

**Northamptonshire Local Pension Board
(Firefighters' Pension Scheme)**

**25 September 2019
2.00pm**

**Conference Room
Moulton Logistics Centre
Northants Fire & Rescue HQ
Moulton Way
Northampton NN3 6XJ**

AGENDA

*** Papers enclosed**

Item No.	Subject	Responsible Officer
1.	Apologies for Absence and Declaration of Interests	Chair
2.*	Minutes from the meeting held on 11 March 2019	Jenny Daniels
3.*	Firefighters' Pension Scheme(s) Administration	Joanne Walton
4.*	The Pensions Regulator – public service governance and administration survey results 2018	Joanne Walton
5.*	Northamptonshire Firefighters' Pension Scheme(s) Draft Risk Register	Joanne Walton
6.*	Local Pension Board Work Plan	Joanne Walton
7.*	Northamptonshire Firefighters' Pension Scheme Local Pension Board Annual Report 2018-19	Paul Hanson

EXEMPT ITEMS

In respect of the following items the Chairman may move the resolution set out below, on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them:

The Committee is requested to resolve: "That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act of the descriptions against each item would be disclosed to them"

Issued: 17 September 2019

Paul Hanson
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Democratic Support Service
County Hall
Northampton
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**Northamptonshire Fire & Rescue Service
Local Pension Board
Meeting held in public in
The Conference Room, Moulton Logistics Centre, Moulton, Northampton**

Actions & Summary of Meeting: Monday 11 March 2019

Agenda Item No: 2

PRESENT:-

Shaun Hallam (Employer Representative & Chairman)

Helen King

Employer Representative

Jim Dorrill

Employee Representative

Also in attendance (for all or part of the meeting)

Jenny Daniels

Democracy Officer (minutes)

Darren Dovey

Chief Fire Officer

Paul Hanson

Democratic Services Manager

Gary McLellan

Principal Regulations Officer

Joanne Walton

LGSS Pensions Governance & Regulations Manager

Item No.	Item	Action to be taken by
01/19	<p><u>Apologies for Absence and Declarations of Interest:</u></p> <p>Apologies were received from the Head of Pensions, Mark Whitby.</p> <p>There were no declarations of interest.</p> <p>Helen King was welcomed to her first meeting. She was the Chief Finance Officer at the Office of the Police, Fire and Crime Commissioner for Northamptonshire.</p>	
02/19	<p><u>Minutes of the Meeting held on 10 September 2018:</u></p> <p>It was noted that Stage 2 panels used to go to Elected Members but from now on they would go directly to the Monitoring Officer of the Office of the Police, Fire & Crime Commissioner, Paul Bullen. A discussion was held on whether 1 person was adequate but the rules were not written for the scenario that they were now in with just 1 Elected Member being the Police, Fire and Crime Commissioner. It was confirmed the documentation would need to be amended accordingly and there could be consultation with trade union representatives. The Chief Fire Officer confirmed he could also e-mail other fire authorities to ascertain what they had done in this position.</p> <p>It was confirmed the risk register had not been fully completed as yet. Shaun Hallam would do so for the next meeting.</p> <p>Paragraph 04/18, 2nd bullet point. It was noted there were also 17 underpayments.</p> <p>Paragraph 04/18, 5th bullet point should read 31 December 2018.</p> <p>Paragraph 04/08, 2nd sentence to finish after the word 'amount'.</p> <p>Paragraph 05/18. Helen confirmed that they were happy to amend their rules relating to the Overpayment of Pension Policy.</p> <p>Paragraph 06/18, to remove the 2nd and 4th bullet points.</p> <p>Paragraph 06/18, 1st bullet in answer to queries section to read 'could provide some more comprehensive training'.</p> <p>Paragraph 06/18, 2nd in answer to queries section to state the Pensions Regulator offered a toolkit.</p>	<p>Shaun Hallam</p>

	<p>References to GNP should state GMP</p> <p>RESOLVED that: the Local Pension Board approved the minutes of the meeting held on 10 September 2018 subject to the following amendments:</p> <ul style="list-style-type: none"> • Paragraph 04/18, 2nd bullet point to state ‘it was noted there were also 17 underpayments. • Paragraph 04/18 5th bullet point to read 31 December 2018 • Paragraph 04/18 2nd sentence to finish after the word ‘amount’ • Paragraph 05/08 Helen confirmed that they were happy to amend their rules relating to the Overpayment of Pension Policy • Paragrph 06/18 to removed the 2nd and 4th bullet points. • Paragraph 05/18 1st bullet point in answer to queries section to read ‘could provide some more comprehensive training’ • Paragraph 06/18 2nd bullet point in answer to queries section to state the Pensions Regulator offered a toolkit • All references to GNP should state GMP. 	<p>Jenny Daniels</p>
<p>03/19</p>	<p><u>Northamptonshire Firefighters’ Pension Scheme(s) Administration:</u></p> <p>At the Chairman’s invitation, Pensions Governance & Regulations Manager Joanne Walton introduced this report (copies of which had been previously circulated) highlighting the following:</p> <ul style="list-style-type: none"> • Impressive progress could be seen in the contracting out reconciliation project. • HMRC were slowly dealing with queries but a full response was not expected until the first week of April. The following report would provide further information on this. <p>In answer to a query on the report it was stated that the volumes of those retiring had reduced and they expected between 6 and 8 people were likely to retire each year in future.</p> <p>RESOLVED that: the Local Pension Board (Firefighters’ Scheme) noted the update.</p>	
<p>04/19</p>	<p><u>Northamptonshire Firefighters’ Pension Scheme Data Improvement Policy and Plan:</u></p> <p>At the Chairman’s invitation, LGSS Pensions Governance & Regulations Manager, Joanne Walton introduced this</p>	

report (copies of which had been previously circulated) stating the following:

- This was a document required by the Pensions Regulator's code of practice.
- Appendix 1 demonstrated the commitment to improving and maintaining the quality of the data held and a brief plan was included in appendix 2 to the report.
- Some items were national initiatives whilst others were items they were aware of improvement was required.
- There were a small number of members where an address was not held and if they had left the service there might not be a way of obtaining one for them. They were about to set up a contract to screen data and identify those who had passed away and obtain corrected addresses. They were aware of 4 providers on the National LGPS Framework offering this service and in the first year it would cost between £900 and £1,800.
- The Pensions Regulator did ask who their mortality screeners were and in the past they've had to state there were none.
- They had 633 members 21 of which they had no address for and it was difficult to know the whole cost until they attempted it. Some of the providers continued to the point of obtaining a death certificate for someone who had died. The Department of Work and Pensions did not provide a service that was completely satisfactory and so a more effective provision was being procured via the Framework which Northamptonshire Fire were invited to participate in. They would also work on data fails which shouldn't take too long to achieve a 100% common data score.

In answer to queries on the report the following was confirmed:

- The common data score should always be 100%. It was harder to be more accurate with the scheme specific data. All schemes were doing something slightly different but it was hoped that by year 2 consistency of reporting would be improved.
- They were initially considering procuring a mortality screening and address tracing provider for 2 years with an option to extend for a further 2 years.
- There was a privacy notice and they just needed to put it on to the Office of the Police, Fire and Crime Commissioner for Northamptonshire's website.
- There was a need to also update the privacy notice in terms of the relevant links.

RESOLVED that: The Local Pension Board noted:

- 1) The Data Improvement Policy; and**

Joanne Walton

	2) The Data Improvement Plan.	
05/19	<p><u>Northamptonshire Firefighters' Pension Scheme(s) Anti-Fraud and Corruption Policy</u></p> <p>At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating the Policy confirmed they were doing their best to protect the benefits of the Fire Scheme. The Policy stated what their statutory duties were and the procedure in place to avoid fraud and corruption within the scheme.</p> <p>In answer to queries on the report the following was confirmed:</p> <ul style="list-style-type: none"> • They had been slow to start developing some policies. Others were good governance to have. Once the risk register was complete they would be compliant with the code of practice. • The results of the Pensions Regulator's 2018 governance administration survey was due which would identify which schemes were doing well in this respect. There was a website which would contain all the policies but it required development and links so that people could access it. Joanne Walton would work on this. • The majority of policies were updated every 2 years. <p>RESOLVED that: the Local Pension Board (Firefighters Scheme):</p> <ol style="list-style-type: none"> 1) Recommended the Anti-Fraud and Corrouption Policy to the Scheme Manager for approval; and 2) Confirmed that immaterial amendments to the Policy could be approved through delegated authority to the Head of LGSS Pensions 	Joanne Walton
06/19	<p><u>Reporting Breaches of the Law to the Pensions Regulator Policy</u></p> <p>At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating it was a really important policy as everyone had a duty to report breaches of the law whether they be a member of the Pensions Team, advisor, member of the Pensions Scheme. The regulator only wished to know about breaches that were material. The policy detailed things to consider when deciding to report something. It was important to ensure everyone was happy with the process detailed in Sectin 11 of the report.</p>	

	<p>In answer to a query on the report it was confirmed the policy would cite the office of the Office of the Police, Fire and Crime Commissioner for Northamptonshire for notification when a breach occurred. They would be notified anyway of anything that was reported but it would be cited in the policy</p> <p>RESOLVED that: the Local Pension Board:</p> <ol style="list-style-type: none"> 1) Reviewed the Reporting Breaches of the Law to the Pensions Regulator Policy; and 2) Delegated to the Head of Pensions in consultation with the Chairman any immaterial amendments to the Policy once approved by the Scheme Manager. 	<p>Joanne Walton</p>
<p>07/19</p>	<p><u>Any Other Business:</u></p> <p>The Chief Fire Officer noted that he had been contacted by a member of the scheme who had received a compensation payment.. He had previously elected not to be a modified member of the scheme.</p> <p>There remained £20,000 of unpaid compensation from the Popularis case.</p> <p>He was working with the Head of HR to ascertain what was happening with the possibility of strike-out and who would pay for it; the new or old fire authority.</p> <p>There was someone to replace Terry Smith but the Fire Service would ask again and if needs be hold an election.</p> <p>The subject of more frequent meetings was discussed as the Scheme Advisory Board had suggested they have 4 meetings a year. The statutory requirement was 2 meetings a year. There was also the question of training. It was agreed a training session would be organised to take place in June or July 2019 and Local Government Association Pensions Adviser Clair Alcock would be asked to provide refresher training. LGSS Pensions Governance & Regulations Manager, Joanne Walton would arrange it.</p> <p>RESOLVED that: The Local Pension Board (Firefighters Scheme) noted:</p> <ol style="list-style-type: none"> 1) That compensation claims were still being made; 2) The Chief Fire Officer and Head of HR were working together to ascertain who would fund strike-out compensation; 3) The Fire Service would offer the option to join the Local Pension Board to Firefighters and if needs 	<p>Darren Dovey</p> <p>Shaun Hallam</p>

	<p>be hold a ballot;</p> <p>4) The LGSS Pensions Governance & Regulations Manager, Joanne Walton would arrange refresher training to take place in June or July 2019.</p>	<p>Joanne Walton</p>
<p>08/19</p>	<p><u>Date and Time of Next Meeting:</u></p> <p>Monday 9 September 2019.</p>	<p>Jenny Daniels</p>

There being no further business the meeting closed at 3.05pm.
 Jenny Daniels, Democracy Officer

**NORTHAMPTONSHIRE
FIREFIGHTERS'
PENSION SCHEMES**



Local Pension Board

Date: 25 September 2019

Report by: Head of LGSS Pensions

Subject:	Firefighters' Pension Scheme(s) Administration
Purpose of the Report	To present members of the Local Pension Board with information on the administration of the Firefighters' Pension Scheme(s) by LGSS Pensions
Recommendations	That the Local Pension Board notes the content of the report.
Enquiries to:	Name: Jo Walton – LGSS Pensions, Governance and Regulations Manager E-mail: jwalton@northamptonshire.gov.uk

1. Background

1.1 One of the core functions of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme. This report demonstrates a number of key areas of administration performance for consideration by the Local Pension Board.

2. Administration Performance

2.1 The following key performance indicators represent the regular casework activities that are undertaken by LGSS Pensions in the administration of the Firefighters' Pension Schemes.

- Notify employees retiring from active membership of benefits award
- Notify leavers of deferred benefit entitlement
- Provide transfer in quote to scheme member
- Confirm transfer in payment and benefits credited to scheme member
- Provide a cash equivalent transfer value
- Process transfer out and issue CETV statement
- Provide a divorce quotation
- Obtain details of beneficiaries after advice of death
- Provide an estimate of benefits
- Calculate cost of purchasing additional pension and notify scheme member

2.2 All of the key performance indicators have a target of 10 working days for completion.

2.3 For the months August 2018 to July 2019 all targets were achieved and further details can be found in appendix one to this report. The months where there are no statistics represent no activity in the particular area of measured casework.

3. Data Improvement Plan

3.1 At the March 2019 meeting, the Data Improvement Policy and Plan was presented to and approved by the Local Pension Board. The Data Improvement Plan has been revised to bring it up to date with the information in this section of the report.

3.2 Contracting-out reconciliation

3.2.1 It has been reported at previous meetings of the Local Pension Board that LGSS Pensions were undertaking the exercise to reconcile contracted-out details held on pensions administration records compared with that held by HMRC.

3.2.2 All UK pension schemes that were contracted out of the state second pension were advised to reconcile their individual member records with that held by Her Majesty's Revenue and Customs (HMRC) by 31 December 2018 to ensure that schemes hold the correct period and amount of contracting-out liability.

3.2.3 The reconciliation project has been outsourced to ITM Limited (an external data audit company) and the progress on the reconciliation is reported below.

Reconciliation stage	Progress
Baseline (23 June 2017)	33% of the data was correct 67% of the data needed further reconciliation
16 November 2017	53% of the data now correct 47% still to be reconciled
9 July 2018	85% of the data now reconciled 15% still to be reconciled
26 February 2019	92% of the data now reconciled 8% still to be reconciled
16 August 2019	94% of the data now reconciled 6% still to be reconciled

3.2.4 HMRC are still processing a number of queries that were expected to be completed by the end of June 2019 but this is still ongoing.

3.2.5 The next stage will be for LGSS Pensions to calculate any over or underpayments that may be due in respect of previously holding an incorrect amount of contracting-out liability for scheme members whose pension is already in payment. This work was expected to start in May 2019 but due to the delays detailed in 3.2.4, this is not expected to commence until May 2020. The number of cases requiring rectification is not yet known but will be notified to the Local Pension Board once it becomes available.

3.2.6 As with the project to reconcile the pensions administration system with the pensioner payroll, the Scheme Manager will decide whether any overpayments of pension should be managed in line with the Overpayments of Pension Policy.

- 3.2.7 Common practice within public service pension schemes appears to be that any overpayments caused by the scheme holding an incorrect amount of contracted-out liability are written off on the basis that the scheme member could not have reasonably known that they were being overpaid as a result. The Scheme Manager will need to decide if they would like to take this approach.
- 3.2.8 The Local Pension Board will continue to receive regular updates on how this reconciliation project is progressing. The Scheme Manager will be advised of the costs associated with the rectification process as soon as the reconciliation stage of the project has concluded.

3.4 Member addresses

- 3.4.1 At the March meeting of the Local Pension Board the matter of undertaking a formal exercise with a tracing company to confirm the correct address is held on member's records and whether members are deceased and this has not been notified. An estimate of the likely costs of this exercise was sent by email to the Scheme Manager after the meeting.
- 3.4.2 It would now be the recommendation of LGSS Pensions that there would be little value in undertaking this exercise with a tracing company on all scheme members based on the experience and associated costs incurred when LGSS Pensions have undertaken this exercise for the Local Government Pension Schemes administered.
- 3.4.3 It is therefore recommended that, in order to comply with the General Data Protection Regulations by only holding up to date information that LGSS Pensions should send proof of existence certificates for completion and return to all members of the Firefighters' Pension Schemes. Active members would be excluded from this exercise as it would be expected that the employer would keep LGSS Pensions informed of any changes to personal details.
- 3.4.4 Where proof of existence forms that are not returned the following action should be taken:

Deferred members	These members should be referred to a tracing company to obtain a new address or confirmation that the member is deceased
Pensioner members	These members should have their pensions suspended from payment and to obtain a new address or confirmation that the member is deceased (in line with the Anti-Fraud and Corruption Policy that was approved at the March 2019 meeting of the Local Pension Board). Pensions will be reinstated and backdated when contact details are established.

- 3.4.5 At the time of writing this report 24 deferred or pensioner member's records have no current address available. It is recommended that these members are traced by a tracing company following the proof of existence exercise.

- 3.4.6 In 2017, LGSS Pensions undertook a proof of existence exercise with Western Union for member's that live overseas. LGSS Pensions will no longer support participation in this exercise due to issues around the General Data Protection Regulations. Pensioners that reside overseas will be sent a proof of existence certificate in the same way as UK members. For any proof of existence certificates that are not returned from overseas members their pension will be suspended and a specialist supplier of overseas tracing services may require procuring.
- 3.4.7 The Local Pension Board in conjunction with the Scheme Manager are asked to discuss how they would like to proceed. Associated costs of LGSS Pensions conducting this exercise will be provided on request.

4. Finance & Resources Implications

- 4.1 Costs associated with the data improvement activities detailed within this report will be discussed and agreed with the Scheme Manager.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with ensuring that records held on members of the Firefighters' Pension Schemes are accurate	N/A	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Failure to ensure the records held on members of the Firefighters' Pension Scheme are accurate would be a breach of the law.	Red

6. Communication implications

- 6.1 There are no implications to be considered.

7. Legal Implications

- 7.1 There are no implications to be considered.

8. Consultation with Key Advisers

- 8.1 LGSS Pensions have consulted with ITM Limited regarding the contracting-out reconciliation.

9. Alternative Options Considered

- 9.1 There are no alternative options to be considered.

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Firefighters' Pension Scheme Administration Performance Monitoring

11.2 Appendix 2 – Firefighters' Pension Scheme Data Improvement Plan (September 2019)

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 09/09/2019

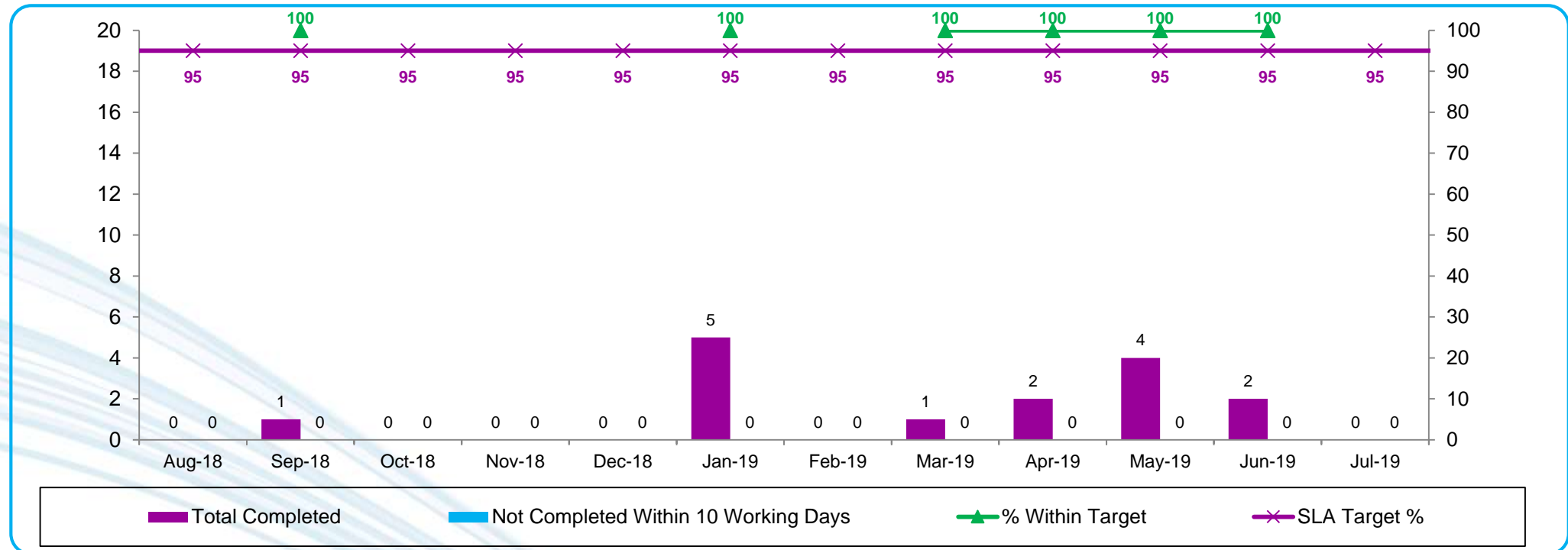


Northamptonshire Fire and Rescue Service Performance Monitoring July 2019

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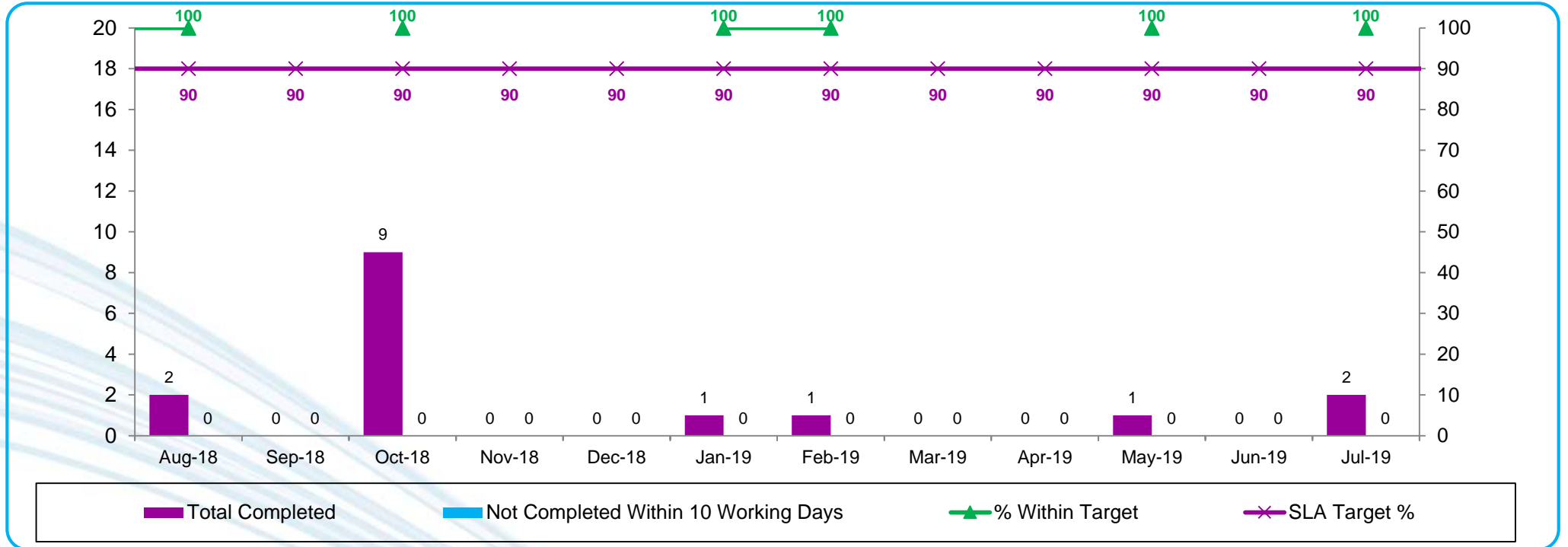
No	Contents	Slide
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SLA Target - Notify employees retiring from active membership of benefits award



