

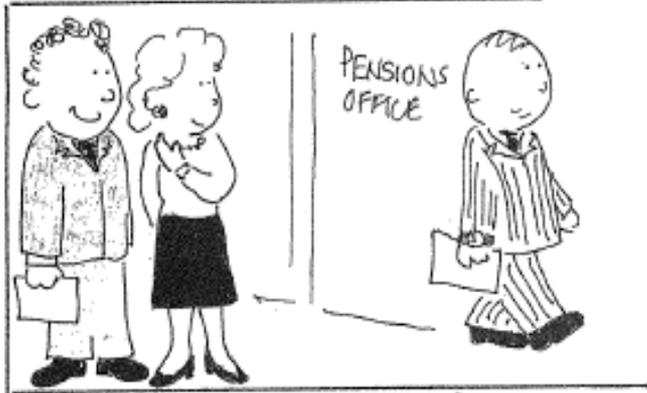
# Firefighters Pension Scheme

Annual Conference – Day One



9<sup>th</sup> October 2017

MEANWHILE, BACK AT BLOBSHIRE COUNTY COUNCIL THE PENSION OFFICER IS A TOPIC OF CONVERSATION . . .



I DIDN'T THINK OLD PINSTRIPE WAS THE TYPE TO WEAR CHUNKY JEWELLERY



IT'S NOT JEWELLERY - IT'S AN ELECTRONIC TAGGING DEVICE



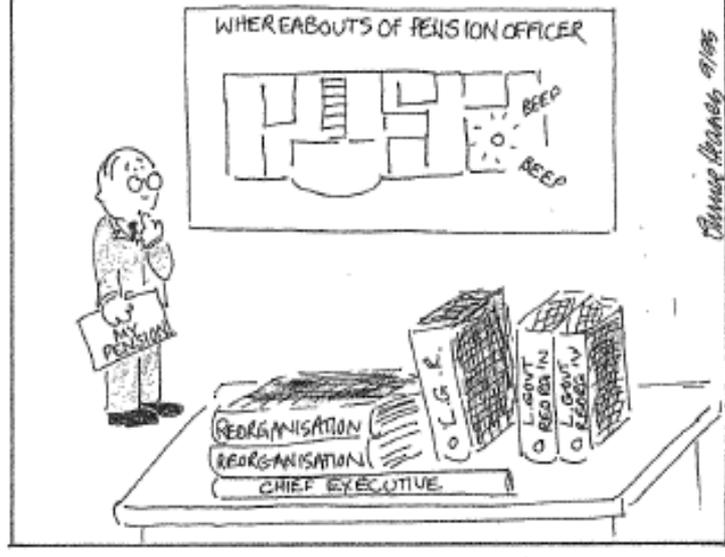
WHY, IS HE IN TROUBLE WITH THE POLICE?



NO, THE CHIEF EXECUTIVE MADE HIM WEAR IT . . .



. . . IT MAKES HIM FEEL MORE SECURE IN TIMES OF CRISIS!



Eunice Heaney 1985

# Agenda

- Chair's Welcome
- Governance and Administration, The Pensions Regulator
- Local Pension Board Effectiveness Committee
- Governance and 2013 Act – Two years on!
- TPR 21<sup>st</sup> Century Governance
- Horizon Scanning
- The Pensions Ombudsman
- Communication, engagement and working together
- Closing remarks

Chair's welcome

**Malcolm Eastwood**

**Chair of the Firefighters Scheme  
Advisory Board (England)**

# Scheme Advisory Board



## Who is on the board

# Chair – Malcolm Eastwood

### Employer Representatives

- Cllr John Fuller
- Cllr Thomas Wright
- Cllr Roger Price
- Cllr John Bell
- Cllr Fiona Twycross
- Cllr Roger Phillips
- Vacancy \*

### Employee Representatives

- Sean Starbuck (FBU)
- Dave Limer (FBU)
- Samantha Rye (FBU)
- Francis Bishop (FBU)
- Des Prichard (APFO)
- Glyn Morgan (FOA)
- Tristan Ashby (RFU)

