risks within the PB Risk Register, to include Cyber Security (CR 7.3).	Pensions Board RR sub group	Completed by January 2023	Ongoing
H2	11/11	Risk Management	PB Risk Register to be incorporated into Audit and Risk Committee risk updates.	Scheme Manager	To begin from March 2023 A&R Meeting	Ongoing
I	11/11	Digitisation of records	All records to be digitised and accessible to support data collection.	Pensions Manager supported by Data and Governance Team	Completed	Completed

J	11/11	Data Improvement policy	Pensions Team to work with Data and Governance team on ensuring a Data Improvement Policy is in place for Pensions Data, either drawing on existing policy or developing a new policy if required. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team & Data and Governance Team	Completed following implementation of new Altair system March 2023	Ongoing
K	11/11	Data Improvement Plan	Pensions Team, drawing on the Annual Data Review (Action L) to develop a Data Improvement Plan for any areas where data scores are not complete. This to be reported to both Scheme Manager and Pension Board, and shared with TPR. To be taken forward following roll out of ALTAIR update.	Pensions Administration Team	Following completion of Annual Data Review	Ongoing
L	11/11	Annual data review	Pensions Team to undertake a pension data review, to assess the accuracy and completeness of member data, to be reported to the Pension Board and Scheme Manager.	Pensions Administration Team	Completed by March 2023	Ongoing
M	11/11	Recording data scores	Pensions administration team to record common and scheme specific data scores gathered as part of the Annual Data review (Action L) in Exchange as part of annual return to The Pension Regulator.	Pensions Administration Team	Completed by March 2023	Ongoing
N1	11/11	Review of KPIs	Scheme Manager to inform Pensions Board which KPIs it wishes to have developed and to receive regular updates on. PB to develop and agree with Pensions Team, and utilise a traffic light system (RAG).	Scheme Manager, Pensions Board Chair and Pensions Administration Team	Completed by February 2023	Ongoing
N2	11/11	Supporting narrative to KPs	All Key Performance Indicators (provided with RAG rating) to be accompanied by appropriately detailed written narrative (which may be provided alongside a verbal	Pensions Administration Team	Completed by March 2023	Ongoing

			update). This narrative to be provided to both the Scheme Manager and the Pension Board			
O	11/11	Documentation of Data validation procedures	Upgrade to ALTAIR information system will allow Scheme Members to update their own contact details. All members to be contacted by post to inform them of new system, with further investigation of failed deliveries. Update to be given on time frames for the new system / implementation to PB in December by Pension Team.	Pensions Administration Team	Update in December 2022, Completed by March 2023	Ongoing
P	11/11	Pension Process Automation	Pensions Team to provide a report to the Scheme Manager on automation and systems improvements achieved by implementation of ALTAIR system once in place.	Pensions administration team	Completed by March 2023	Ongoing
Q1	11/11	Administrative Task Timescales	Pensions Team to provide a report to the Scheme Manager setting out the expected task timescales (e.g., responses to queries), which will also be shared with Pension Board.	Pensions administration team	Completed by March 2023	Ongoing
Q2	11/11	Firefighter Pensions SAB Pensions Administration Strategy	Pensions Board to utilise FPS Administration, Management, and Governance Strategy template to create single documentation of roles and services standards. Document to be agreed by Scheme Manager and published on the WMFRA CMIS site.	Scheme Manager, Pension Board, Pension Team, Portfolio Team	Completed by March 2023	Ongoing