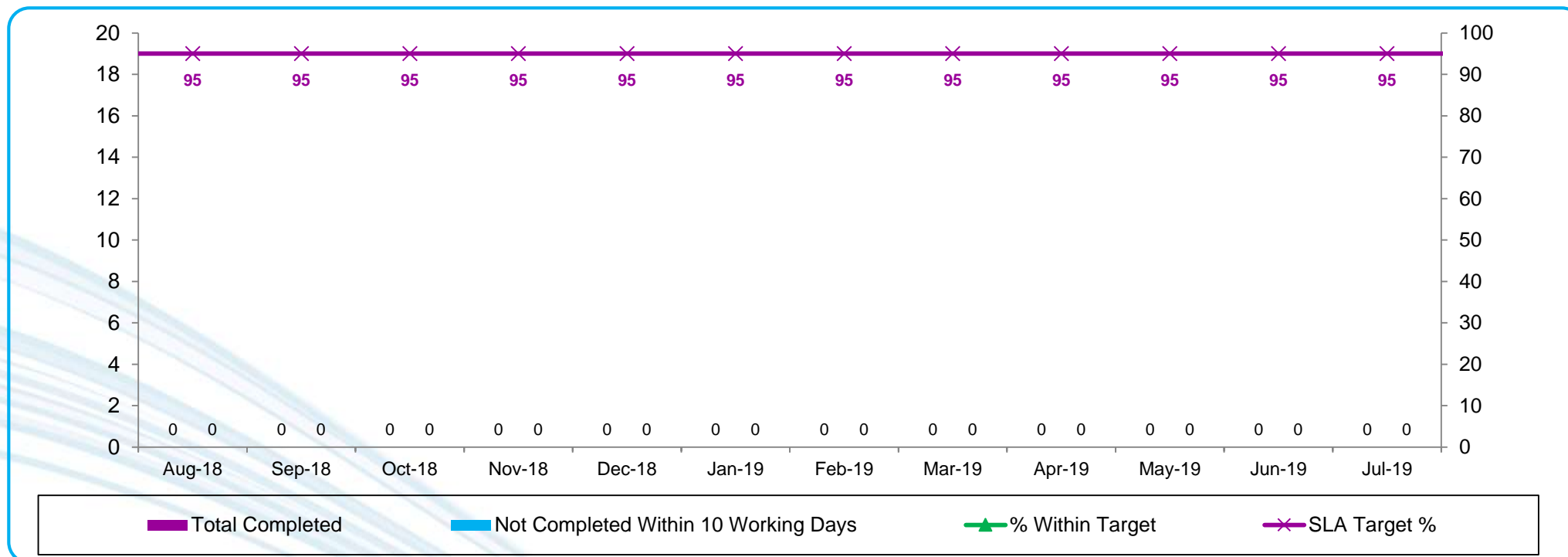
- This chart shows the number of cases and time period for notifying employees retiring from active membership of benefits award, from date of receiving all necessary information, based on the SLA target.

SLA Target - Notify leavers of deferred benefit entitlement



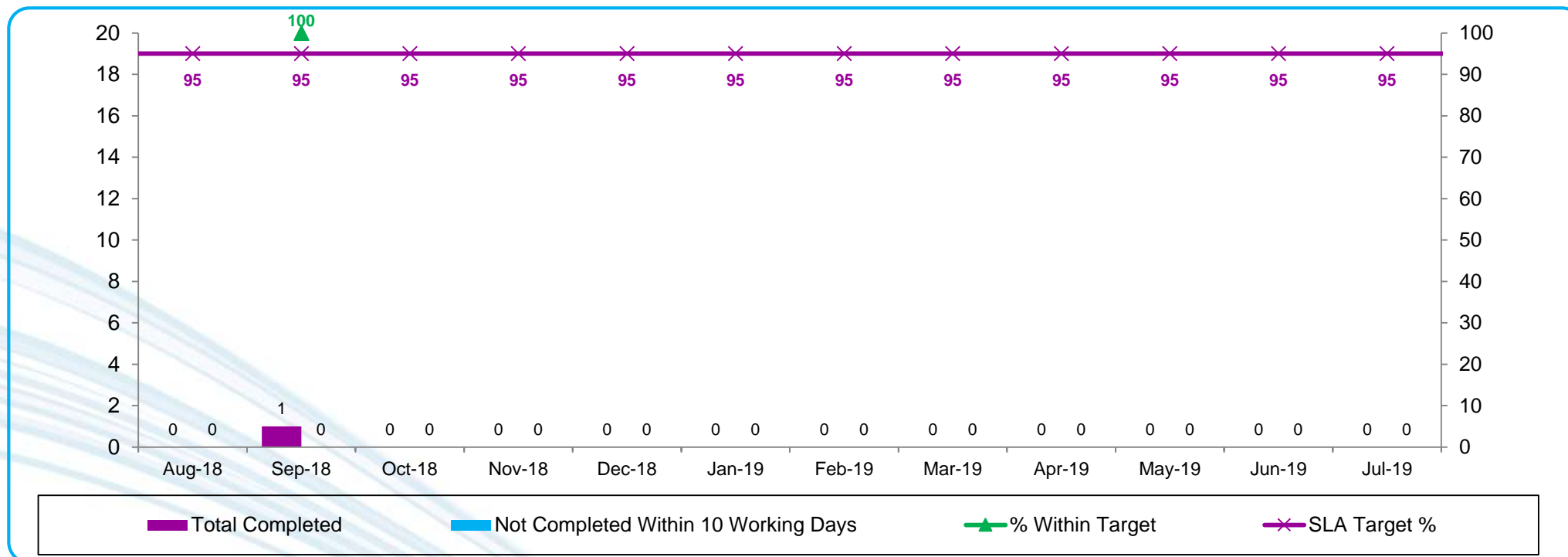
- This chart shows the number of cases and time period for notifying leavers of deferred benefit entitlement from receipt of all information, based on the SLA target.

SLA Target – Provide transfer in quote to scheme member



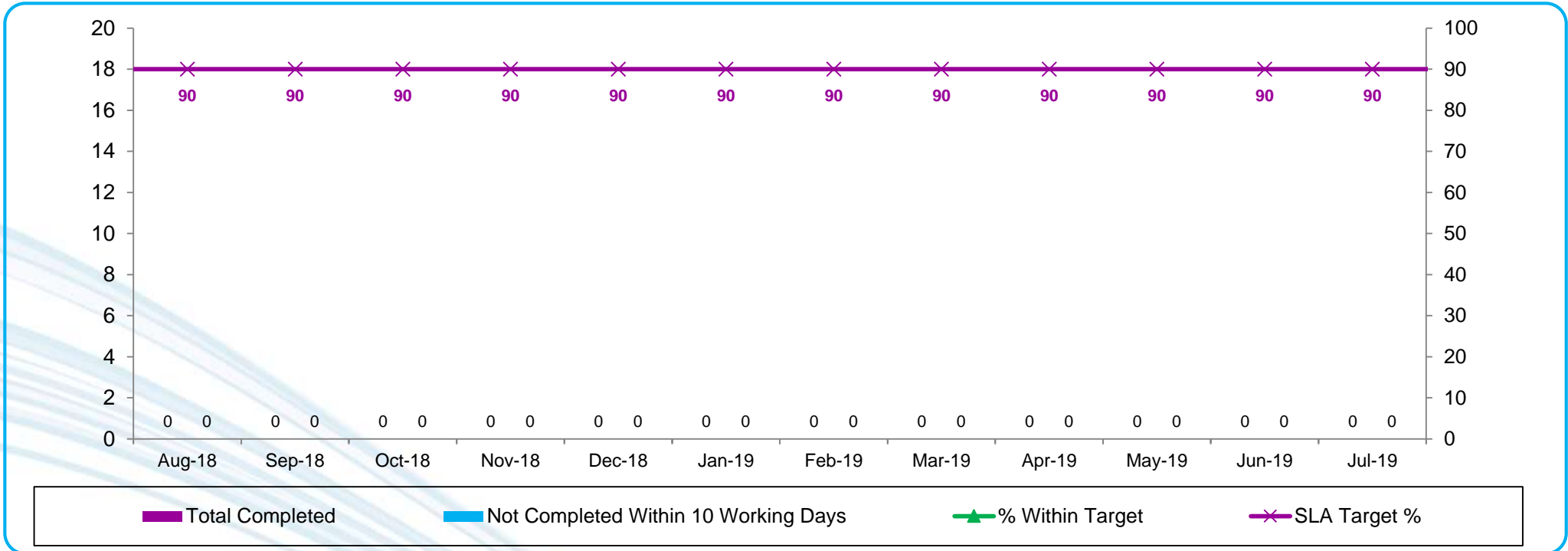
- This chart shows the number of cases and time period for issuing a transfer-in quote letter from receipt of all appropriate information, based on the SLA target.

SLA Target – Confirm transfer in payment and benefits credited to scheme member



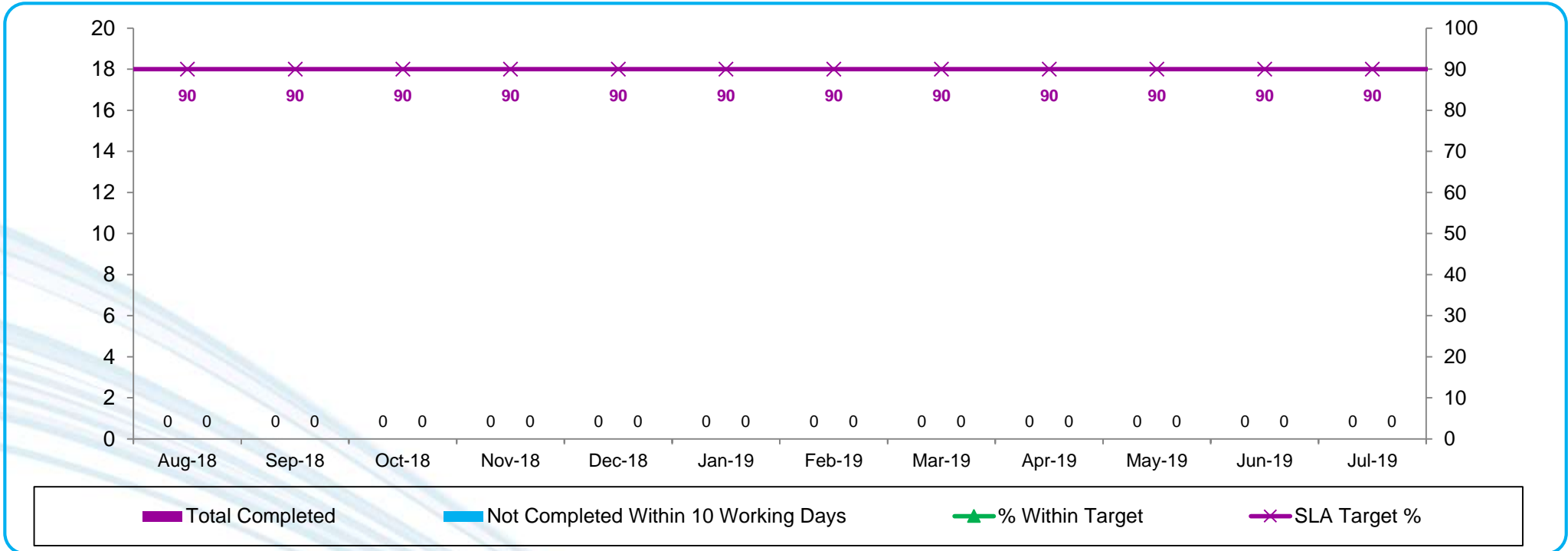
- This chart shows the number of cases and time period for confirming transfer in payment and benefits credited from receipt of all appropriate information, based on the SLA target.

SLA Target – Provide a cash equivalent transfer value – CETV



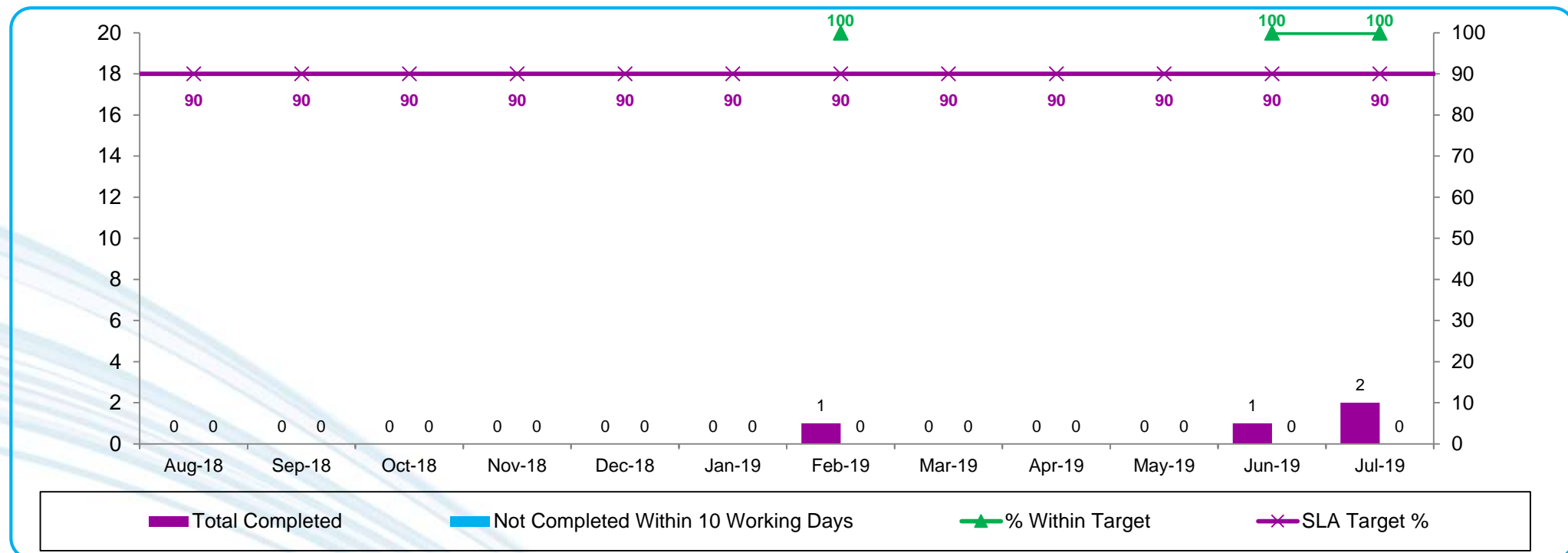
- This chart shows the number of cases and time period for issuing a CETV from receipt of all appropriate information, based on the SLA target.

SLA Target – Process transfer out and issue CETV statement



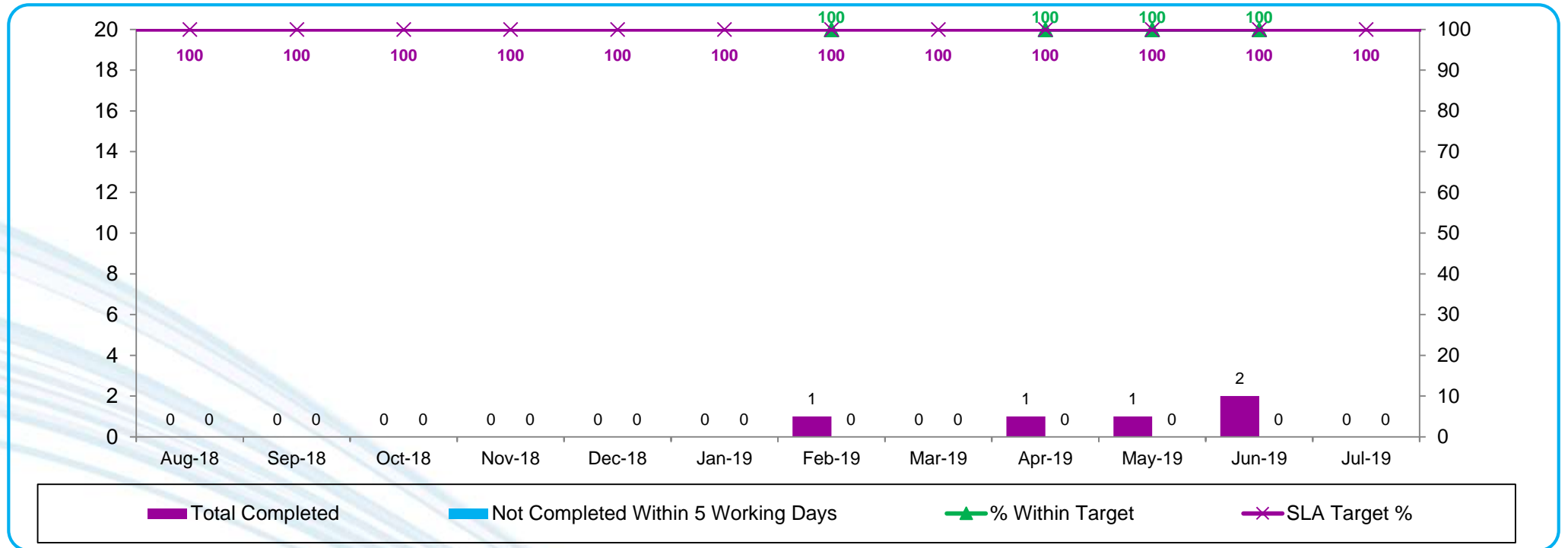
- This chart shows the number of cases and time period for processing transfer out payments from the receipt of all information needed to calculate the CETV, based on the SLA target.

SLA Target – Provide a divorce quotation



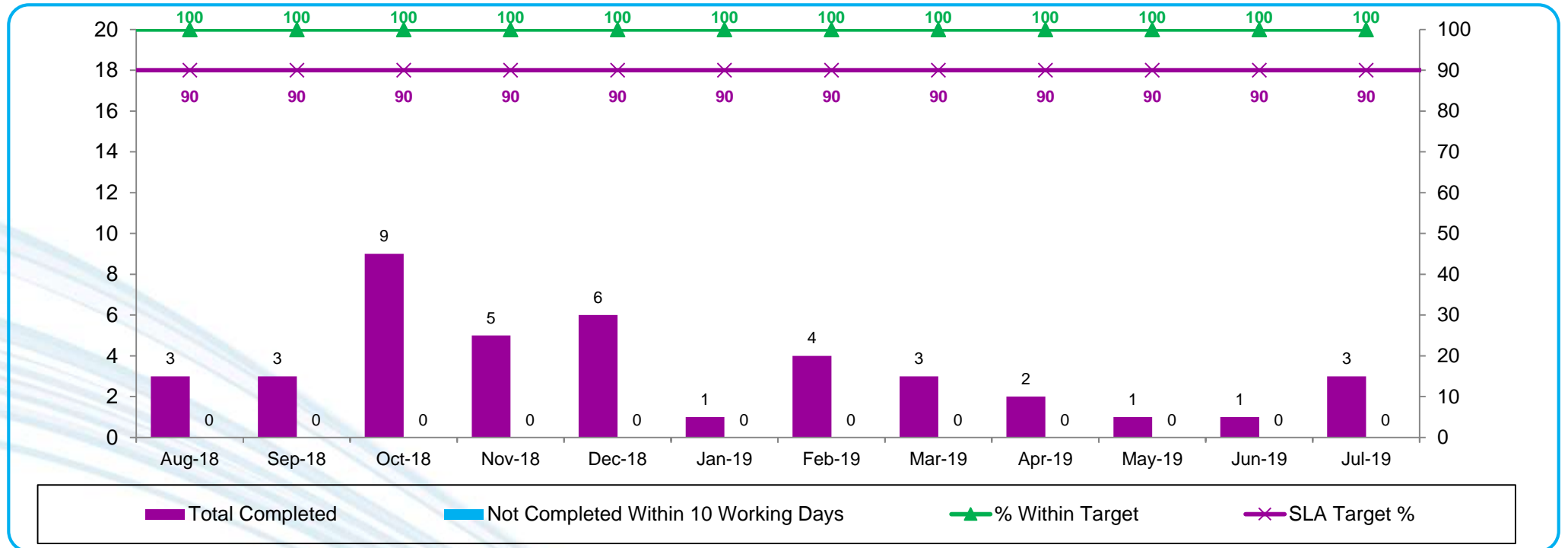
- This chart shows the number of cases and time period for providing a divorce quotation from receipt of all information, based on the SLA target.