## **Role of the S.A.B.**

- **To provide advice, on request, to the Secretary of State on the desirability of making changes to the Firefighters' Pension Schemes**
- **To provide advice to Scheme Managers and Local Pension Boards in relation to the effective administration and management of the Firefighters' Pension Schemes**
- **To, where appropriate, offer advice to the Secretary of State in relation to matters not constituting a request.**

## Workplan

- **Support and advise Local Pension Boards**
- **Take a lead on communications**
- **Ensure cost effectiveness of scheme administration**
- **Advise on best practice**
- **Look to benchmark administration**

## **Current Concerns**

- **Scheme valuation and past service costs**
- **Local Pension Board effectiveness**
- **Potential requirement for a 'Pensions Dashboard'.**
- **Inconsistent definition of pensionable pay**
- **Reliability of payroll information used for pension purposes**
- **Resources available for fire pensions administration**

Public Service Pensions

# Firefighters Pension Schemes



**Firefighters Pension Scheme  
Annual Conference**

**Nick Gannon**  
Policy Lead

**9 October 2017**

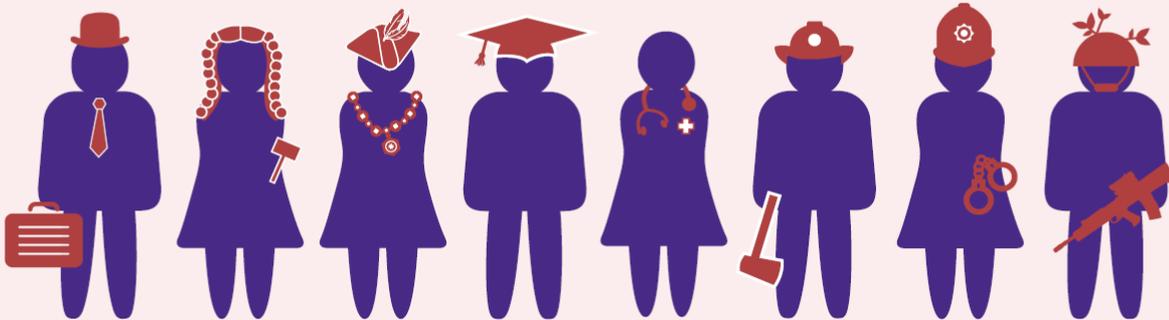
**The information we provide is for guidance only and  
should not be taken as a definitive interpretation of the law.**

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Regulator**

# Our roles and responsibilities

- We regulate compliance with the Governance and Administration requirements introduced by the Public Service Pensions Act 2013 through:
  - Code of Practice 14, toolkit, news-by-email
  - Improvement and third party notices, fines etc
  - Engagement events

## 8 workforces



**16.5 million**  
memberships

**24,000**  
employers

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# TPR focus 2017/18

- Key focus areas:
  - governance
  - record-keeping
  - internal controls
  - member communications
- Increasing focus on locally-administered schemes
- Ongoing risk assessment and intelligence gathering
  - 2016 survey 90% response rate covering 98% of combined membership
  - 2017 survey out early November 2017

# 21<sup>st</sup> Century Governance campaign

- 21<sup>st</sup> century governance is about raising standards so schemes are better run and members receive good outcomes.
- How will TPR do this?
  - **clearer on the standards**
  - **bolder enforcement**
- Starting with fundamentals:
  - Skills and knowledge of managers and board members
  - Managing risk and conflicts
  - Appropriate oversight of third parties
  - Effective decision making