SLA Target – Obtain details of beneficiaries after advice of death



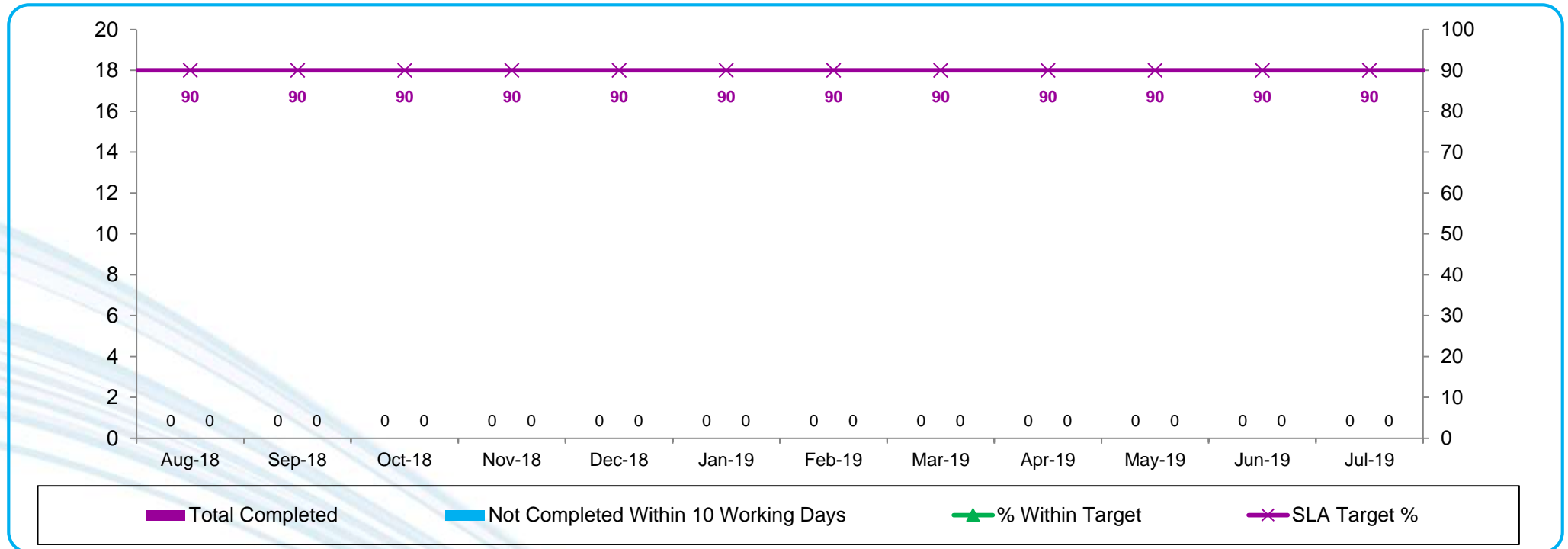
- This chart shows the number of cases and time period for obtaining details of beneficiaries, based on the SLA target.

SLA Target – Provide an estimate of benefits



- This chart shows the number of cases and time period for issuing an estimate of benefits from receipt of all appropriate information, based on the SLA target.

SLA Target – Calculate cost of purchasing additional pension and notify scheme member



- This chart shows the number of cases and time period for notifying member of cost of buying additional pension from receipt of request, based on the SLA target.

Appendix 2

Northamptonshire Firefighters' Pension Scheme - Data Improvement Plan –Revised - September 2019

No.	Area of Improvement	Action	Risk	Effect on the score provided toThe Pensions Regulator	Method of resolution	Resolution timescale
1	Contracted-out liabilities	Conduct the contracted-out reconciliation comparing liabilities held on scheme records compared with that held by HMRC as HMRC will not make any amendments to liability ownership after 31/12/2018.	This is an exercise instigated by HMRC as a result of the introduction of the flat rate state pension on 06/04/2016. All UK pension schemes must have undertaken the reconciliation stage of this exercise by 31/12/2018. After this date, HMRC will not respond to queries or amend their records. Failure to hold the correct contracted-out liability for individual scheme members could result incorrect benefit payments.	Any records with missing or incorrect contracted-out liabilities will be a scheme-specific data fail.	ITM Limited have been contracted to resolve the rectification stage. LGSS Pensions will complete the rectification stage of the this project	Rectification stage to commence upon completion of the reconciliation stage - anticipated to be May 2020 (refers to detail within the Administration Performance Report – presented to the Local Pension Board September 2019)
2	Member addresses	Ensure all membership records for all membership statuses where a liability is held by the scheme has a current home address or is marked as gone away where attempts to trace the member have been unsuccessful.	Using a previous or incorrect address to communicate with a member can potentially result in a breach of personal data. Members may also not receive important communications prompting them to take action with regards to their present or future entitlement which may have an adverse financial impact.	Not holding a current home address for a scheme member will be a common data fail.	To be discussed with the Scheme Manager.	To be agreed by the Scheme Manager (refers to detail within the Administration Performance Report – presented to the Local Pension Board September 2019)
3	Common data fails to be identified in the 2019 data audit (items not covered in 1 and 2 above)	Resolve common data fails.	Inaccurate common data can potentially result in a breach of personal data. Members may also not receive important communications prompting them to take action with regards to their present or future entitlement which may have an adverse financial impact. Inaccurate common data can also lead to a miscalculation of individual pension liabilities.	Common data fails will be reported to the Pensions Regulator via the statutory annual return. Failure to rectify data fails will not demonstrate to the Pensions Regulator that the Scheme Manager has an effective Data Improvement Plan in place that is being adhered to in line with the code of practice.	Correct data held by reviewing member's documents and/or contacting member for confirmation.	To be set following the results of the 2019 data audit scheduled for October 2019.
4	Scheme specific data fails identified in the 2019 data audit (not covered in 1 and 2 above)	Resolve scheme specific data fails.	Inaccurate scheme-specific data can potentially result in a breach of personal data. Members may also not receive important communications prompting them to take action with regards to their present or future entitlement which may have an adverse financial impact. Inaccurate common data can also lead to a miscalculation of individual pension liabilities.	Scheme specific data fails will be reported to the Pensions Regulator via the statutory annual return. Failure to rectify data fails will not demonstrate to the Pensions Regulator that the Scheme Manager has an effective Data Improvement Plan in place that is being adhered to in line with the Code of Practice.	Resolution will be dependent upon the type of error and how it occurred.	To be set following the results of the 2019 data audit scheduled for October 2019.

**NORTHAMPTONSHIRE
FIREFIGHTERS’
PENSION SCHEMES**



Local Pension Board

Date: 25 September 2019

Report by: Head of Pensions

Subject:	The Pensions Regulator – public service governance and administration survey results 2018
Purpose of the Report	To present to the Local Pension Board the findings of the Pensions Regulator’s survey of 2018 and the actions required to achieve full compliance with the Code of Practice
Recommendations	The Local Pension Board is asked to note 1) Note the contents of this report 2) Discuss the recommendations within this report (2.2.3 and 2.4.2) with a view for inclusion in the future work plan.
Enquiries to:	Name: Jo Walton – Governance and Regulations Manager E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Following the introduction of the Public Service Pension Act 2013, with effect from 1 April 2015 the Pensions Regulator became responsible for regulating the governance and administration of public service pension schemes and issued a code of practice for schemes to follow.
- 1.2 The code of practice 14 – governance and administration of public service pension schemes sets out the legal requirements and provides practical guidance and standards that the Pensions Regulator expects of those in charge of the governance and administration.
- 1.3 The Pensions Regulator would regard the Scheme Manager and the members of the Local Pension Board as those who are responsible for ensuring compliance with the code of practice.
- 1.4 Since 2015, the Pensions Regulator has issued a voluntary survey to all public service pension schemes with a view to gaining an understanding of the level of compliance with the code of practice and what issues are preventing full compliance.
- 1.5 Each year since 2015, LGSS Pensions has provided a response to the survey in conjunction with the Chairman and Scheme Manager.

2. The Pensions Regulator’s governance and administration survey results 2018

- 2.1 The following sections of this report detail the key findings from the survey, the response in respect of the Northamptonshire Firefighters’ Pension Schemes and

whether any further action is required to achieve compliance with the code of practice or legislation which should be included in the future work plane of the Local Pension Board.

2.2 Frequency of Local Pension Board meeting and attendance by Scheme Manager

2.2.1 The table below shows that Firefighters' Pension Schemes held board meetings less regularly than other scheme types with an average of 2.5 in the last 12 months (in 2018).

		Firefighters	All Schemes	Northants
Scheduled to take place	Mean	3.0	3.6	2
	4+ in last year	41%	64%	N/A
Actually took place	Mean	2.5	3.4	2
	4+ in last year	20%	50%	N/A
Attended by Scheme Manager	Mean	2.3	3.1	2
	4+ in last year	17%	46%	N/A
% of scheduled meetings that took place (mean)		85%	93%	100%
% of meetings taking place attended by Scheme Manager/representative (mean)		89%	93%	100%

2.2.2 The Pensions Regulator sets an expectation that the governing boards of pension schemes should meet often enough to maintain effective oversight and control, which in most cases will be at least quarterly.

2.2.3 It would be a recommendation of LGSS Pensions that the Local Pension Board consider meeting four times a year to comply with the Pensions Regulator's expectations.

2.3 Managing Risk

2.3.1 The table below shows the proportion of schemes with documented procedures for assessing and managing risk.

Year of survey	Firefighters	All Schemes	Northants
2018	80%	92%	The Risk Strategy for the Northamptonshire Firefighters' Pension Schemes was approved by the Local Pension Board on 16 November 2016.
2017	63%	83%	
2016	44%	72%	
2015	36%	70%	

2.3.2 Whilst there is a Risk Strategy in place with regards to the Northamptonshire Firefighters' Pension Scheme, a risk register is not.

2.3.3 The following table shows the proportion of schemes that have a risk register:

Year of survey	Firefighters	All Schemes	Northants
2018	87%	94%	No risk register in place
2017	69%	88%	
2016	38%	70%	
2015	36%	76%	

2.3.4 A number of risk registers have been presented to the Local Pension Board for consideration since 2015 but the adoption of one has not yet been agreed.

2.3.5 A report is to be presented to the Local Pension Board at this meeting to facilitate the approval of a risk register to ensure compliance with the Pensions Regulator's code of practice.

2.4 Administration and record-keeping

2.4.1 The table below shows the percentage of schemes that comply with the Pensions Regulator's expectation on monitoring and managing administrator performance:

	Firefighters	All schemes	Northants Fire
Administrators deliver regular reports to Scheme Manager and/or Local Pension Board on the service provided.	87%	87%	At every meeting of the Local Pension Board.
Administrators attend regular meetings with Scheme Manager and/or Local Pension Board.	83%	85%	At every meeting of the Local Pension Board.
Performance metrics are set out in contracts/SLAs.	85%	73%	Yes in the SLA with LGSS.
Independent auditors review performance of administrators.	57%	58%	No.
Administrators provide independent assurance reports.	41%	33%	No.

2.4.2 The Scheme Manager and the Local Pension Board may wish to consider whether they require an independent audit review of the performance of LGSS Pensions.

2.5 Data Reviews

2.5.1 The table below shows the proportion of schemes that had undertaken a data review in the 12 months prior to the survey being conducted.

Firefighters	All Schemes	Northants
78%	83%	Yes – October 2018.

*Common data score – 1992 Scheme 70% / 2006 Scheme 81% / 2015 Scheme 78%
Scheme-specific score – 1992 Scheme 74% / 2006 Scheme 75% / 2015 Scheme 95%*

2.5.2 LGSS Pensions carried out a data review in October 2018 in order to supply the common and scheme-specific data scores which since 2018, is a feature of the

Pensions Regulator's mandatory annual scheme return. Full details of the data scores were notified to the Local Pension Board at the March 2019 meeting and to the Scheme Manager and Chairman prior to submission of the survey.

- 2.5.3 As a result of the findings and to comply with the Pensions Regulator's code of practice a Data Improvement Policy and Plan was approved by the Local Pension Board at the March 2019 meeting and is also further discussed within the Administration Report agenda item also to be presented at this meeting.

2.6 Annual Benefit Statements

- 2.6.1 It is a statutory requirement for all annual benefit statements for active scheme members to be issued no later than 31 August each year. The following table shows the proportion of scheme members that received an annual benefit statement by the 31 August 2018.

	Firefighters	All Schemes	Northants
Mean	97%	95%	100%
100% received by the deadline	78%	66%	Yes

- 2.6.2 In respect of the annual benefit statements issued in 2019, LGSS Pensions issued 364 out of 365 (99.7%) by the 31 August deadline with the 1 remaining statement to be issued following an upgrade to the administration software scheduled for early October 2019.
- 2.6.3 The member that did not receive an annual benefit statement by 31 August 2019 has received a letter explaining the delay and a breach has been recorded on the breach log as it was deemed immaterial to report to the Pensions Regulator. The breach log can be found in appendix 1.

3. Finance & Resources Implications

- 3.1 The costs associated with the work plan will be agreed between the Northamptonshire Fire and Rescue Service and the LGSS Pensions.

4. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with the plans to achieve full compliance with the requirements of the Pensions Regulator's code of practice and the requirements of the Scheme Advisory Board, Public Service Pension Act 2013 and the Pensions Act 1995.	N/A	N/A

- b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Failing to comply with the requirements of the Pensions Regulator,	Red

Scheme Advisory Board and Public Service Pension Act 2013 may result in the Pensions Regulator taking action to improve standards as detailed in section 3 of this report.	
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5. Communication Implications

Website	All policies will be made available under the Firefighters’ Pension Scheme section of the LGSS Pensions Service website.
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6. Legal Implications

6.1 Failing to comply with the Public Service Pension Act 2013 and the Pensions Act 1995 would be regarded as a breach of the law, reportable to the Pensions Regulator.

7. Consultation with Key Advisers

7.1 Not applicable for this report.

8. Alternative Options Considered

8.1 There are no alternative options to be considered.

9. Background Papers

9.1 The Pensions Regulator’s Code of Practice

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

9.2 The Pensions Regulator’s public service governance and administration survey 2018 – research report

<https://www.thepensionsregulator.gov.uk//media/thepensionsregulator/files/import/pdf/public-service-research-2019.ashx>

10. Appendices

10.1 Appendix 1 Northamptonshire Firefighters’ Pension Scheme Breaches of the Law Log

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 09/09/2019

Item 4 Appendix 1**Northamptonshire Firefighters' Pension Scheme – Breaches of the Law**

Requirement	Breach	Reason for Breach	Reported to the Pensions Regulator?	Action Plan	Scheme Manager notified?	Local Pension Board notified?	Action Plan completed?
Annual benefit statements to be issued by 31 August 2019	1 out of 365 (0.3%) statements for active members were not issued by 31 August 2019	Pensions administration software could not produce an accurate statement for this particular member (will be resolved following software upgrade scheduled for 3 October 2019)	No, immaterial to the Pensions Regulator	The 1 member who did not receive a statements has been written to advising of the delay. The statements will be issued by 31 October 2019.	Yes and action plan agreed.	Yes, meeting of 25 September 2019.	

**NORTHAMPTONSHIRE
FIREFIGHTERS' PENSION
SCHEME**



Local Pension Board

Date: 1 December 2017

Report by: Head of Pensions

Subject:	Northamptonshire Firefighters' Pension Scheme(s) Draft Risk Register
Purpose of the Report	To present the Northamptonshire Firefighters' Pension Scheme(s) Draft Risk Register to the members of the Local Pension Board
Recommendations	The Local Pension Board are asked to 1) Approve the risks identified on the Draft Northamptonshire Firefighters' Pension(s) Scheme Risk Register; and 2) Consult with the Scheme Manager as to the appropriate risk ratings to be allocated (4.1)
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager E-mail – jwalton@northamptonshire.gov.uk

1. Background

1.1 Good governance ensures that there is an appropriate Risk Register in place supported by an appropriate Risk Strategy outlining the approach to managing risk

2. The Pensions Regulator's Requirements

2.1 The Public Service Pensions Act 2013 added an additional provision to the Pensions Act 2004 relating to the requirements to have internal controls in public service pension schemes. The Pensions Regulator's code of practice guidance on internal controls requires schemes managers to carry out a risk assessment and produce a risk register which should be reviewed regularly.

3. The Risk Strategy

3.1 In November 2016 the Risk Strategy was approved by the Local Pension Board and from this a risk register needed to be established. The strategy and risk register should be read in conjunction with each other as the strategy sets out the principles of risk management and how the risks are profiled. This profiling is undertaken by using the impact and likeliness tables to determine the gross and residual likelihood and impact on the authority once mitigations are in place.

4. The Northamptonshire Firefighters Pension Scheme(s) Risk Register

- 4.1 LGSS Pensions presented a risk register to the Local Pension Board at the meeting of 17 November 2017 with a view for the members of the Local Pension Board to agree whether the suggested risk scoring matrix and impact descriptors in the agreed Risk Strategy (appendix 1) remains appropriate, allowing members of the Local Pension Board in conjunction with the Scheme Manager to finalise the risk register.
- 4.2 Should it be decided that the current risk impact descriptors and scoring matrix are not appropriate and alternative measures used the Risk Strategy would need amending accordingly.
- 4.3 The proposed risk register as presented at the 17 November 2017 meeting of the Local Pension Board can be found in appendix 2 of this report and consists of relevant risks to all parties that are responsible for the administration of the Firefighters' Pension Schemes and the operation of the Local Pension Board. The risk register has been produced using The Pension Regulator's template.
- 4.5 The risk register sets out the risks that the Scheme Manager has in terms of the management of the Firefighters' Pension Schemes with administration currently undertaken by LGSS Pensions and other LGSS services and also the risks faced by the Local Pension Board.
- 4.6 The risk register identifies where a risk belongs to and is in control of by the Scheme Manager, and asks that the Scheme Manager insert details of the relevant tests and controls that they would like to be in place. An example of this type of risk is under the category of administration process failure/maladministration with the control being to have a formal agreement in place with LGSS Pensions, including a Service Level Agreement.
- 4.7 Risk scores have not been allocated to any of the risks as it was considered at a previous meeting of the Local Pension Board that the risks needed to be rated in line with all the risks faced by Northamptonshire Fire and Rescue Service.

5. Next Steps

- 5.1 Once the risks and associated scores have been agreed, the register should be presented for review on a yearly basis unless a significant risk is identified prior to the review date or the rating of a risk requires an amendment. This will be either be reported on during the next meeting or outside of the meeting with the Chairman's approval if deemed appropriate.

6. Finance & Resources Implications

- 6.1 There are no financial and resource implications associated with this risk register.

7. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
None	A risk register highlights areas of concern and allows for	Green

	appropriate mitigations to be put in place.	
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b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
If risks are not monitored the authority will not demonstrate that it has appropriate control over the management of the risks it faces	Red

8. Communication Implications

Website	The risk register and strategy will be uploaded to the Firefighters' Pension Scheme pages of the LGSS Pensions website once finalised.
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9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 Not applicable.

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Appendix 1 – Risk Strategy

13.2 Appendix 2 – Draft Risk Register

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 09/09/2019



Risk Strategy 2016

1. Introduction

1.1 This is the Risk Strategy of the Northamptonshire Fire and Rescue Service Local Pension Board managed by Northamptonshire County Council (the Scheme Manager). The Risk Strategy details the approach to managing risk including:

- the risk philosophy for the management, and in particular attitudes to, and appetite for, risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the risk management process
- the key internal controls operated by the Scheme Manager and other parties responsible for the management.

2. Strategy objectives

2.1 In relation to understanding and monitoring risk, the Scheme Manager aims to:

- integrate risk management into the culture and day-to-day activities;
- raise awareness of the need for risk management by all those connected with the management of the Fire Authority;
- anticipate and respond positively to change;
- minimise the probability of negative outcomes for the Fire Authority and its stakeholders;
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice;
- ensure consistent application of the risk management methodology across all activities, including projects and partnerships.

2.2 To assist in achieving these objectives with the management of the Fire Authority the Scheme Manager will aim to comply with the Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes as they relate to managing risk.

3. Purpose of the strategy

3.1 The Scheme Manager recognises that effective risk management is an essential element of good governance. By identifying and managing risks through an effective policy and risk management strategy, the Scheme Manager can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats

3.2 The Scheme Manager adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Authority at a strategic and operational level.

4. Effective date

4.1 This policy was approved by the Northamptonshire Fire and Rescue Service Local Pension Board on 16 November 2016 and is effective from 17 November 2016.

5. Review

5.1 It will be formally reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

6. Scope

6.1 This Risk Strategy applies to all members of the Northamptonshire Fire and Rescue Service Pension Local Board.

7. Risk Management Philosophy

7.1 The Scheme Manager recognises that it is not possible or even desirable to eliminate all risks. Accepting and actively managing risk is therefore a key part of the risk management strategy. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Authorities objectives in the light of the Scheme Managers risk appetite. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

7.2 In managing risk, the Scheme Manager will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable the Authority to anticipate and respond positively to change
- minimise loss and damage to the Authority and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity are only undertaken if the risks they present are fully understood and taken into account in making decisions.

7.3 The Scheme Manager also recognises that risk management is not an end in itself; nor will it remove risk from the Authority. However it is a sound management technique that is an essential part of the Scheme Manager stewardship of the Authority. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

8. The Pensions Regulator's Requirements

8.1 The Pension Regulator's Code of Practice

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

"249B Requirement for internal controls: public service pension schemes

(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed—

(a) in accordance with the scheme rules, and

(b) in accordance with the requirements of the law.

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, “enactment” and “internal controls” have the same meanings as in section 249A.”

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator’s code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly. The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the skills of the person performing the control
- the level of reliance that can be placed on information technology solutions where processes are automated
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened
- the frequency and timeliness of a control process
- how the control will ensure that data are managed securely, and
- the process for flagging errors or control failures, and approval and authorisation controls.

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

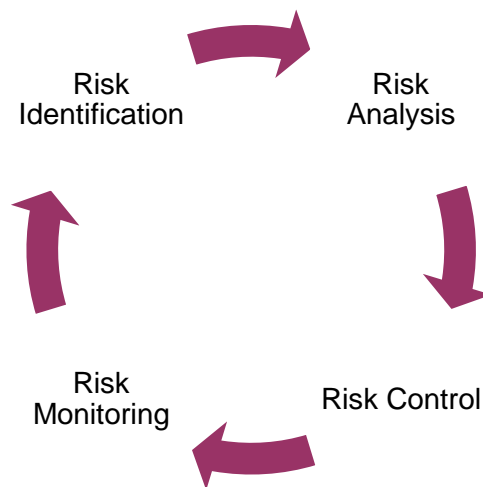
Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

9. Responsibility

9.1 The Scheme Manager must be satisfied that risks are appropriately managed. For this purpose, the Scheme Manager is responsible for ensuring the process outlined below is carried out, subject to the oversight of the Northamptonshire Fire and Rescue Service Local Pension Board.

10. The Northamptonshire Fire and Rescue Service Local Pension Board Risk Management Process

10.1 The risk management process is a continuous approach which systematically looks at risks surrounding the past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



10.2 Risk identification

The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises overseen by the Local Pension Board
- performance measurement
- feedback from the local Pension Board and stakeholders

- liaison with other organisations, regional and national associations, professional groups, etc.

10.3 Once identified, risks will be documented on the risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

10.3 Risk analysis

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

Potential impact if risk occurred	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
		Likelihood of risk occurring				

When considering the risk rating, the Scheme Manager will have regard to the existing controls in place and these will be summarised on the risk register.

10.4 Risk control

The Scheme Manager will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The risk register details all further action in relation to a risk and the owner for that action.

10.5 Risk monitoring

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Local Pension Board. In monitoring risk management activity, the Board will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- there are any lessons to be learned for the future assessment and management of risks.

11. Reporting and monitoring

11.1 Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on an annual basis to the Local Pension Board.

The Local Pension Board will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 3 or more) or new major risks (for example, scored 15 or more).

In order to identify whether the objectives of this policy are being met, the Scheme Manager will review the delivery of the requirements of this Strategy on an annual basis.

12. Key risks to the effective delivery

12.1 The key risks to the delivery of this Strategy are outlined below. The Scheme Manager will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers.

- Risk management becomes mechanistic, is not embodied into the day to day management and consequently the objectives of the Policy are not delivered
- Changes in Local Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately

Appendix 2 – Northamptonshire Fire and Rescue Service – Firefighters’ Pension Scheme(s) Risk Register
(template provided by The Pensions Regulator)

	Likelihood (1:low, 5: high)	Impact (1:low, 5: high)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Risk area 1 – Operations								
Operational disaster (fire/flood)	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Business continuity plan (BCP) in place for LGSS Pensions.	LGSS Pensions	Up to date and regularly reviewed BCP and disaster recover in place.	Dec 2018	LGSS Pensions have in place a BCP which is regularly reviewed.
				Business continuity plans in place for Scheme Manager.	Scheme Manager		Dec 2018	<i>Northants Fire to insert comment here:</i>
Member data incomplete or inaccurate	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Data to be analysed and a data improvement plan to be implemented.	LGSS Pensions	Resolution of errors highlighted in the data improvement plan.	June 2018	Irregularities and solutions to be reported to the Scheme Manager. Payroll vs Pensions administration and contracted out reconciliation underway.
Administration process failure/ maladministration	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Formal agreement in place with LGSS Pensions, including SLAs.	Chief Fire Officer	<i>Northants Fire to insert comment here:</i>	November 2018	<i>Northants Fire to insert comment here:</i>
				Authority levels clearly agreed and kept up to date with regards to exercising discretions.	Scheme Manager	<i>Northants Fire to insert comment here:</i>	November 2018	<i>Northants Fire to insert comment here: Possibly referring to the Scheme of Delegation</i>

	Likelihood (1:low, 5: high)	Impact (1:low, 5: high)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Risk area 2 – Financial								
Officers acting outside of delegated responsibility	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Regular reviews of policy and constitution	Scheme Manager	<i>Northants Fire to insert comment here:</i>	November 2018	<i>Northants Fire to insert comment here: Possibly referring to the Scheme of Delegation</i>
				Appropriate approval measures in place	LGSS Pensions	All calculations checked and appropriate system authority reviewed regularly.	November 2018	LGSS Pensions regularly review the levels of system access and ensure officers are suitably knowledgeable in the subject area to authorise transactions and payments.
Risk area 3 – Funding								
Employer fails to deduct pension contributions	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Monthly monitoring of contribution payments by LGSS Payroll and LGSS Finance	LGSS Payroll / Finance and Scheme Manager	Fully reconciled contributions to be credited to the appropriate account by the 19 th of the month following deduction	November 2018	All contributions deducted as necessary and reconciled. Failure to transfer contributions to the appropriate account by the 19 th is a breach of the law reportable to the Pensions Regulator.

	Likelihood (1:low, 5: high)	Impact (1:low, 5: high)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Risk area 4 – Regulatory and Compliance								
Failure to interpret legislation correctly	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Up to date and documented evidence of training for Local Pension Board members	LGSS Pensions	Annual assessment undertaken to ensure each member of the Local Pension Board has received appropriate skills and knowledge.	November 2018	Members will receive opportunities to receive training to assist them in their roles including The Pension Regulator toolkit. A Training Strategy is being developed which will details methods and expectations of training.
				Technical advice and updates	LGSS Pensions	Officers of LGSS to update the Scheme Manager and members of the Local Pension Board of any new or amending legislation.	November 2018	Updates received from the responsible authority (Home Office), Scheme Advisory Board and professional advisors. Attendance at the Firefighter Pensions Technical Community meetings (both LGSS staff, Local Pension Board members and Scheme Manager where relevant).

	Likelihood (1:low, 5: high)	Impact (1:low, 5: high)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Local Pension Board Annual report	Scheme Manager	To be drafted by Democratic Services each year to report on the activities undertaken by the Local Pension Board.	November 2018	The annual report demonstrates the effectiveness of the Board at fulfilling their roles.
Legal responsibilities	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	Scheme Manager and Local Pension Board members to be aware of their legal responsibilities.	Local Pension Board Members / LGSS Pensions	LGSS Pensions to deliver regular training on legal obligations.	November 2018	Reporting Breaches of the Law to the Pensions Regulator policy is in place as approved by the Local Pension Board.
Conflicts of interest	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	<i>Northants Fire to insert rating here:</i>	All Local Pension Board members to declare any conflicts and potential conflicts	Local Pension Board members / Democrat ic Services	Conflicts of interest must be reported and managed appropriately in line with the Terms of Reference of the Local Pension Board.	November 2018	Conflicts document signed by all Local Pension Board members, recorded in a conflicts register. Any declarations at meetings will be recorded in the minutes.

Suggested Risk Scoring Matrix

Potential impact if risk occurred	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
		Likelihood of risk occurring				

Red (risk scores 15 to 25):

Excess of risk appetite

Yellow (risk scores 7 to 14):

Likely to cause some difficulties

Green (risk scores 1 to 6)

Monitor as necessary

Suggested Impact Descriptors

The following descriptors are designed to assist the scoring of the impact of a risk:

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges
Financial	<£0.5m	<£1m	<£5m	<£10m	>£10m
Service provision	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
Reputation	No reputational impact	Minimal negative local media reporting	Significant negative front page reports/editorial comment in the local media	Sustained negative coverage in local media or negative reporting in the national media	Significant and sustained local opposition to policies and/or sustained negative media reporting in national media

**NORTHAMPTONSHIRE
FIREFIGHTERS'
PENSION SCHEMES**



Local Pension Board

Date: 25 September 2019

Report by: Head of Pensions

Subject:	Local Pension Board Work Plan
Purpose of the Report	To identify the future work plan for the Local Pension Board following the training received from the Pensions Advisors of the Local Government Association (LGA)
Recommendations	That, following discussion of the items detailed in this report a work plan is identified for future meetings of the Local Pension Board
Enquiries to:	Name: Jo Walton – Governance and Regulations Manager Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 As part of the subscription fees paid to the Local Government Association (LGA) for centralised guidance and support in respect of the Firefighters' Pension Schemes an annual training session is provided for members of the Local Pension Board and the Scheme Manager to assist in managing their responsibilities.
- 1.2 This training was delivered by the Firefighters' Pensions Advisors from LGA on 17 July 2019. The Scheme Manager and members of the Local Pension Board attended this training along with representatives of LGSS Pensions, the administrators of the Northamptonshire Firefighters' Pension Schemes.
- 1.3 The slides produced by the LGA for the purpose of this training can be found in appendix 1 along with a Scheme Manager checklist in appendix 2.
- 1.4 This report provides a basis for discussion following the LGA training to identify:
 - Future Local Pension Board meeting agenda items
 - Training requirements
 - Areas of non-compliance with the Pensions Regulator's code of practice number 14 (governance and administration of public service pension schemes)
- 1.5 Following this discussion a work plan will be produced and future meeting agendas of the Local Pension Board will be structured around these items.

2. Items for discussion

2.1 The following resources have been identified as a basis for discussion to form a work plan for the Local Pension Board:

Firefighters' Pension Schemes Management and Governance Training delivered by the Pensions Advisors of the LGA	Appendix 1
Scheme Manager checklist provided by the Pensions Advisors of the LGA	Appendix 2
Survey results of the Pensions Regulator's governance and administration survey	Key points are covered in appendix 1 and the report to be presented by LGSS Pensions at this meeting (see agenda pack)
Training Needs Analysis (as taken from the Northamptonshire Firefighters' Pension Scheme(s) Training Strategy	Appendix 3

2.2 Other items suggested for discussion are as follows:

- Injury and ill health retirement review process
- Any changes in governance associated with the transfer to the Office of the Police, Fire and Crime Commissioner

3. Next Steps

3.1 The work plan will be formalised following the meeting and circulated to the Scheme Manager and Local Pension Board in order for relevant actions to begin without delay.

4. Finance & Resources Implications

4.1 The costs associated with the work plan will be agreed between the Scheme Manager and LGSS Pensions.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with establishing a work plan that will facilitate compliance with the requirements of the Pensions Regulator's code of practice and the requirements of the Scheme Advisory Board, Public Service Pension Act 2013 and the Pensions Act 1995.	N/A	N/A

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Failing to comply with the requirements of the Pensions Regulator, Scheme Advisory Board and Public Service Pension Act 2013 may result in the Pensions Regulator taking action to improve standards	Red

as detailed in section 3 of this report.	
--	--

6. Communication Implications

Website	Once created the work plan will be made available under the Firefighters' Pension Scheme section of the LGSS Pensions website.
----------------	--

7. Legal Implications

7.1 Failing to comply with the Public Service Pension Act 2013 and the Pensions Act 1995 would be regarded as a breach of the law, reportable to the Pensions Regulator.

8. Consultation with Key Advisers

8.1 Not applicable for this report.

9. Alternative Options Considered

9.1 There are no alternative options to be considered.

10. Background Papers

10.1 The Pensions Regulator Code of Practice

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

11. Appendices

11.1 Appendix 1 - Firefighters' Pension Schemes Management and Governance Training (powerpoint presentation)

11.2 Appendix 2 – Scheme Manager checklist

11.3 Appendix 3 – Training Needs Analysis

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 09/09/2019

Firefighter Pension Schemes Management and Governance 17 July 2019

I don't

- Police
 - Inspect
 - Regulate
 - Report
 - Whistle blow
-

I do

- Advise
- Guide
- Help
- Steer

Administration and management

- Each of the 45 Fire and Rescue Authorities (FRAs) are responsible for the management and administration of their scheme and are defined in law as the [scheme manager](#) - Responsibility to comply with over-riding pension legislation is on each FRA.
 - At present this responsibility is managed differently within each FRA, this can depend on whether they are a combined authority or whether the FRA function sits within a county council.
 - Each FRA is required to administer the pension scheme either in-house or appoint a third party administrator. There are currently 20 different pension administrators across the 45 FRAs, a list of Authorities and their administrators can be found [here](#).
-

Funding

- The top up grant provided from central government covers pension payments only. It does not fund administration and management of the scheme.
 - Unlike centrally administered schemes, where the employers pay an administration levy, FRAs have to fund pension costs arising from the administration and management of the scheme from their operating accounts.
-

Firefighter Pension Scheme Members

1992 Scheme	2006 Scheme (Standard Members)	2006 Scheme (Special Members)	2015 Scheme	Compensation Scheme
Protected standard members	Protected standard members	Protected special members	2015 only	Benefits based on service
	Protected retained members		1992 transitional	Protections for retained firefighters with a qualifying injury before 1 st April 2014
			2006 standard transitional	
			2006 standard retained transitional	
			2006 special transitional members	

Agenda

Session One

- The Scheme Manager role
- Scheme Manager Duties
- Scheme Complexities

Session Two

- Current Landscape
- Pensionable Pay
- Valuation and McCloud and Sargeant

Session Three

- Pension Board Governance and Responsibilities
- TPR Expectations and SAB Survey
- Expectations of pension boards and next steps

Scheme Manager



Scheme Manager Factsheet

Scheme Manager

- The Scheme Manager is defined by rule 4 of the 2015 regulations rule 4 of the 2014 regulations as being the Fire and Rescue Authority as determined under section 1 of the Fire and Rescue Services Act 2004
 - The scheme manager is responsible for managing and administering this scheme and any statutory pension scheme that is connected with it.
 - <http://www.legislation.gov.uk/ukxi/2014/2848/regulation/4/made>
-

Power of delegation – Rule 5

- *(2) The scheme manager may delegate any functions under these Regulations, including this power to delegate, to such persons or employees of such person as may be authorised in that behalf by the scheme manager.*
 - <http://www.legislation.gov.uk/ukxi/2014/2848/regulation/5/made>
-

Delegation not abdication

Who
owns
pensions

- Is there a natural home for pensions within your organisation?
- Is this part of the senior management team?
- Is it one persons responsibility?

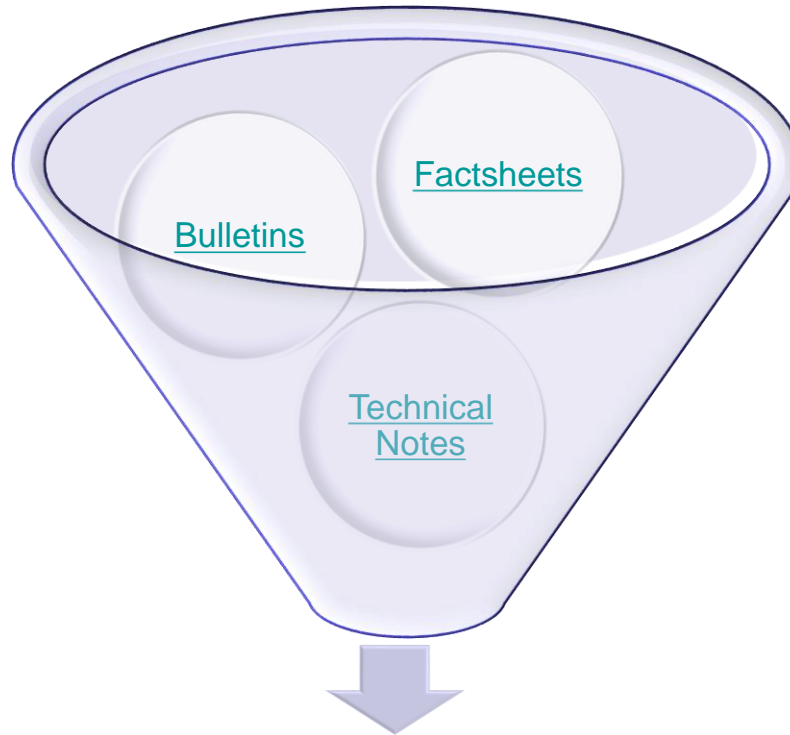
Who
monitors?

- Regular reports to the fire authority, and from whom?
 - An understanding of risk?
 - Does the Local Pension Board report directly to the Fire Authority
 - What escalation procedures are there?
-

Risk

Regulatory and Compliance	Financial	Operational
Non compliance with TPR	Excessive Charges	Member Data
Failure to interpret regulations	Pension Fund accounting mistakes	Administrative failures
Failure to comply with disclosure requirements	Authority costs due to failure to apply scheme / tax rule correctly	Premises
Failure to communicate with scheme members	Failure to deduct correct employee contributions	Software
	Fraud	Workforce planning

Actions



**Scheme Manager /
Pension Board Chair**



Question 1

- Is there a clear scheme manager delegation
- Is that delegation monitored
- Are the risks understood by the Fire Authority
- What filters do you have in place to catch the actions?

**WOULD YOU DO ANYTHING DIFFERENTLY
FOLLOWING TRAINING?**



Scheme Manager



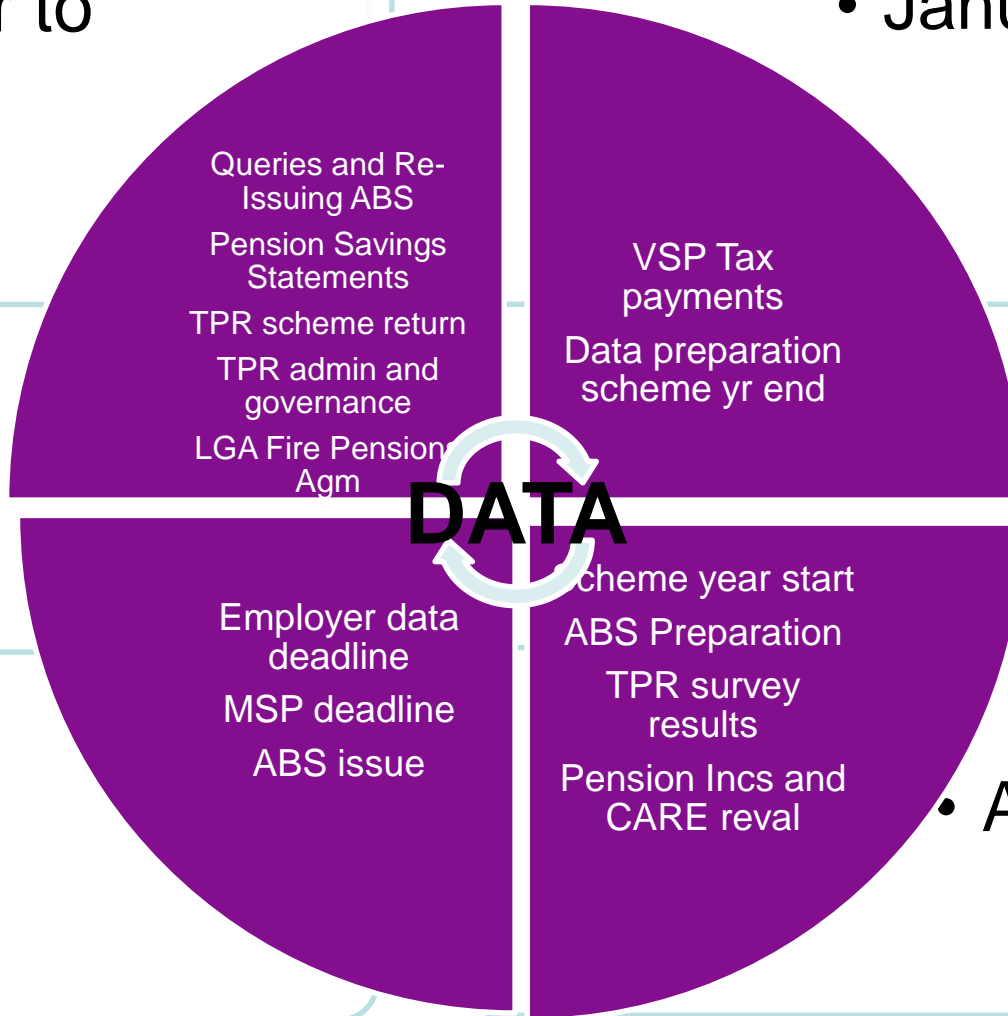
Scheme Manager Responsibilities

- Calculation and Payment of Benefits
 - Decisions and Discretions
 - Disclosure of Information
 - Record Keeping
 - Internal Controls
 - Internal Dispute Resolution
 - Report Breaches of Law
 - Statements, Reports and Accounts
-

Scheme Year Cycle

• September to December

• January to March



• June to August

• April to June

Internal Dispute Resolution

- Guidance in [FPSC 1/2009](#) and [Bulletin 9](#)
1. First stage considered by Chief Fire Officer or a delegated senior manager (six months)
 2. Second stage considered by elected members (six months)
-

Reporting to Home Office

- Top Up Grant
- Reports and Accounts
- Clear processes?

[AGM Workshop – Forecasting public service pensions](#)

Administration

- How are SLAs set?
 - Are roles and responsibilities clear
 - What services does the administrator offer?
 - Regular meetings
-

Breaches of the Law

- Who should report
 - Managers of the scheme
 - Pension board members
 - Administrators
 - Employers
 - Professional Advisers
 - Those involved in advising the scheme manager

[TPR Guidance](#)

[SAB Breach Assessment Guidance](#)

Breach assessment procedure



Secretariat: bluelight.pensions@local.gov.uk

Breach Assessment Template

Date of assessment

[Enter text about date of assessment and who assessment panel is]

Introduction

[Brief introduction to the breach being assessed]

Identified

[Enter text about how the breach was identified, for example it might be;

- Tracked from agenda
- Tracked from LGA bulletins / technical note
- Informed by scheme manager / Pensions administrator
- Something else]

Assessment

[Using the [TPR guidance](#) comment on the four areas and score red, amber or green

	Cause	Effect	Reaction	Wider Implications
Red				
Amber				
Green				

Action

[Enter text about what the course of action is in response to the breach, including any timescales.]

History / Frequency

[Enter text about whether this is a breach that has occurred before and with what frequency.]