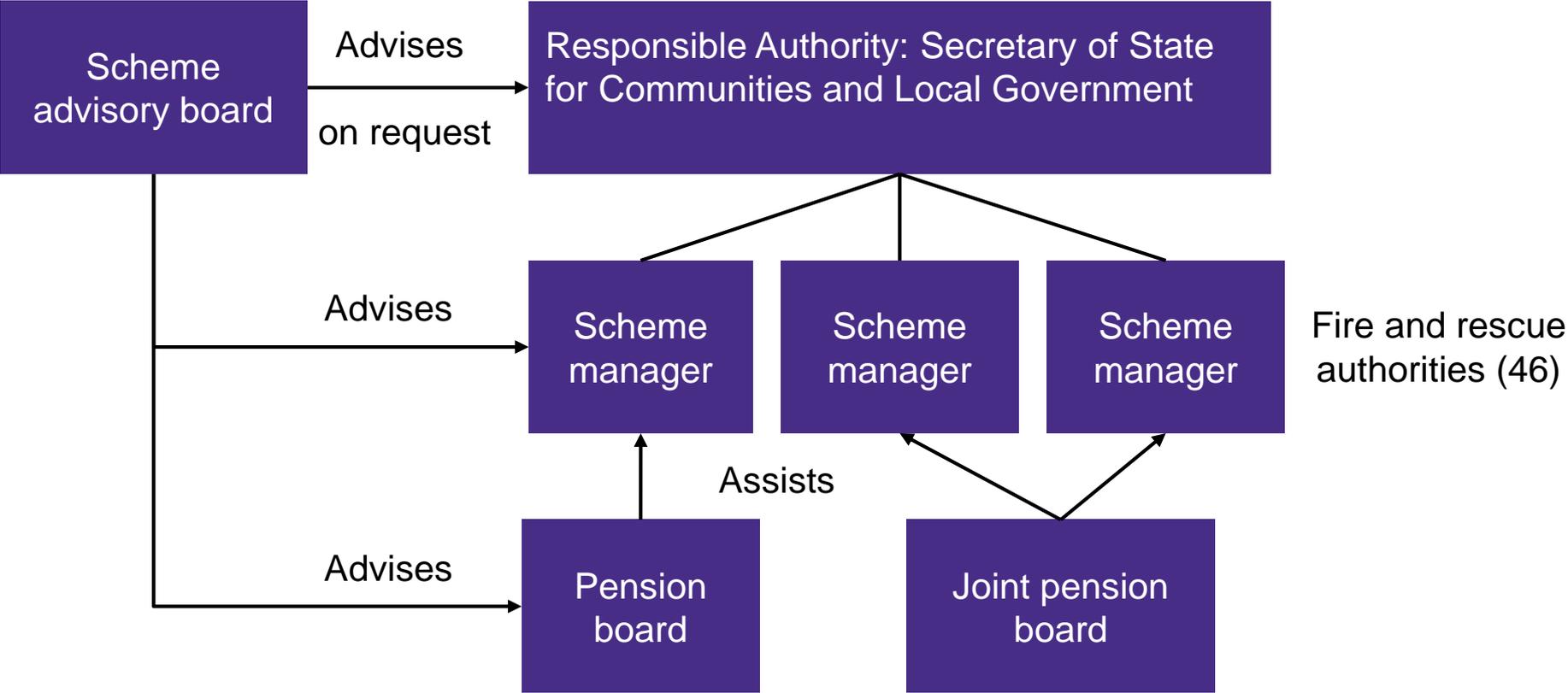
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# GOVERNANCE



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# Governance structure - overview England



# Roles and responsibilities (1)

- The **responsible authority** designs the scheme and makes the scheme regulations, which will specify the scheme manager and the matters for which the pension board is responsible.
- The **scheme manager** has overall management or administration responsibility for a scheme. For LGPS the local authority (usually the county council) is the scheme manager.