Decision

Report as material breach	
Recorded as breach	

Assessed by:

Date of assessment:

Board Review:

Tabled at Board Meeting:

Agreed by board:

Breach Assessment Template

Pension board assistance

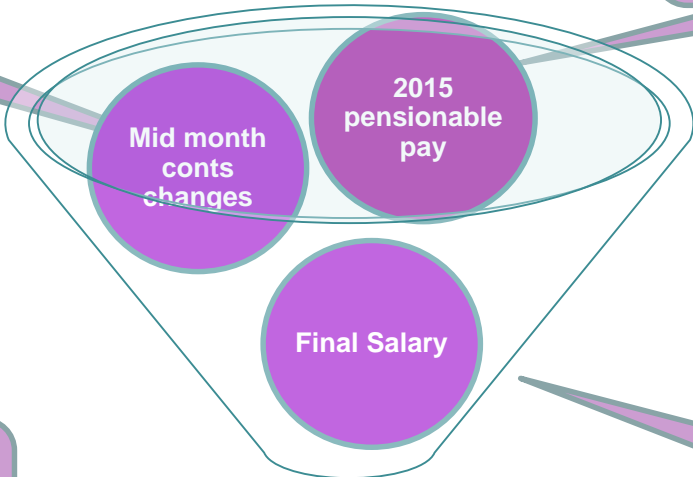
- Compliance of duties under the regulations and relevant legislation
 - Effectiveness of processes for the appointment of advisors and suppliers
 - Identify improvement of customer services
 - Identifying patterns of complaints
 - Reviewing the performance of administration
 - Reviewing the process for sharing data
-

Record Keeping?

Inputs

Change of contribution rate for mid month tapering

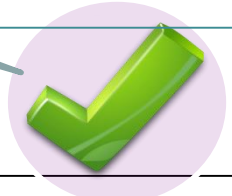
CARE pensionable pay for scheme year



Correct pension

Link to final salary for transitional benefits

Outputs





Question 2

- How do you implement new processes
 - Are you confident in your administrator relationship?
 - Record keeping
 - Have you completed scheme reconciliation
 - What was your data score?
 - What are your priorities for coming year
-



Question 2

- Are IDRPs managed effectively
- How confident are you that risks are managed?
- When would you expect the scheme manager to be notified of a breach?
- How does your pension board assist you?

WOULD YOU DO ANYTHING DIFFERENTLY FOLLOWING TRAINING?

Scheme Complexities



An important note

- These slides are intended to provide an overview of the scheme regulations and should not be regarded as a complete guide
 - Please note that it is the responsibility of each FRA to apply the rules of the pension scheme in accordance with their interpretation of the scheme and to obtain legal advice where they consider this is necessary.
 - The information contained in these slides have been provided to give some guidance on the rules of the pension scheme, however they should be used only as an informal view of the interpretation of the firefighters' pension scheme as only a Court can provide a definitive interpretation of legislation.
-

Funding

- The top up grant provided from central government covers pension payments only. It does not fund administration and management of the scheme.
 - Unlike centrally administered schemes, where the employers pay an administration levy, FRAs have to fund pension costs arising from the administration and management of the scheme from their operating accounts.
-

FPS 1992

- Open to regular firefighters
- 1/60th accrual rate
- Double accrual after 20 years
- Maximum service is 30 years
- Earliest retirement age 50
- Final Salary scheme
- Actuarial commutation factors
- Injury benefits
- Built in ill-health benefits/life cover
- Pension for Widow's/Children
- Deferred pension age 60



FPS 2006

- Open to regular and retained firefighters from 6th April 2006
- 1/60th accrual rate
- Maximum service 45 years
- Retirement age 60
- Earliest retirement age 55 (subject to re
- Final Salary Scheme
- Commutation based on 1 : 12 ratio
- Built in ill health benefits/life cover
- Pension benefits for Partners/Children
- Deferred pension age 65



FPS 2006 - Special Members

- Ability for those retained who were excluded from a scheme from 2000 – 06 to join a scheme similar to the FRS 1992.
- Benefits reflect 1992 scheme (in part)
- Incorporated into 2006 scheme
- Accrual rate 1/45th
- Normal pension age 55
- Deferred pension age 60
- Built in ill health benefits/life cover
- Pension benefits for Partners/Children
- The options exercise ended September 2015.



FPS 2015

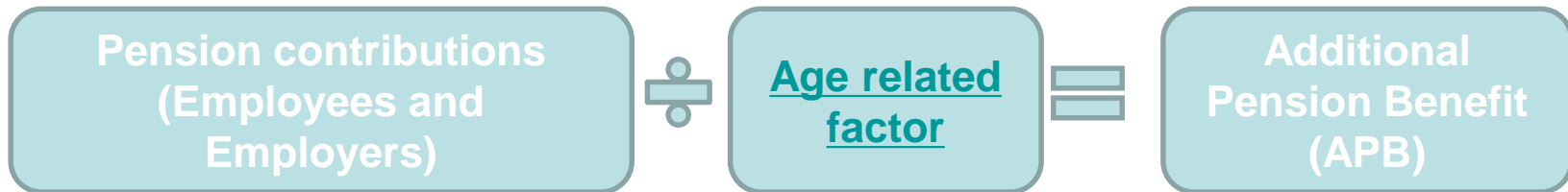
- All members transferred in April 2015
- Transitional protections apply for existing members of 1992/2006 scheme
- Accrual rate (currently) 1/59.7ths
- Retirement Age 60
- Earliest retirement age 55 (subject to rec)
- Career Average scheme
- Individual Pension accounts
- Deferred pension age equal to State Pei (min 65)





Final Salary Discretionary Benefits (APB)

1. Allowance or supplement to reward additional skills and responsibilities
2. Continuous Professional Development (CPD)
3. Temporary promotion, which began after 1 July 2013
4. Performance Related Payment

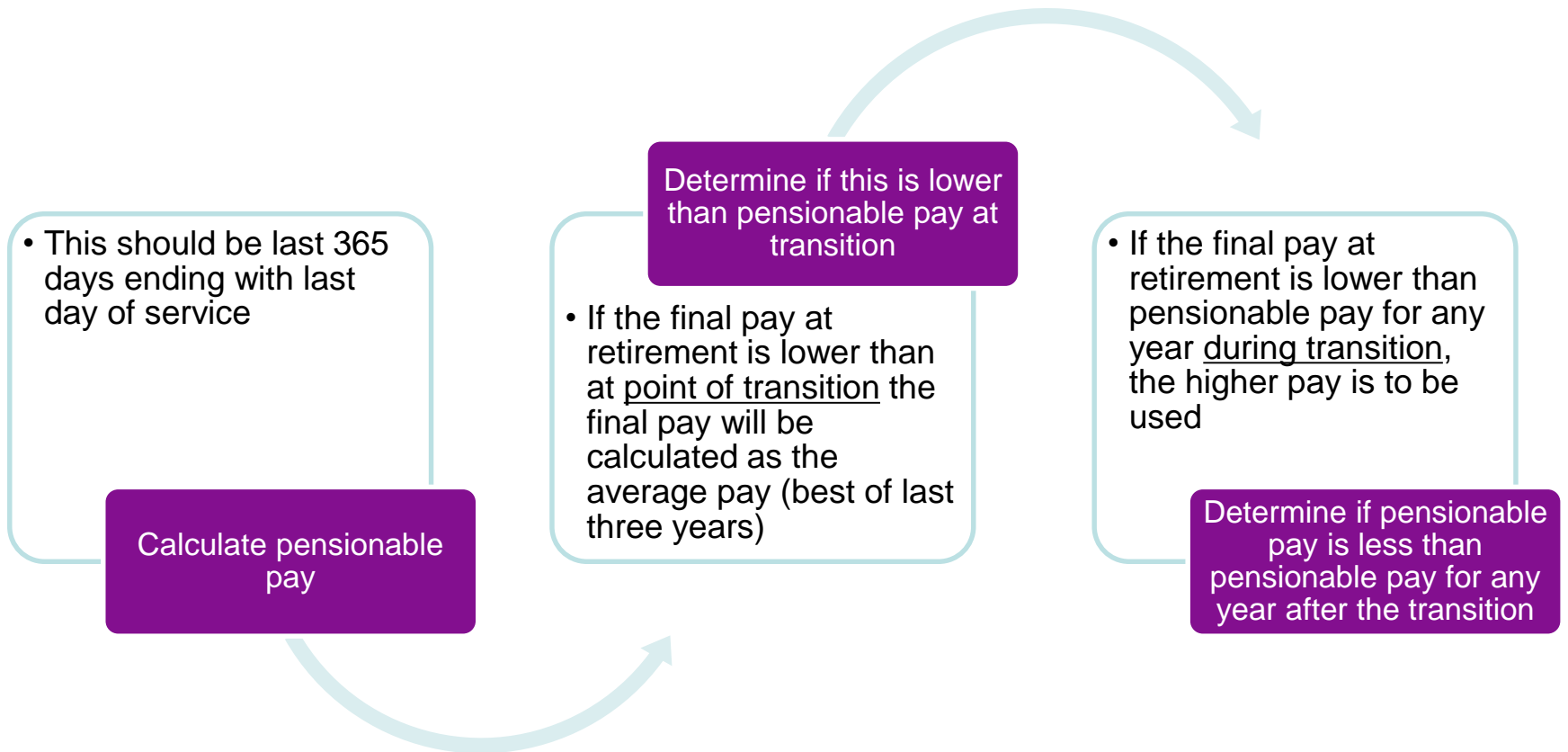


APB Factsheet

Double Accrual Guarantee

- Recognises the expectation to double accrual for members in the 'old' 1992 Fire scheme.
 - Pro Rata's the expected benefit
 - [Transitional Member Guidance](#)
-

Pay Protections



Re-employment after retirement

Pension will be subject to abatement where an employee retires and begins drawing their pension and is either:

- re-employed by any Fire Authority in any capacity or
- continues in the employment of a Fire Authority
- Abatement to pension applies if the new salary, plus the pension they are in receipt of, is more than their salary they received while previously employed, then that excess amount is taken away from their pension whilst the member is re-employed.

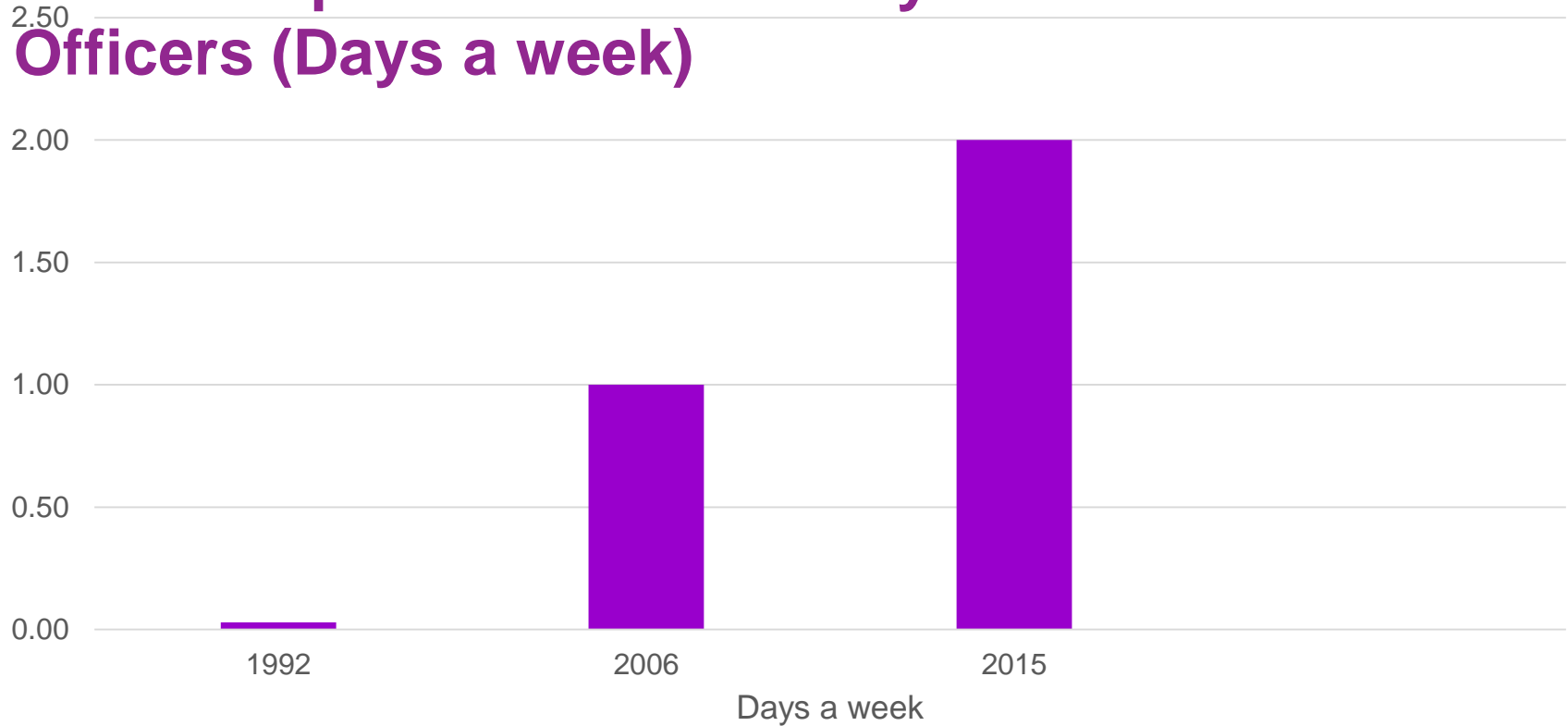
[Abatement Factsheet](#)

Nobody told us!

- Drop in pay triggering two pension entitlement
- Temporary Promotion pensionable under a discretionary APB only
- Transition to 2015 scheme (Ill-Health)
- Re-employed with another Fire Authority
- Eligibility of the scheme [Eligibility Factsheet](#)
- How to determine pensionable pay
- Special members of the 2006 scheme



Overall effect of changes in the last ten years on the time spent on Pensions by HR and Finance Officers (Days a week)



Illustrative only

Scheme Comparison

Feature	1992 Scheme	2006 Scheme Standard Members	2006 Scheme Special Members	2015 Scheme
Basis of pension	Final salary	Final salary	Final salary	(CARE)
Accrual rate	40/60ths 1/60 th (2/60 th after 20 years)	1/60 th	1/45 th	1/59.7 th
Benefit / Membership Cap	40/60 th	45 years	30 years	None
Revaluation rate	n/a	n/a	n/a	Average Weekly Earnings

Central Support

- Fire & Rescue services are supported centrally by the LGA 'Bluelight' pension team, who are also the secretariat for the board. The LGA Bluelight team run a framework of [forums and groups](#), and [events and conferences](#) in order to support the FRAs with their responsibilities.
 - There are two major software suppliers, Aquila Heywood and CIVICA which enables consistency in provision of technology.
-

LGA Framework and Support Services

- Forums and Groups
 - Technical group
 - Communications group
 - Regional groups
 - AGM
 - Monthly Bulletins
 - www.fpsregs.org
 - Technical Support
-

LGA Internal Representation

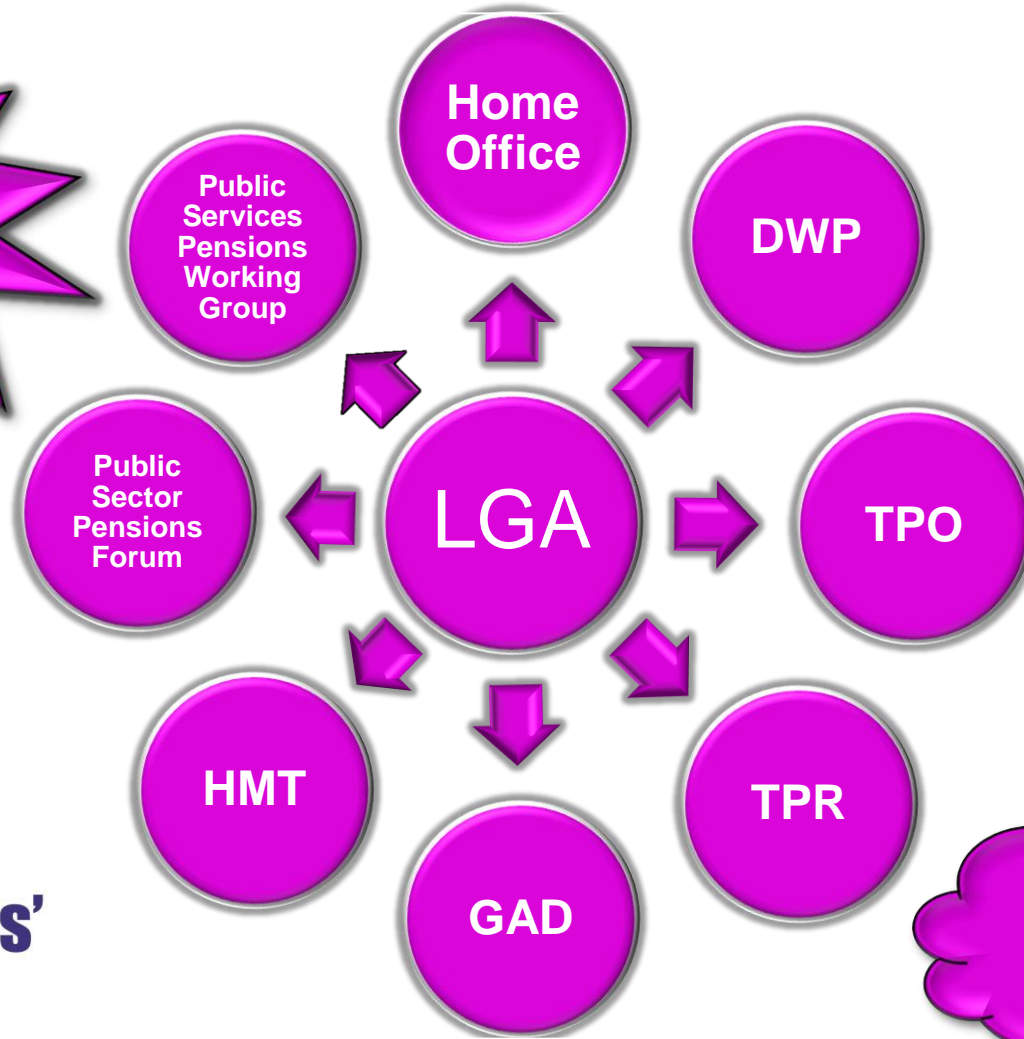


Over 35
attendances
during 2018



LGA External Representation

Central
point of
contact



On average
meetings
every week



Question 3

- How comfortable do you feel that the right processes are in place?
 - Pensionable Pay decisions understood and made correctly
 - Scheme discretions such as temporary promotion
 - Data is shared with administrators, on time and accurately

**WOULD YOU DO ANYTHING DIFFERENTLY
FOLLOWING TRAINING?**

Other guidance

- [Ill-Health and Injury Quick Guide](#)
 - [Survivor Benefits](#)
 - [Transfers](#)
 - [Special Members of the 2006 Scheme](#)
 - [Transitional Member Guidance](#)
 - [Pensionable Pay and Case Law](#)
 - [Factsheets](#)
-

Scheme Regulations

- FPS 1992 Regulations

<http://www.fpsregs.org/index.php/regulations/fps-1992->

- FPS 2006 Regulations

<http://www.fpsregs.org/index.php/regulations/fps-2006-regulations>

- FPS 2015 Regulations

<http://www.fpsregs.org/index.php/regulations/fps-2015-regulations>

- Firefighters' Compensation Scheme

<http://www.fpsregs.org/index.php/regulations/firefighters-compensation-scheme>



Session Two

Current Landscape

- Public Sector Pensions Tax
- Data
- Amendment Order 2018 & 2019
- Exit Cap
- Dashboards
- SAB benchmarking review



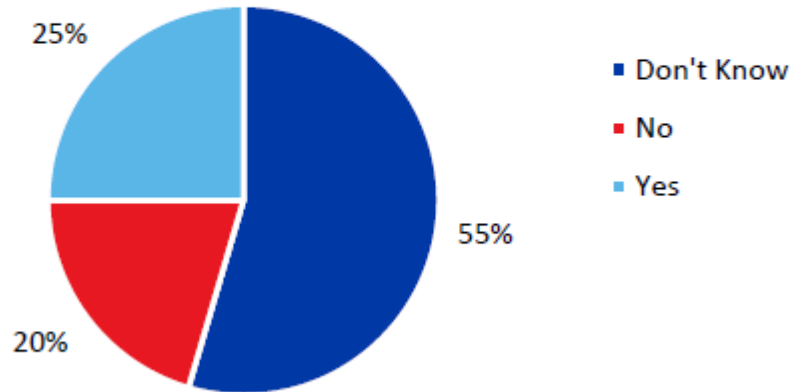
Public Sector Pensions Tax

- How well do you feel you understand pensions tax?
 - Do you have a VSP policy?
 - How do you support staff understanding their individual responsibilities?
 - Did you respond to the SAB [data collection](#) request?
-

What priority do you put on data?

- Last year TPR introduced mandatory scheme specific data scores. What was your score?
- Benchmark survey results showed a high return of FRAs confident in their data, yet 55% answered 'don't know' on [valuation exclusions](#)?
- What processes do you have in place to improve data?

Was your Fire organisation one of the authorities where some data wasn't used to set the assumptions for the 2016 valuation?



Please confirm the data scores captured for your authority for the Common and Scheme Specific Data as required for the 2018 Pensions Regulator Survey - Scheme Specific



- Fire Data Scoring – Accuracy Weighting

Data Score	85
Data as expected	0 = Processes in place 5 = No Processes in place
Process for two pension entitlement	5
Special 2006 data held on system	1
Process to identify reason for APBs	5
Consistency	
Administrator tolerance for +/- % pay change	0
Validation	
Monthly reconciliation	5
Number of returns to employer	2
Member queries after comms exercise (ie ABS)	3
Accuracy	3 %
Scaled Score	82.45

TPR quick guides

- Record keeping [link](#)
 - Improving your data [link](#)
 - Measuring your data [link](#)
-

Survivor benefits – Court Judgments

- 'Brewster' – Nomination of cohabiting partner
 - Amended by 2018 amendment order removing requirement to nominate
 - Walker – Same Sex marriage / Civil Partner Survivors pension
 - Amended by 2019 amendment orders
-

Amendment Order 2018 – Technical Note

1. To ensure that the indexation of two pensions is understood and properly applied.
 2. To ensure a policy is in place for exercising VSP and that Firefighters are aware of how they would request any tax charge to be paid.
 3. To ensure that members in the 2006 scheme are communicated to with regards to nomination requirements.
-

Amendment Order 2019 – Technical

Note

1. Makes minor amendments to two pension rule.
 2. Removes the limitation on service used for the calculations of an award for a surviving civil partner / same-sex marriage. Will require Fire Authority to –
 - Identify members of the scheme who may be affected by the changes
 - Identify deaths and make retrospective payments that may be due to the estate
 - Identify whether qualifying members have transferred out benefits and whether further retrospective payments are due.
 3. LGA response to consultation
-

£95k Exit Cap

- [Consultation](#) now closed
- [Enhanced Commutation](#)
- [Authority initiated early retirement](#)

Guidance for green book staff who are members of the Local Government Pension Scheme (LGPS) is available in the [LGPS library](#)

Guidance for the Fire Pension Scheme is available [here](#)

LGA [response](#) to the consultation

Fire SAB [response](#) to the consultation

Are you dashboard ready?