## Roles and responsibilities (2)

**Pension boards** are responsible for assisting the scheme manager in securing compliance with:

- scheme regulations
- other governance and administration legislation
- any requirements of The Pensions Regulator
- additional matters, if specified by scheme regulations
- pension boards need to have an equal number of employer representatives and member representatives (they may also have other types of members, such as independent experts)

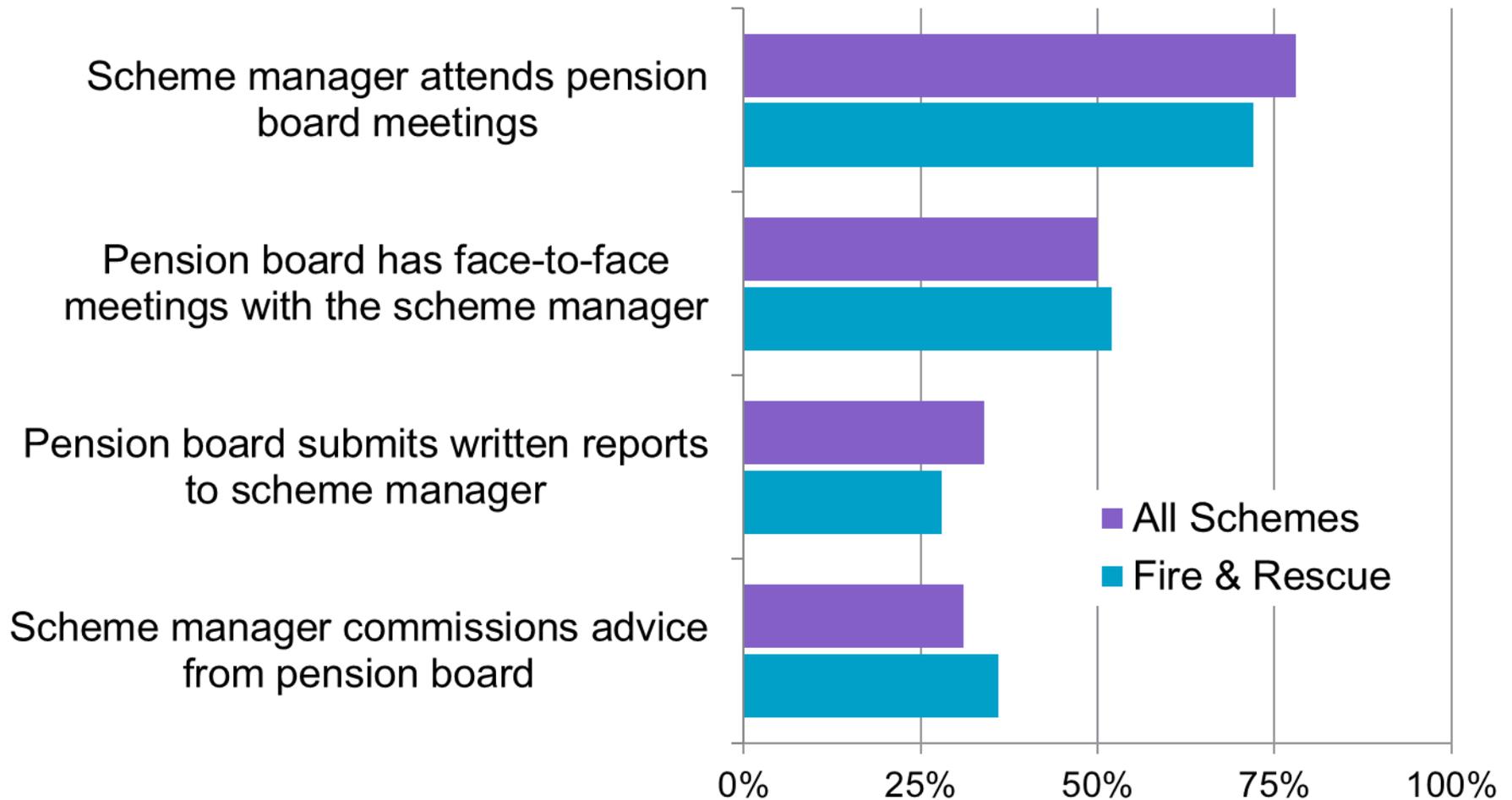
## Roles and responsibilities (3)

- The **scheme advisory board** is responsible for advising the responsible authority about possible scheme changes. In some schemes, the board may also advise scheme managers and/or pension boards on improving the administration and management of the scheme.
- **The Pensions Regulator** (TPR) and government departments have roles in relation to public service schemes. TPR directly regulates scheme managers and pension boards, but will engage with other stakeholders.
- The **scheme administrator** keeps records, collects contributions and pays benefits to members. They may be in-house or a third party.

# Roles and responsibilities (4)

- **Employers** may carry out a number of tasks including:
  - paying contributions
  - keeping and providing data to the scheme manager and/or administrator
  - dealing with disputes
- **Scheme advisers**
  - advisers and service providers can help those governing and administering schemes to make informed decisions

# Interaction between scheme manager and board



¼ of scheme managers do not attend pension board meetings

# Pension board's ability to guide and advise scheme manager

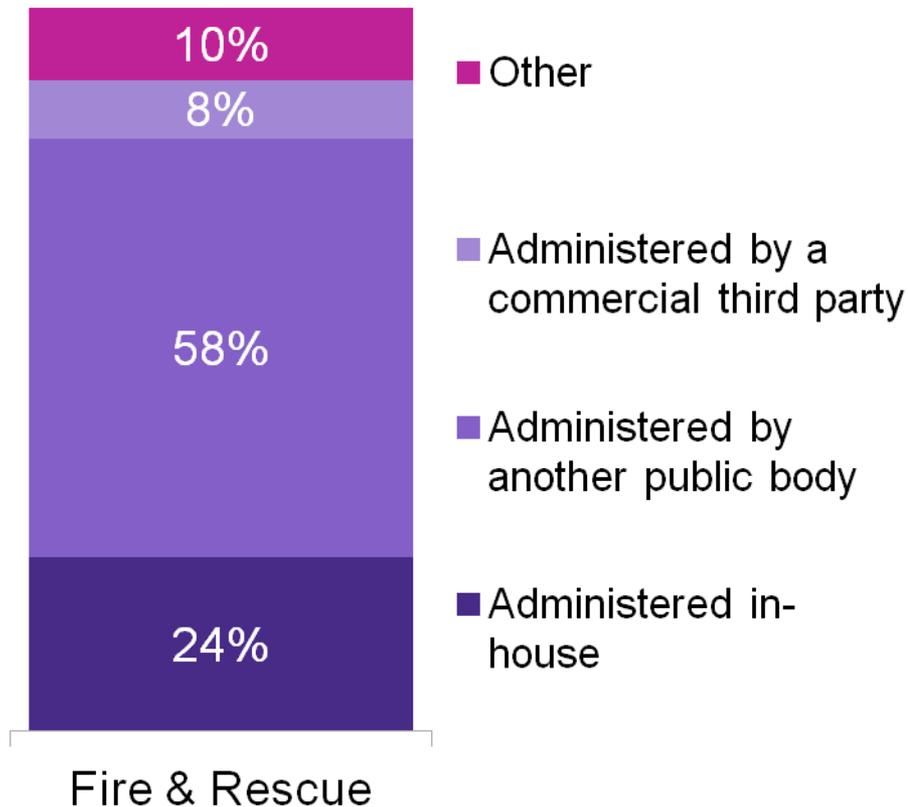
On a scale of 1 – 10, where 10 represents 'very good' and 1 represents 'very poor', how would you rate the pension board's ability to...? (mean ratings)

	All Schemes	Fire and Rescue
Identify where there are poor standards or non-compliance with legal requirements	7.3	6.6
Set out recommendations on addressing poor standards or non-compliance with legal requirements	7.3	6.6
Advise on scheme regulations, governance and administration requirements set out in legislation, and standards expected by TPR	6.7	5.5
Take or secure actions to address poor standards or non-compliance with legal requirements	7.4	6.9
<b>Average pension board rating (across all 4 aspects)</b>	<b>7.2</b>	<b>6.4</b>

Perception of board's skills is lower than average.