- A platform to allow savers to view all their pension pots through a single portal.
- DWP have [consulted](#) on dashboards. To be compulsory but public sector expected not to join for 3 / 4 years.
- LGA [response](#) to consultation
- Further information can be found on <https://pensionsdashboardproject.uk/>

What we know

Firefighters' Pension Schemes Regulations and Guidance



Source: www.fprsregs.org/

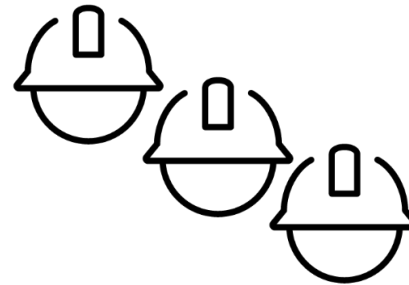
££ Member contributions: 8.5% to 17% of pay
Employer contributions: 14.3% to 21.7% of pay

What we don't know

How much are scheme management costs?
How effective is scheme administration?

	Total
Number of pensioners	41,731
Total deferred members	12,161
Active regular members	22,944
Active retained members	8,440

Source: Home Office, Fire statistics Table 1304



45 Fire
authorities

The purpose of the review



How effective is scheme administration?

- Do members receive a good service?
- Are the right benefits paid at the right time?



What are the costs of running the scheme?

- Explicit costs
- Implicit costs
- “Extra” costs



Are there any themes / patterns?



Could anything be done differently/better?

No preconceptions, no naming and shaming

Report highlights

- FRAs do not have a clear steer on how much is being spent on administering the scheme.
 - Service is generally good, but could be better.
 - Scheme cost per member is higher than other schemes where comparison data is available.
 - Perceived scheme complexity is an issue for FRAs, employers, and members.
-

Pensionable Pay



- It is a matter for each FRA to determine what is and isn't pensionable taking into account their contractual arrangements, the regulations and all relevant case law.
 - When making any pensionable pay decision, the reasoning for that decision and what case law has been considered should be documented
-

Why is it not clear?

- The Firefighters Pension Scheme 1992 requires pay to be determined in relation to the 'performance of the duties of the role'. Under case law (Blackburne) there has to be an '**element of permanency**'.
 - The Firefighters Pension Scheme 2006 and the Firefighters Pension Scheme 2015, which are virtually identical, requires pay to be determined in relation to the performance of the duties of the role but in addition the the regulations specifically exclude an '**allowance or emoluments paid on a temporary basis**'.
-

Booth v Mid and West Wales

Pensionable Element	Scheme	TPO	High Court
Training Allowance	1992	Pensionable	Pensionable as part of <u>permanent</u> role
Day Crewing	2006 & 2015	Not pensionable	Pensionable
Self-Rostered Crewing	2006 & 2015	Not pensionable	Pensionable
USAR	2006 & 2015	Pensionable	Not pensionable based on role <u>and</u> permanency status

Blackburne Principles

- 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
-

So what is temporary

- We don't know, the scheme rules do not define this!
 - Paragraph 9
 - “I have come to the conclusion that “permanent” in these statutory provisions does not signify pay or emoluments that must endure to the end of the employment. I consider that what is meant by “permanent” is pay other than allowances or emoluments that are **temporary in the sense of being occasional, one-off, irregular or for a limited period of time only**. The words “permanent” and “temporary” have to be construed in context. Employment as a firefighter is generally employment for the whole or majority of a member’s working life. It is not employment for a fixed term. Over a working lifetime, the way in which a firefighter’s role is performed can change frequently; the circumstances and conditions are not ossified at the outset of employment so as to endure for its duration. To suggest that only allowances and emoluments that will endure for the whole of the member’s employment are pensionable seems to me to be unrealistic and a class devoid of content. On the other hand, it is entirely **sensible and realistic to exclude from pensionable pay any emoluments that are occasional, oneoff, irregular or limited in time.**”
-

What	Currently pensionable	1. Is it regular	2. Contractual	3. Payable at role rate	4. Fulfilling their duties	5. Permanent	Pensionable
ORP 10%	yes and no	yes	yes	yes	yes	yes	Pensionable
DCCC 5% RDS	NFPS only	yes	yes	yes	yes	yes	Pensionable
DCCC 22% close call	no	yes	yes	yes	yes	yes	Pensionable
DCCC 2% flexi working	no	yes	yes	yes	yes	yes	Pensionable
AM duty system	yes and no	yes	yes	yes	yes	yes	Pensionable
ARA	no	yes	yes	yes	no	no	no
Training ARA	no	yes	yes	yes	yes	yes	Pensionable
Training Duty system	no	yes	yes	yes	yes	yes	Pensionable
CPD	APB	yes	yes	yes	yes	no	no
Additional Weekend Working	no	no	yes	yes	yes	no	no
AWW Extra	no	no	no	yes	no	no	no
Pre-Arranged Overtime	no	no	no	yes	no	no	no
Lease car	no	no	yes	no	yes	yes	no
Recall to duty	no	no	yes	yes	no	no	no
Temporary promotion	no	yes	yes	yes	yes	no	no
Acting up	no	no	yes	yes	yes	no	no
Bank Holiday	no	no	yes	yes	yes	no	no

Is your decision making like this?

Duty System / Allowance

Flexibility ✓

Savings ✓

Matzak ✓

Risk / Demand ✓

Pensionable Pay

Or Like this

Duty System / Allowance

Flexibility ✓

Savings ✓

Matzak ✓

Risk / Demand ✓

Pensionable? ✓

Pensionable Pay

Further advice coming...

- Retrospective action: The aim of the note is to produce a guidance note for FRAs on best practice in terms of dealing with past and any future pensionable pay cases.
 - Temporary Promotion: This note will consider the issue of temporary promotions and secondments in terms the impact this has on pensionable pay and eligibility for scheme membership.
-

Pensionable Pay Resources

- AGM 2018 – [Pensionable Pay Slides](#)
- Booth V Mid and West Wales [Factsheet](#)
- Bulletins [Topic List](#) ‘Pay’
- Pensionable Pay Regulations

FPS 1992	G1
FPS 2006	Part 11, Chapter 1, 1 & 2
FPS 2015	17

Case Law

- Kent and Medway Towns Fire Authority v Pensions Ombudsman and anor, [2001] OPLR 357
 - Norman v Cheshire Fire & Rescue Service, [2011] EWHC 3305 (QB)
 - Booth v MWWFRA [2019] EWHC 790
-

TPO Judgments

- Mr Michael Smith v South Wales Fire & Rescue Service, [PO-3511](#) (2014)
 - Mr N v West Yorkshire Fire and Rescue Authority, [PO-11867](#) (2017)
 - Mr A v Warwickshire Fire and Rescue Authority, [PO-15584](#) (2018)
-

Secondary Contracts

- Eligibility to the pension scheme
 - Additional duties are only pensionable where they are appropriate to the role of a firefighter, and the role includes resolving operational incidents or leading and supporting others in resolving operational incidents.
 - If additional duties require a separate contract, the contract would need to state that the role is appropriate to a firefighter.
-

Secondary Contracts

- Injury received while on second contract
 - An injury award is calculated based on the period of service for the contract under which the qualifying injury was received.
 - Where a second contract is used for additional duties and the qualifying injury is received while in the performance of these duties, the injury pension would be calculated based on the service for the second contract only.
-

Secondary Contracts

- Pensionable Pay –
 1. Is it pay for duties of the role
 2. Permanency?
 - FPS 1992 –does it meet required test for element of permanency
 - FPS 2006 & 2015– is pay an ‘allowance or emoluments paid to that member on a temporary basis’
-

Recent Scheme News

Employer contributions to rise by 12.8%!

Cost Cap breached, member benefits to be improved

Firefighters win pension discrimination case

2016 Valuation Results

September
2018

- Draft results published
- Consultation with SAB

15 February
2019

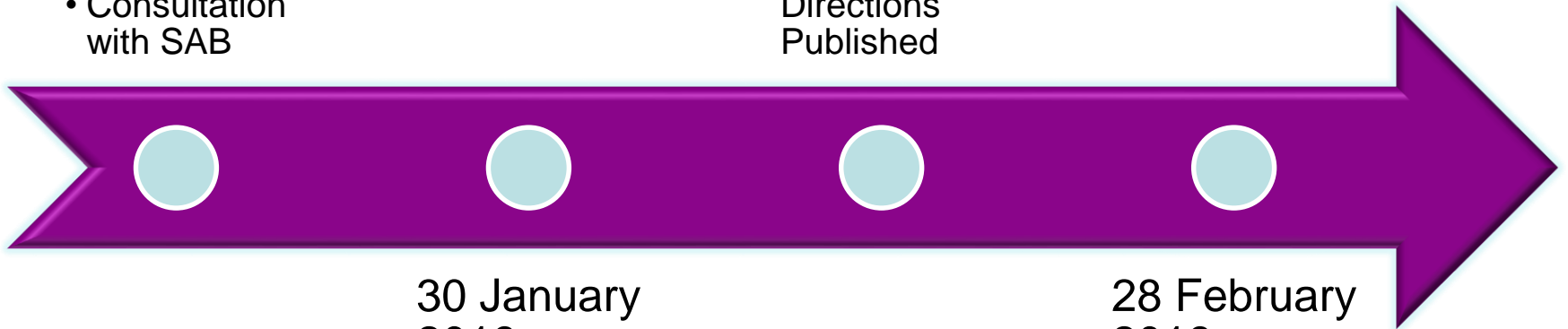
- Treasury Directions Published

30 January
2019

- Written Ministerial Statement

28 February
2019

- Valuation published



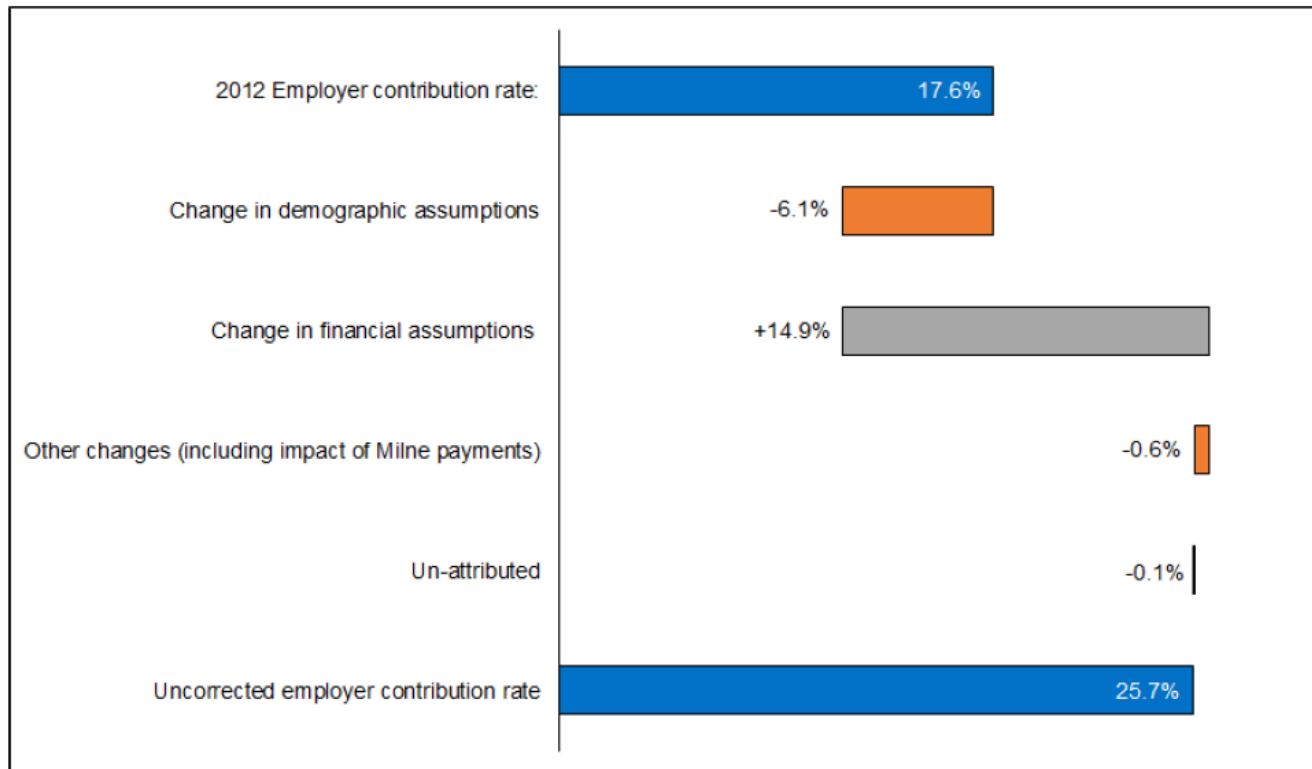
Employer Contributions

- Employer Contribution Rates increased

	1992	2006	2015	Average
2012	21.7%	11.9%	14.3%	17.6%
2016	37.3%	27.4%	28.8%	30.2%

Employer Contributions – Main Impact

Chart 2.1: Difference between uncorrected employer contribution rate and employer contribution rate calculated at previous valuation (% of pensionable pay)



SCAPE Discount Rate

- [Budget 2016](#), discount rate reduced from 3% to 2.8%
 - [Budget 2018](#) reduces to 2.4% from 1 April 2019
-

Cost Cap Cost

- The employer cost cap target of 16.8% was calculated at 11.6% for 2016, which triggers the mechanism for improvement.

Cost Cap Results – Main Impacts

Chart 2.4: Employer contribution correction cost compared with the proposed employer cost cap (% of pensionable pay)

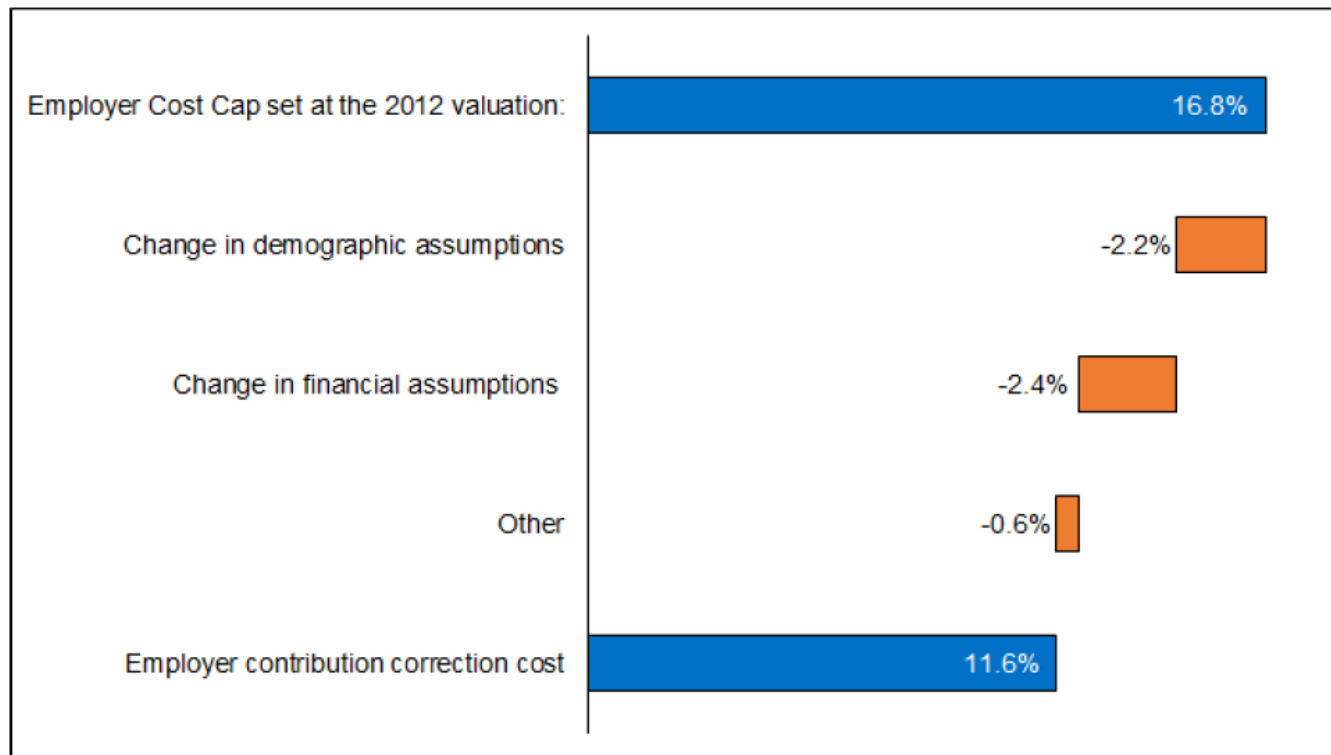


Chart 2.4

Cost Cap Process

- FPS [Scheme Advisory Board](#) consulted on changes to the scheme design for the 2015 scheme to align member costs to the target cost cap of 16.8%
 - The default mechanism if agreement cannot be reached is to change the accrual rate of the scheme, the **indicative** rate of this accrual rate change would be 1/51.2
 - [Written Ministerial Statement](#) on 30 January 2019 pauses the cost cap process
-

2015 Scheme Pension Pot – 1/59.7ths

Date from	Date to	Account Balance	Reval rate	Opening Balance	Actual Pay	Pension Build Up	Closing Balance
01/04/2015	31/03/2016	£0.00		£0.00	£29,850	£500	£500
01/04/2016	31/03/2017	£500	2%	£510	£30,500	£510.89	£1020.89
01/04/2017	31/03/2018	£1020.89	2.6%	£1047.43	£32,000	£536.01	£1,583.44
01/04/2018	31/03/2019	£1,583.44	2%	£1615.11	£32,700	£547.74	£2,162.85
01/04/2019	31/03/2020	£2,162.85	4%	£2249.37	£33,600	£562.81	£2,815.18
01/04/2020	31/03/2021	£2,815.18	1%	£2840.30	£35,000	£586.26	£3426.57
01/04/2021	31/03/2022	£3426.57	3%	£3529.36	£35,900	£601.34	£4,130.70
01/04/2022	01/04/2023	£4,130.70	2%	£4213.32	£36,500	£611.39	£4,824.71

What would improvements look like?

Date from	Date to	Account Balance	Reval rate	Opening Balance	Actual Pay	Pension Build Up	Closing Balance
01/04/2015	31/03/2016	£0.00		£0.00	£29,850	£500	£500
01/04/2016	31/03/2017	£500	2%	£500	£30,500	£510.89	£1020.89
01/04/2017	31/03/2018	£1020.89	2.6%	£1041.13	£32,000	£536.01	£1,583.44
01/04/2018	31/03/2019	£1,583.44	2%	£1,615.11	£32,700	£547.74	£2,162.85
01/04/2019	31/03/2020	£2,162.85	4%	£2,249.37	£33,600	£656.25	£2,905.62
01/04/2020	31/03/2021	£2,905.62	3%	£2,934.67	£35,000	£683.59	£3,618.27
01/04/2021	31/03/2022	£3,618.27	3%	£3,726.81	£35,900	£701.17	£4,427.99
01/04/2022	01/04/2023	£4,427.99	2%	£4,516.55	£36,500	£712.89	£5,229.44

Default improvement is to amend the accrual rate to 1/51.2

The transitional protections challenge

- Is it a proportionate means to achieving a legitimate aim?

	ET		ETA		Appeals	
	Judges	Fire	Fire	Judges	Fire	Judges
Legitimate aim	No	Yes	Yes	No	No	No
Proportionate means	No	Yes	Needs to be re-tested under UK law	No	No	No

**Appealed
Denied**

- The case is on the transitional provisions of the 2015 scheme.
 - It is these provisions that allowed certain members by virtue of age to have benefits calculated under the 1992 scheme
 - The primary legislation which restricts the continuing provision of final salary schemes has not been challenged
-

Remedy

1. How the transitional provisions should be made lawful going forward?
 2. How to compensate taper protected and unprotected members who have been subject to those provisions since 1st April 2015
-

Session Three

Pension Board



The road to governance

Hutton
Report

PSPA 2013

TPR

Fire
Regulations

Section 5 – Pension Board

requires and defines a Pension Board:-

- (1) *Scheme regulations for a scheme under section 1 must provide for the establishment of a board with responsibility for assisting the scheme manager (**or each scheme manager**) in relation to the following matters.*

- (2) *Those matters are—*
 - (a) *securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;*
 - (b) *securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;*
 - (c) *such other matters as the scheme regulations may specify.*

- (4) *(c) requiring the board to include employer representatives and member representatives in equal numbers*

4A : Pension Board Establishment

Requires establishment of board to assist the scheme manager

- [1(a)] to Secure compliance with :-
 - Scheme regulations and any other relevant legislation
 - Pension Regulator's codes of practice, etc
 - [1(b)] in the performance of the scheme managers functions under these regulations
-

Board Members Responsibilities

- Notify Scheme Managers of Conflict of Interest
 - Keep Code of Conduct
 - Comply with TPR Code of Practice
 - Report Breaches of Law
 - Gain knowledge and Understanding
 - Assist Scheme Manager
-

Pension board assistance

- Compliance of duties under the regulations and relevant legislation
 - Effectiveness of processes for the appointment of advisors and suppliers
 - Identify improvement of customer services
 - Identifying patterns of complaints
 - Reviewing the performance of administration
 - Reviewing the process for sharing data
-

Nobody told us!

- Drop in pay triggering two pension entitlement
 - Temporary Promotion pensionable under a discretionary APB only
 - Transition to 2015 scheme (Ill-Health)
 - Re-employed with another Fire Authority
 - Eligibility of the scheme [Eligibility Factsheet](#)
 - How to determine pensionable pay
 - Special members of the 2006 scheme
-

Internal Dispute Resolution

- Guidance in [FPSC 1/2009](#) and [Bulletin 9](#)
1. First stage considered by Chief Fire Officer or a delegated senior manager (six months)
 2. Second stage considered by elected members (six months)
-

Administration

- How are SLAs set?
 - Are roles and responsibilities clear
 - What services does the administrator offer?
 - Regular meetings
-

Breaches of the Law

- Who should report
 - Managers of the scheme
 - Pension board members
 - Administrators
 - Employers
 - Professional Advisers
 - Those involved in advising the scheme manager

[TPR Guidance](#)

[SAB Breach Assessment Guidance](#)



Question 4

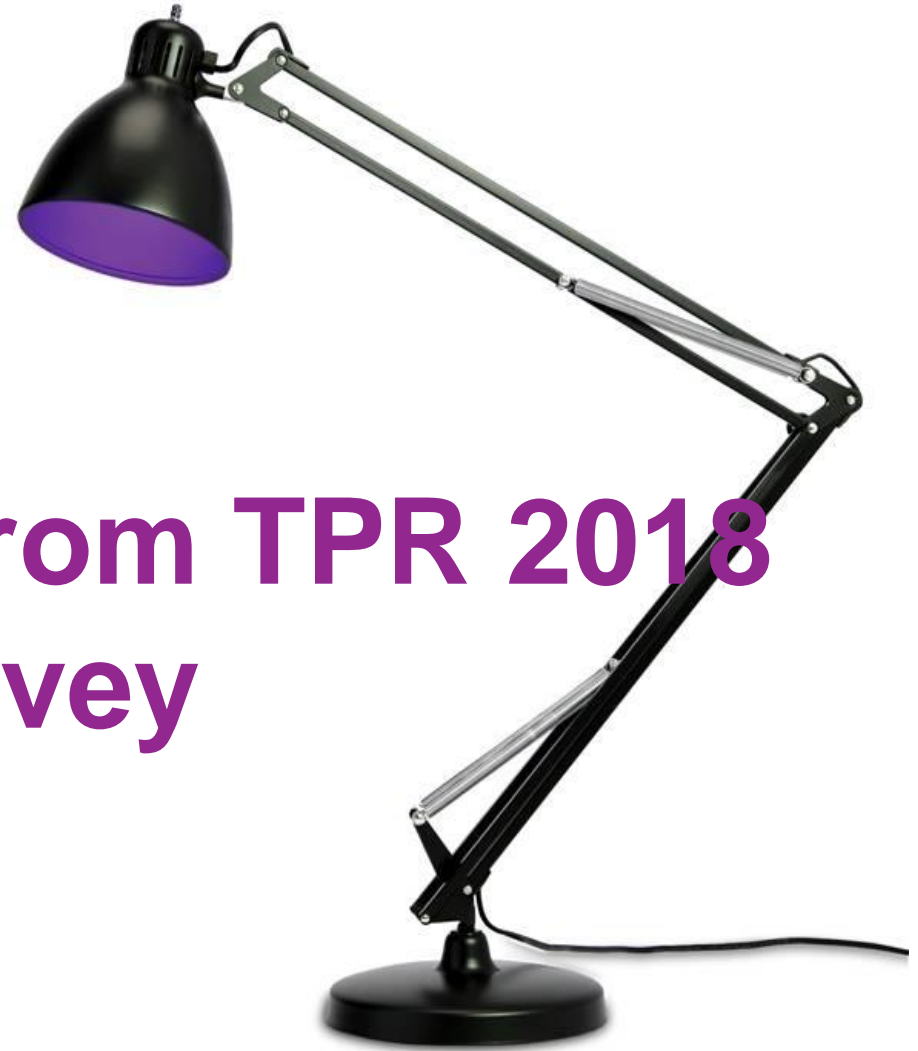
- Are you comfortable that you assist the scheme manager
 - Do you report to the scheme manager
 - Are the right processes in place?
 - Are you confident that risks are managed?
-



Question 4 contd....

- Record keeping
 - Have you completed scheme reconciliation
 - What was your data score?
- What are your priorities for coming year

**WOULD YOU DO ANYTHING DIFFERENTLY
FOLLOWING TRAINING?**



Key themes from TPR 2018 Survey

Key processes

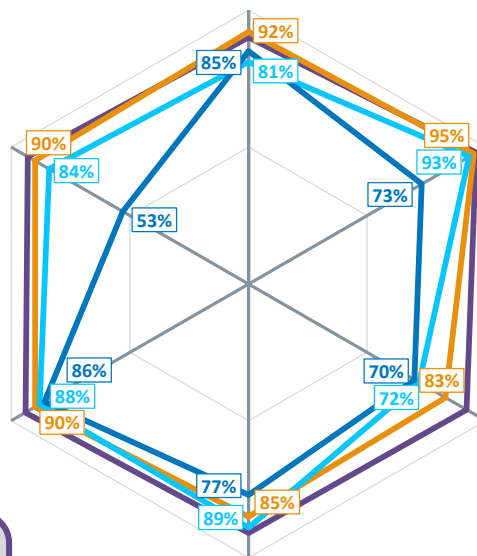


90% have documented policy to manage board members' conflicts of interest
(-2% from 2017)

93% have procedures to identify, assess & report breaches of the law
(+3% from 2017)

94% have process for resolving contribution payment issues*
(+4% from 2017)

74% of schemes had all of these processes in place (+16% from 2017)
These schemes covered **75%** of all memberships



91% have processes to monitor records for accuracy/completeness
(+6% from 2017)

96% have access to knowledge, understanding & skills needed to properly run scheme
(+1% from 2017)

92% have documented procedures for assessing & managing risks
(+9% from 2017)

* In 2015-2017 this question included "and assessing whether to report payment failures to TPR" - so not directly comparable
Base: All respondents (195)

PSPS performance has improved since 2017 for four of the key processes, and three-quarters of schemes now have all of them in place (63% in fire schemes)

Firefighters key notes

- **Only 63% have all 6 key processes in place, but this is still a significant improvement (41% in 2017)**
- Increases in proportion with risk register (+18%) and procedures for assessing/managing risks (+17%)
- Least likely to have cyber controls in place (85%), but 48% experienced attacks/breaches and a third of these reported a negative impact
- 78% met ABS deadline for all active members – but only 11% of those missing deadline reported it to TPR
- While 17% identified non-ABS breaches of law, only 2% reported these to TPR

Assessing & managing risk

Proportion of schemes that...

	All Schemes	Fire-fighters
Have documented procedures for assessing and managing risk	92% (+9%)	80% (+17%)
Have a risk register	94% (+6%)	87% (+18%)
Have reviewed the scheme's exposure to new and existing risks <u>at least every quarter</u> (in the last 12 months)	52% (+3%)	24% (-11%)

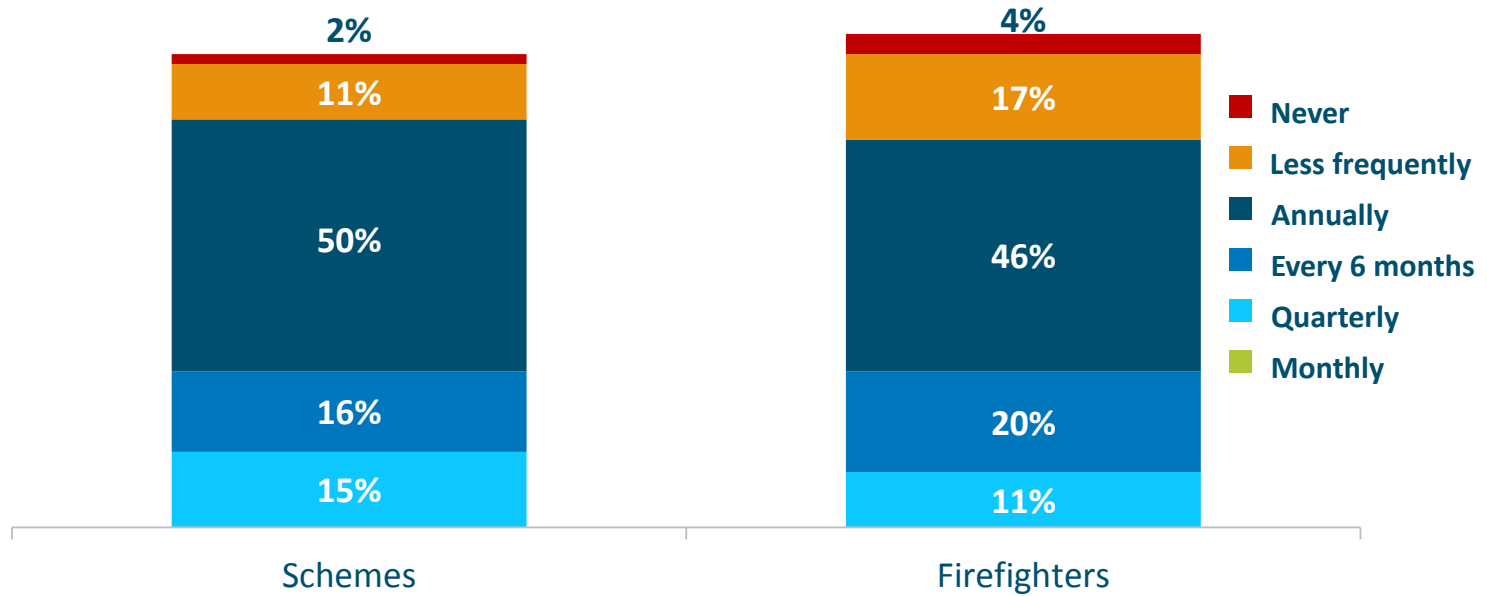
Pension board meetings in the last 12 months

		Fire-fighters	All schemes
Scheduled to take place	Mean	3.0	3.6
	4+ in last year	41%	64%
Actually took place	Mean	2.5	3.4
	4+ in last year	20%	50%
Attended by scheme manager or representative	Mean	2.3	3.1
	4+ in last year	17%	46%
% of scheduled meetings that took place (mean)		85%	93%
% of meetings taking place attended by scheme manager/representative (mean)		89%	93%

Firefighters' schemes held board meetings less regularly than other scheme types, with an average of 2.5 in the last 12 months (and only 20% had 4 or more)

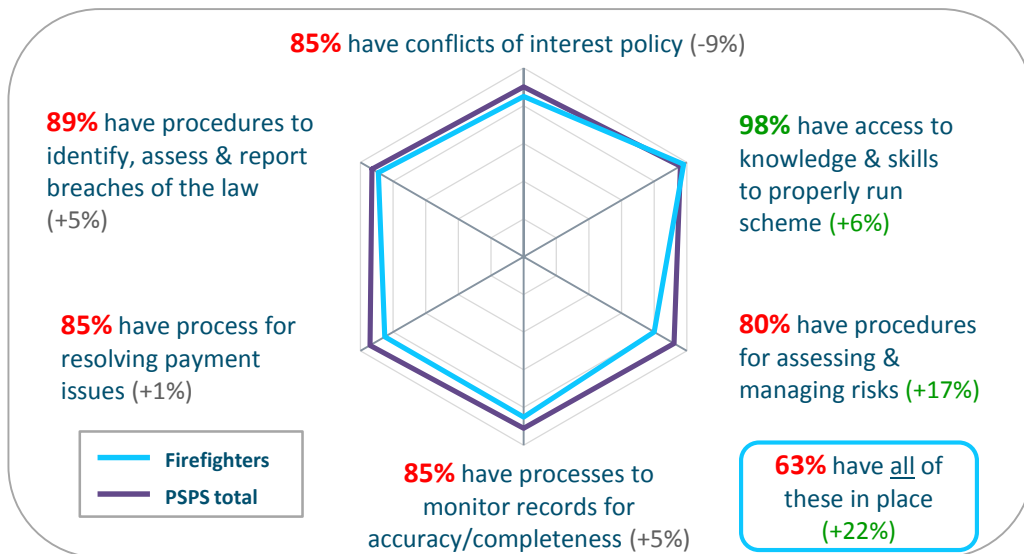
Evaluating the pension board

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?



Firefighters schemes

Green/red figures indicate result is higher/lower than PS total (any difference)
 Bracketed figures on chart refer to % change from 2017 survey (statistically significant changes highlighted green/red)



Internal controls

- 87%** of schemes have a risk register
- 24%** reviewed exposure to new & existing risks at least quarterly
- 85%** have any cyber risk controls
- 17%** identified breaches of the law in last 12 months (vs. 30% overall)*
- 2%** reported any breaches to TPR in last 12 months (vs. 11% overall)*

* Excludes BoL relating to ABS

Data & record keeping

- 83%** of schemes report that 90%+ of employers provide **timely** data
- 76%** report that 90%+ of employers provide **accurate & complete** data
- 78%** have completed a data review in last 12 months
- 73%** of those reviewing common data identified issues
- 79%** of those reviewing scheme-specific data identified issues

Scheme governance

- 87%** believe scheme manager/board have sufficient time & resources to run scheme properly
- 20%** had at least 4 board meetings in last 12 months
- 89%** of board meetings were attended by scheme manager or their representative (mean)

Annual benefit statements

- 78%** report that **all** active members received ABS on time
- 11%** of those missing ABS deadline reported it to TPR
- 93%** report that **all** ABS sent out contained all the data required

TPR Governance and Admin Survey 2018

- [Commentary](#) and [Full Results](#)

Pension Board meetings

Only half of schemes had four or more pension board meetings in the previous 12 months. We have previously highlighted that scheme governing bodies should meet at least quarterly. We are concerned that irregular meetings may be an indicator of poorly-governed schemes. We note that **Fire** schemes had both infrequent meetings and were the most likely cohort to postpone meetings. We expect to see an improvement in this area.

Administration

Pension boards have two fundamental responsibilities - to oversee both the governance and administration of the scheme. A board that is failing to meet its basic responsibilities by not having administration as a feature of every meeting is failing in one of its fundamental functions. We are pleased to see that more schemes are giving administration the attention it deserves, with three-quarters of schemes considering it at every pension board meeting in the previous 12 months. We do still see some space for improvement in the locally administered (Police, **Fire** and Local Government) schemes, however. It is notable that most of the complaints received by schemes continue to stem from poor administration.

Risk Management

4.2 Managing risk

Around nine in ten schemes (92%) had documented procedures for assessing and managing risk. Every 'Other' scheme had these in place (100%), but Firefighters' schemes were least likely to do so (80%).

Figure 4.2.1 Proportion of schemes with documented procedures for assessing and managing risk



All respondents (Base, Don't know, Did not answer question) - Schemes (195, 2%, 1%), Memberships (195, 0%, 0%), Other (11, 0%, 0%), Firefighters (46, 4%, 0%), Local Government (94, 1%, 1%), Police (44, 0%, 0%)

The most significant improvements since 2017 were seen in relation to **Firefighters** and 'Other' schemes. However, Firefighters' schemes were still less likely to have risk management processes than the other types of public service scheme, and the proportion that had reviewed their risk exposure at least quarterly fell in 2018 (24%, down from 35% in 2017).

Table 4.2.1 Proportion of schemes with documented procedures for assessing and managing risk – Time series

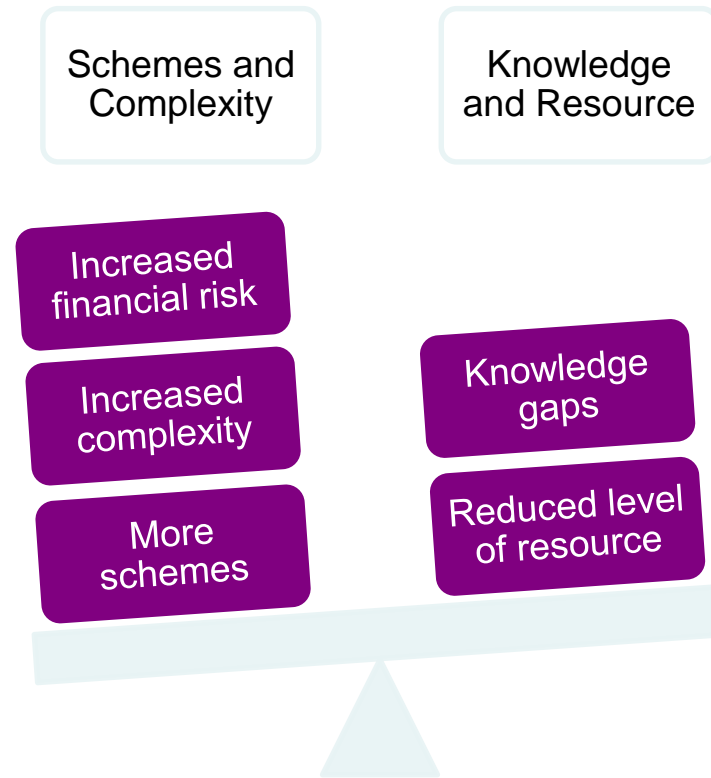
	Total schemes	Scheme Type			
		Other	Firefighters	Local Govt	Police
PSPS Survey 2018	92%	100%	80%	96%	93%
PSPS Survey 2017	83%	82%	63%	93%	84%
PSPS Survey 2016	72%	91%	44%	92%	51%
PSPS Survey 2015	70%	100%	36%	79%	82%



Question 5

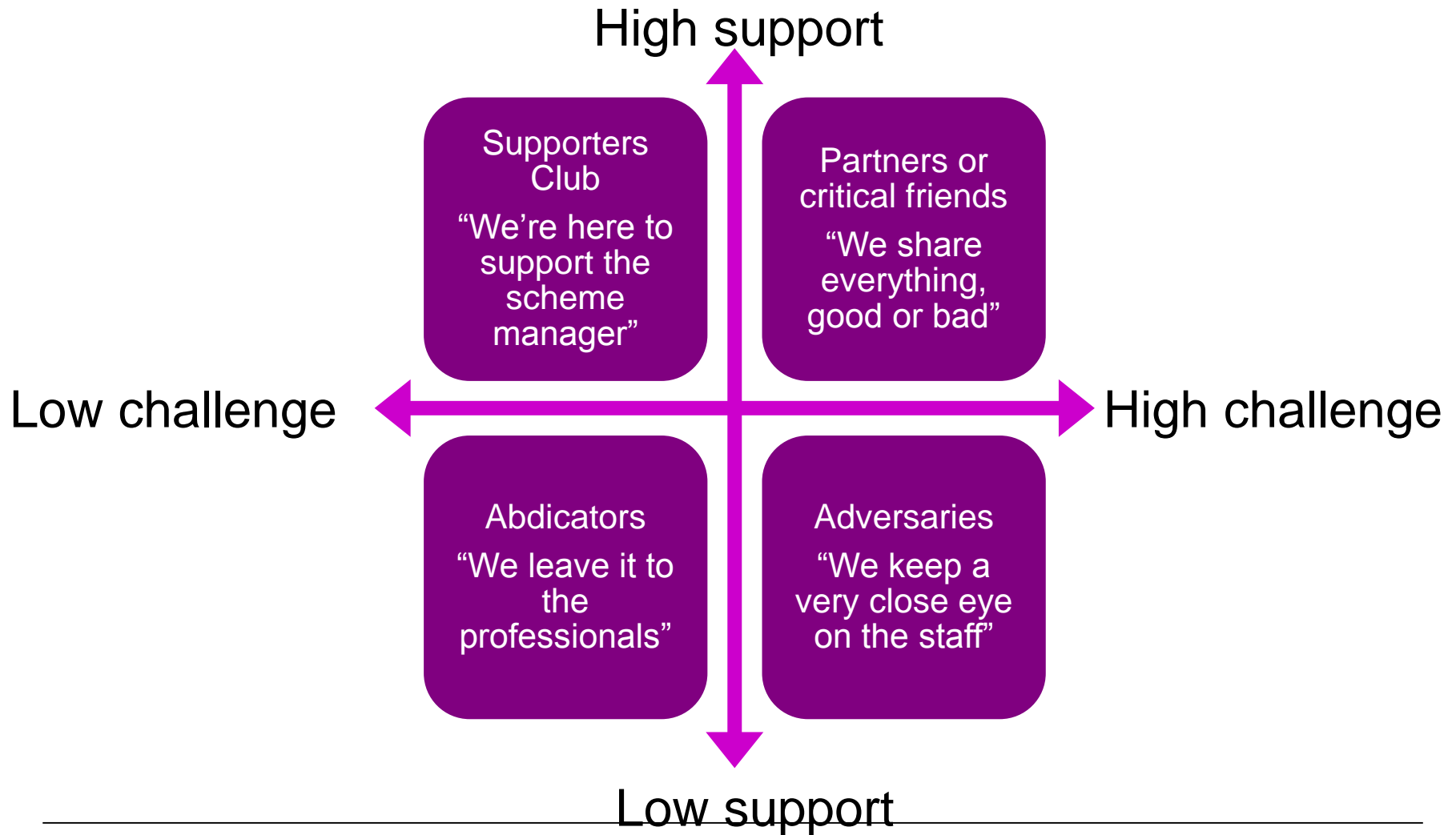
- Is there an appropriate focus on data to satisfy TPR?
 - Have you reviewed your frequency of meetings?
 - Do you have all of the six TPR processes in place?
-

Getting the right balance

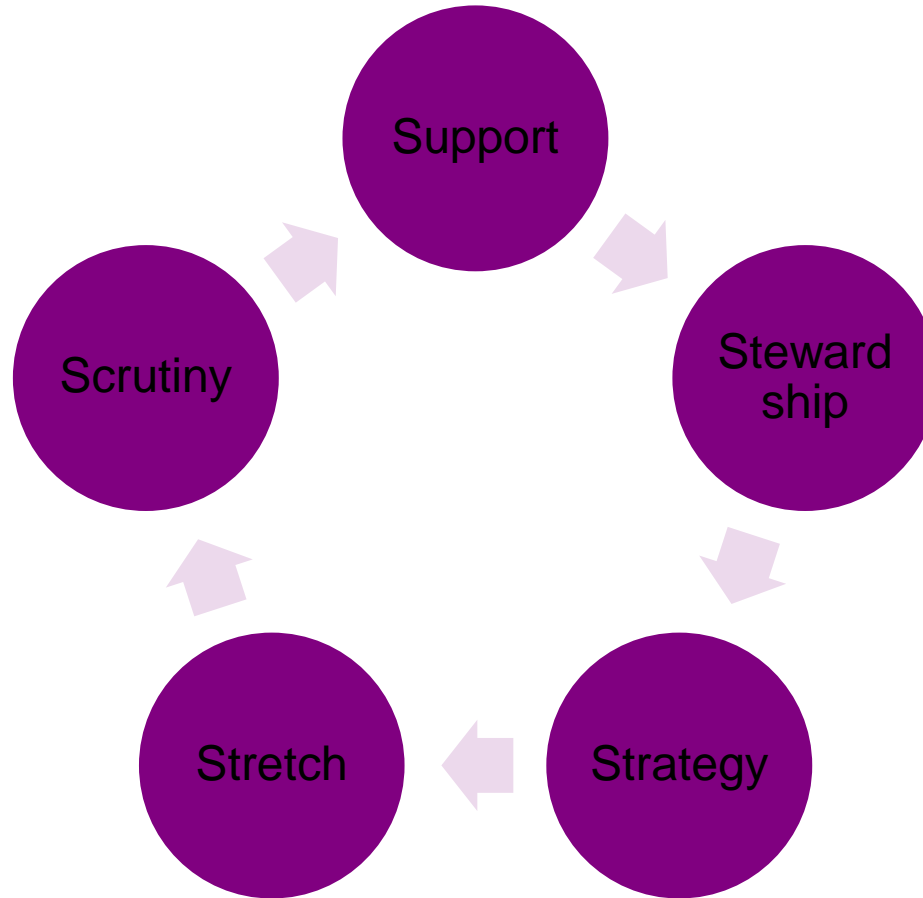




Behaviours of a high performing board



The five S's in governance



Support

- To encourage the scheme manager, boards in support say;
 - Have you got what you need to do that?
 - We ought to celebrate that?
-

Stewardship

- To protect and conserve their assets; boards guarding access to knowledge and a good name say;
 - Will we still have the knowledge in five years time?
 - If a resource was removed would a risk be introduced?
-

Strategy

- Before making big decisions, boards listen to what others have to say, they consult experts and their stakeholders, and then say;
 - Where could we be in five years time?
 - What do we want to achieve?
-

Stretch

- To challenge and improve an organisation, boards that are stretching say;
 - How can we improve?
 - Have we thought of doing it differently?
-

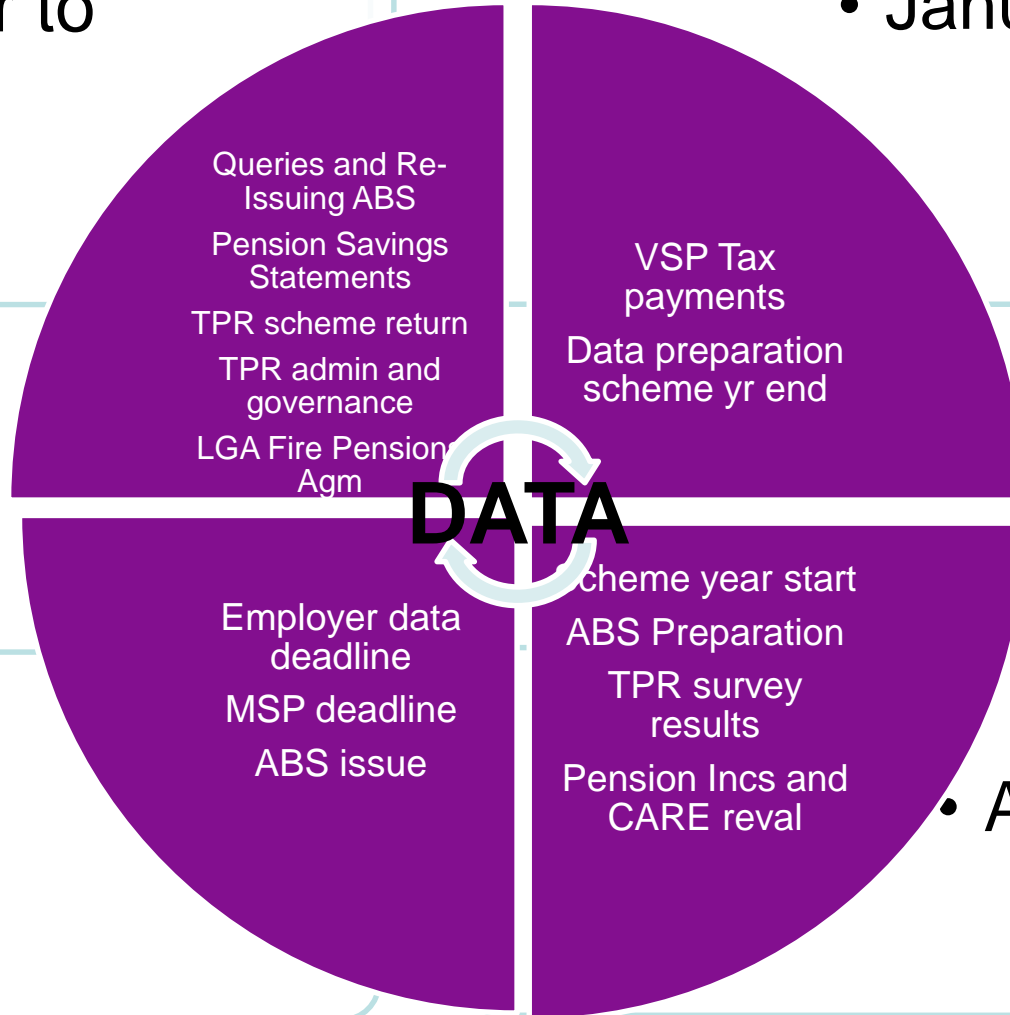
Scrutiny

- To assist the scheme manager by ensuring compliance with regulations, boards that are scrutinising or examining processes say;
 - What alternatives did you consider and why?
 - What regulations or case-law did you use to make your decision and why?
 - Have you followed guidance
 - What is someone else doing?
-

Scheme Year Cycle

• September to December

• January to March



• June to August

• April to June

Risk

Regulatory and Compliance	Financial	Operational
Non compliance with TPR	Excessive Charges	Member Data
Failure to interpret regulations	Pension Fund accounting mistakes	Administrative failures
Failure to comply with disclosure requirements	Authority costs due to failure to apply scheme / tax rule correctly	Premises
Failure to communicate with scheme members	Failure to deduct correct employer contributions	Software
	Fraud	Workforce planning

Regular assessment?

Risk is a driver for improvement



TPR Assessment Tool

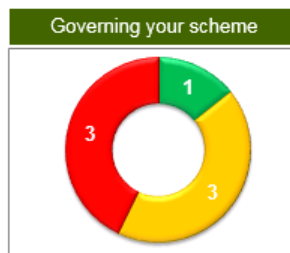
Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

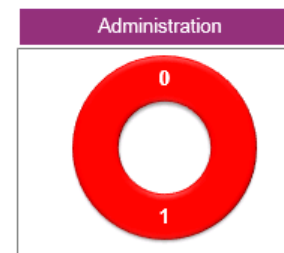
A summary of your results



Percentage of questions answered: **88%**



Percentage of questions answered: **17%**



Percentage of questions answered: **13%**

How are you doing?

	Governing your scheme	Managing risks and issues (internal controls)	Administration
Low			
Medium			
High			

Reporting and recording breaches

Potential investigation outcomes				
	Cause	Effect	Reaction	Wider implications
Red	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours The scheme manager does not take appropriate action to address the failing in relation to conflicts	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed
Amber	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager
Green	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

<http://www.thepensionsregulator.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf>

Breach Assessment



Breach Assessment Template

Date of assessment

[Enter text about date of assessment and who assessment panel is]

Introduction

[Brief introduction to the breach being assessed]

Identified

[Enter text about how the breach was identified, for example it might be

- Tracked from agenda
- Tracked from LGA bulletins / technical note
- Informed by scheme manager / Pensions administrator
- Something else]

Assessment

[Using the [TPR guidance](#) comment on the four areas and score red, amber or green

	Cause	Effect	Reaction	Wider Implication
Red				
Amber				
Green				

Action

[Enter text about what the course of action is in response to the breach, including any timescales.]

Decision

Report as material breach	
Recorded as breach	

Assessed by:

Date of assessment:

Board Review:

Tabled at Board Meeting:

Agreed by board:

Draft

What's on your agendas?

Recommended Agenda items

- Latest bulletin
 - Events
 - Survey responses
 - Consideration of Breaches
 - Scheme Manager Report
 - Updates on
 - Data Improvement
 - ABS cycle
 - Recommended actions in bulletin
-

Reporting

What makes a good report

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



Question 6

- Do you perform an annual assessment?
 - Have you reviewed your Terms of Reference recently? Are you comfortable with terms, positions and frequency. Examples of ToRs [here](#)
 - Annual workplan based on assessment
 - Have the right relationship with scheme manager -regular reports, catch ups?
-



**WOULD YOU DO ANYTHING DIFFERENTLY
FOLLOWING TRAINING?**

Any questions



Resources

- www.fpsboard.org
 - www.fpsregs.org
 - [Monthly bulletins](#)
 - [Bulletin Topic List](#)
 - [Local Pension Board Resources](#)
 - [SAB Minutes](#)
 - [Regulations](#)
 - [GAD Guidance](#)
-

Events and Training

- For details of all events please click [here](#)
 - Check out the calendar section of the [bulletins](#) for all up coming events
-

➤ 2019 Events and training

Data: Pensions in a digital era	3 April 2019 ✓
Joint Governance Conference with Police Pensions	15 May 2019 ✓
Local Pension Board Wrap Up Training	18 June 2019 ✓
Ill-Health Workshop	19 June 2019 ✓
Pensionable Pay Workshop	<u>18 July 2019</u>
AGM	24 & 25 September 2019
Tax	12 November 2019

For booking links when available see [here](#)

Disclaimer

- **The information contained in these slides are the authors interpretation of the current regulations.**
 - **Readers should take their own legal advice on the interpretation of any particular piece of legislation.**
 - **No responsibility whatsoever will be assumed by LGA or their partners for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in these slides.**
-

Thank you for listening

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Scheme Manager Training

The following matrix is provided for you to complete following the scheme managers training session.

Question	Yes	No	Comments	Actions
Question One				
Is there a clear scheme manager delegation?				
Is that delegation monitored?				
Are the risks understood by the Fire Authority?				
What filters do you have in place to catch actions?				
Question Two				
How do you implement new processes?				
Are you confident in your administrator relationship? - I.e SLA set at the right level? - What feedback do you get from your administrator?				
Managed scheme reconciliation process and records now rectified?				
What was your data score - Common Data Score - Conditional Data Score				
What are your priorities for the coming year?				
Are IDRPS managed effectively				
How confident are you that risks are managed?				

When would the FRA (as scheme manager) be expected to be notified of a breach				
How does your pension board assist you?				
Question Three				
How comfortable are you that processes are in place for				
- Eligibility to scheme				
- Pensionable pay decisions understood and made correctly				
- Scheme discretions such as temporary promotion				
- Data to be shared with administrators on time and accurately				
Question Four				
Do you have any tax challenges?				
Confident in Annual Benefit Statement process				
Confident that actions are taken appropriately following amendment orders?				

Next Steps

Scheme Manager Training Received on:

Comments on any actions taken

Question 1	
Question 2	
Question 3	
Question 4	

Follow Up:

Follow up due on :

Firefighters' Pension Scheme(s) Training Needs Analysis

This document can be used by delegates as part of their assessment of training needs.

Name: _____

TRAINING NEEDS ANALYSIS – Self Assessment

Please tick appropriate level of knowledge for each topic

Topic	Familiar	Almost	Unsure
Background and Understanding of the Legislative Framework of the Fire Pension Scheme			
Differences between public service pension schemes like the FPS and private sector trust-based schemes			
Role of the Independent Public Service Pensions Commission			
Key provisions of the Public Service Pensions Act 2013			
The structure of the scheme and the main bodies involved including the Responsible Authority, the Scheme Manager, the Scheme Advisory Board, the Local Pension Board and the scheme employer.			
An overview of local authority law and how Administering Authorities are constituted and operate			
Scheme and connected scheme rules overview (including the Regulations)			

General pensions legislation applicable to the schemes- An overview of wider legislation relevant to the schemes including:			
Automatic Enrolment (Pensions Act 2008)			
Contracting out (Pension Schemes Act 1993)			
The General Data Protection Regulation 2016			
Employment legislation including anti-discrimination, equal treatment, family related leave and redundancy rights			
Freedom of Information (Freedom of Information Act 2000)			
Pensions sharing on divorce (Welfare Reform and Pensions Act 1999)			
Tax (Finance Act 2004)			

Role and responsibilities of the Local Pension Board			
Role of the Local Pension Board			
Conduct and conflicts			
Reporting of breaches			
Knowledge and understanding			

Role and responsibilities of the Scheme Manager			
Membership and eligibility			
Benefits and the payment of benefits			
Decisions and discretions			
Disclosure of information			
Record keeping			
Internal controls			
Internal dispute resolution			
Reporting of breaches			
Statements, reports and accounts			

**NORTHAMPTONSHIRE FIRE
AND RESCUE SERVICE
LOCAL PENSION BOARD**

LOCAL PENSION BOARD

25 September 2019

Report by: THE DEMOCRATIC SERVICES MANAGER

Subject:	Annual Report of the Local Pension Board
Purpose of the Report	To consider the draft annual report of the Local Pension Board and recommend its submission to the Police, Fire and Crime Commissioner.
Recommendations	The Local Pension Board are asked to review, comment on and approve its annual report.
Enquiries to:	Paul Hanson – Democratic Services Manager Tel: 01604 366813 e-mail: phanson@northamptonshire.gov.uk

1. Background

- 1.1 It is considered good practice for the Local Pension Board to consider publishing an annual report of the Board’s activities for that year. It is consistent with good governance practices that the Board should submit this report to the Police, Fire and Crime Commissioner in their capacity as the Scheme Manager.
- 1.2 A copy of the draft Local Pension Board Annual Report is attached at Appendix 1. The report provides a summary of the work of the Board. The Board is asked to consider the Annual Report and raise any comments accordingly. Once finalised, the Annual Report will be presented to the Police, Fire and Crime Commissioner and published as appropriate.

2. Content

- 2.1 The annual report focuses on the work undertaken by the Board during the year to date. The Board are asked to comment on this content and advise if they wish to add anything further.

3. Finance & Resources Implications

- 3.1 Not applicable.

4. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report.		

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
There are no risks associated with this report.	

5. Communication Implications

5.1 Not applicable.

6. Legal Implications

6.1 Not applicable.

7. Consultation with Key Advisers

7.1 Not applicable.

8. Alternative Options Considered

8.1 Not applicable

9. Background Papers

9.1 Not applicable

10. Appendices

Appendix 1: Annual Report by the Local Pension Board

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Director of Finance/Section 151 Officer?	Not applicable
Has this report been cleared by Head of Pensions?	No
Has this report been cleared by Legal Services?	Not applicable

**Northamptonshire
Firefighters' Pension Scheme
Local Pension Board**

**Annual Report
2018-19**

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Chairman's Foreword

I am pleased, as Chairman of the Northamptonshire Firefighters' Pension Scheme Local Pension Board, to introduce the Board's latest Annual Report. Local Pension Boards are bodies established by statute and tasked with assisting the Scheme Manager by ensuring it is administering the Scheme effectively and in compliance with the law.

The Board was originally established by Northamptonshire County Council in March 2015. The Board was initially occupied with putting in place the policies and procedures necessary to secure its satisfactory operation. The Board subsequently sought to assist the Scheme Manager by reviewing policies and practices and assessing the Scheme Manager's performance in line with best practice.

The Board has carried out further work on these focus areas during its fourth year of operation, which is covered by this Annual Report. This period has also seen the transfer of responsibility for the governance of Northamptonshire Fire & Rescue Service from the Council to the Police, Fire & Crime Commissioner for Northamptonshire. The Board has needed to respond to this change as well as considering matters arising from it that come within its remit.

Information about the Board, as well as details of the Board's work, is available on the Council's website. We want to hear from scheme members and employers about any issues that may be causing them concern so please feel free to contact any member of the Board using the details set out in this report.

I am confident that the dedication and commitment shown by the Board throughout its life so far will continue into 2019-20 and that it will once again make a positive contribution to maintaining high standards in the administration of the Fund.

Chairman

Northamptonshire Firefighters' Pension Scheme Local Pension Board.

Background

The Public Services Pensions Act 2013 required all Public Service Pension Schemes to establish a Local Pension Board. In the case of the Firefighters' Pensions Scheme, the role of the Board is to assist the Scheme Manager (Northamptonshire County Council):

- to secure compliance with:
 - the relevant regulations;
 - any other legislation relating to the governance and administration of the Scheme (and any Connected Scheme); and
 - the requirements imposed by the Regulator in relation to the Scheme (and any Connected Scheme), and
- to ensure the effective and efficient governance and administration of the Scheme (and any Connected Scheme).

The Local Pension Board is expected to complement and enhance the Council's existing arrangements for managing the scheme. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the Council and its officers when they act in the capacity of Scheme Manager.

The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pension schemes came into force on 1st April 2015. These regulations required the Council to agree the establishment of a Local Pension Board in respect of the Firefighter's Pension Scheme by 1st April 2015. In this context, established means that the Council, as Scheme Manager, had to approve the creation of the Board and agree its composition and terms of reference in accordance with its constitution. It did not mean that the Firefighters' Pension Scheme Local Pension Board had to be fully operational by that date.

The Northamptonshire Firefighters' Pension Scheme Local Pension Board was established by the Council at the Full Council meeting on 19th March 2015 and held its first meeting on 29th July 2015.

With effect from 1st January 2019 the Police, Fire & Crime Commissioner for Northamptonshire took responsibility for the governance of Northamptonshire Fire & Rescue Service. However, support for the management of the Firefighters' Pension Schemes and for the operation of the Local Pensions Board continues to be contracted from LGSS Pensions and from Northamptonshire County Council Democratic Services respectively.

Role and Remit

The role and remit of the Local Pension Board is to assist the Council in its capacity as Scheme Manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that the Northamptonshire Fire & Rescue Authority has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere.

Constitution and Membership

The Council originally approved the terms of reference for the Firefighters' Pension Scheme Local Pension Board on the basis that the Board is a stand-alone authority. It also approved standing orders for the Board. A copy of both documents is available at the following link:

https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

A concise summary of the Firefighters' Pension Scheme Local Pension Board's terms of reference is set out in the Council's constitution (see Part 2, Article 9 (Local Pension Boards)):

<https://cmis.northamptonshire.gov.uk/cm5live/PublicDocuments.aspx>

In order to ensure they are fully representative, all Local Pension Boards must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting in March 2015, the Council agreed to establish a Firefighters' Pension Scheme Local Pension Board with two employer representatives and two scheme member representatives. The term of appointment for all members is four years or until qualification for membership ceases.

The Council determined that one of the employer representatives was to be appointed by Full Council directly, while all other members were appointed via an open and transparent selection process. This changed on 1st January 2019 to refer to members of the Office of the Police, Fire & Crime Commissioner and/or the Northamptonshire Fire & Rescue Service but the principle remained the same.

Employer Representatives

Member	Email	Appointed
Shaun Hallam	shallam@northantsfire.org.uk	July 2018
Mrs Helen King	helen.king@northantspfcc.pnn.gov.uk	March 2019

Scheme Member Representatives

Member	Email	Appointed
Jim Dorrill	JDorrill@northantsfire.org.uk	June 2015
Kevin Aitken	KAitken@northantsfire.gov.uk	June 2019

The Chair and Vice-Chair of the Board are elected by the Board on annual basis. The current Chair is Shaun Hallam and the Vice Chair is Jim Dorrill.

The Board has met twice during the period of this Annual Report. The attendance record for members of the Board is detailed below:

Date	Helen King	Shaun Hallam	Jim Dorrill	Kevin Atken
11/03/2019	√	√	√	n/a
25/09/2019	TBC	TBC	TBC	TBC

Summary of the Board's activities 2018-19

Firefighters' Pension Scheme Administration

At its meeting in March 2019 the Board discussed Stage 2 appeals which would now be referred to the Monitoring Officer of the Northamptonshire Fire, Police & Crime Commissioner. It also received a general update on the administrative performance of the Firefighters' Pension Scheme in Northamptonshire as well as details of the Data Improvement Policy and Data Improvement Plan.

Firefighters' Pension Scheme Administration

The Board received an update on the Scheme Administration noting that all of the performance targets had been met. It received an update on reconciliation of pensioner payroll against the pensions administration system where a number of pensions had been overpaid and subsequently rectified. The Board also reviewed the policy for overpayments.

Member Training Policy

The Board reviewed the Member Training Policy and noted that whilst there was considerable training available for Local Government Pension Schemes, there was not as much for Firefighters' Pension Schemes. There were a number of organisations offering training including the Firefighters' Pensions Adviser at the Local Government Association, the Pensions Regulator website and the Scheme Advisory Board. The Local Pension Board received training from the LGA on the roles and responsibilities of the Local Pension Board and the Scheme Manager on 17th July 2019.

ADD IN OUTCOMES OF MEETING ON 25 SEPTEMBER 2019

Board Meetings

Full agenda papers and minutes for the Firefighters' Local Pension Board are available here:

https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/449/Default.aspx

Work Programme 2019-20

ADD FOLLOWING MEETING ON 25 SEPTEMBER 2019

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Key Officers supporting the Local Pension Board

Head of Pensions

Mark Whitby
MWhitby@northamptonshire.gov.uk
01604 368502

**Governance & Regulations
Manager**

Joanne Walton
JWalton@northamptonshire.gov.uk
01604 367030

Principal Regulations Officer

Gary McLellan
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01604 368982

Governance Officer

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Democratic Services Manager

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Democratic Services Officer

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