# FPS administration

Which of the following best describes your administration services?



## Administrator management

Administrators attend regular meetings with SM or PB	82%
Administrators deliver regular reports to SM or PB	74%
Independent auditors review performance	52%
Administrators provide independent assurance reports	30%
Performance metrics are set out in contracts or SLAs	64%
Penalties are applied where term/standards not met	12%

The majority of administration is outsourced (76%), in the main to LGPS. A high proportion use service level agreements (SLAs). Penalties are rarely used.

# Governance

- Scheme managers accountable party for most requirements
- Some confusion remains on roles and responsibilities especially on pension boards
- Variety of practice in how scheme managers work with pension boards:
  - scheme managers should use this valuable resource
  - pension boards should take an active role in identifying key risks and driving forward improvements

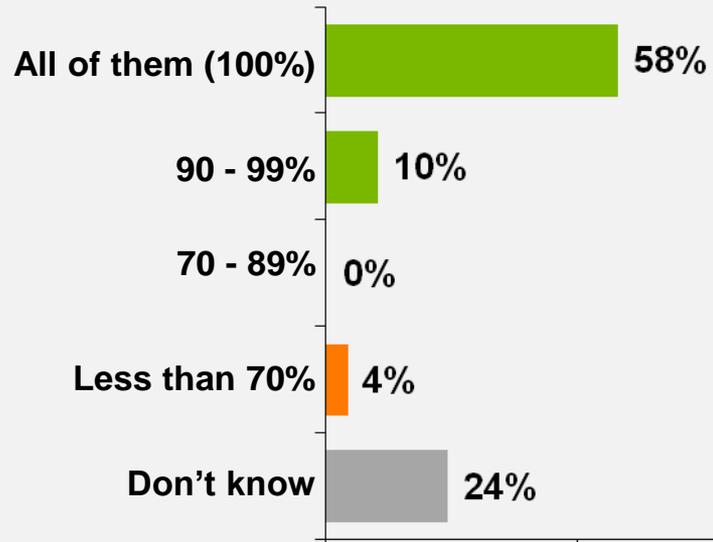
# RECORD KEEPING



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# FPS employer data

## Proportion of employers providing timely, accurate and complete data



## Schemes with a process in place...

76%

...with employers to receive, check and review data

88%

...for monitoring the payment of contributions

68%

...for resolving payment issues and assessing whether to report payment failures to TPR

Employer data a much smaller concern for FPS as single employer schemes, though 1 in 4 'did not know' the proportion when answering the survey and there are substantial gaps in processes for quality assuring employer data.

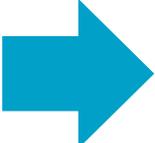
# FPS record keeping - survey results

Two thirds of schemes are meeting our expectations of doing a data review annually...

But there are concerns as to the effectiveness of these reviews...

And take up of data improvement plans is low

Last data review
68% in last 12 months
8% longer ago
4% never
20% don't know



Identified issues
34% identified issues
39% no issues identified
3% don't know if issues
24% not reviewed (inc. DK)



Data improvement plans
2% data improvement plan
32% no data improvement plan
42% no issues identified (inc. DK)
24% not reviewed (inc. DK)

21% respondents identify poor records as a top risk

18% report delays in payment of benefits as one of top three complaints

1 in 5 identify poor records as key concern yet the quality of action taken varies  
Data reviews should be undertaken annually

# Record keeping

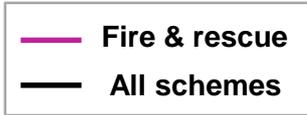
- All schemes need to have good records to meet legal obligations, it is also a key part the good running of a scheme
- Standards vary widely, and some schemes do not prioritise this appropriately, so TPR expects scheme managers to :
  - engage with administrators over service and security
  - assess data and put in place a plan to address issues
- TPR quick guide to improving data
- Scheme managers should be preparing for the General Data Protection Regulation (GDPR) and be compliant by 25 May 2018.



# INTERNAL CONTROLS

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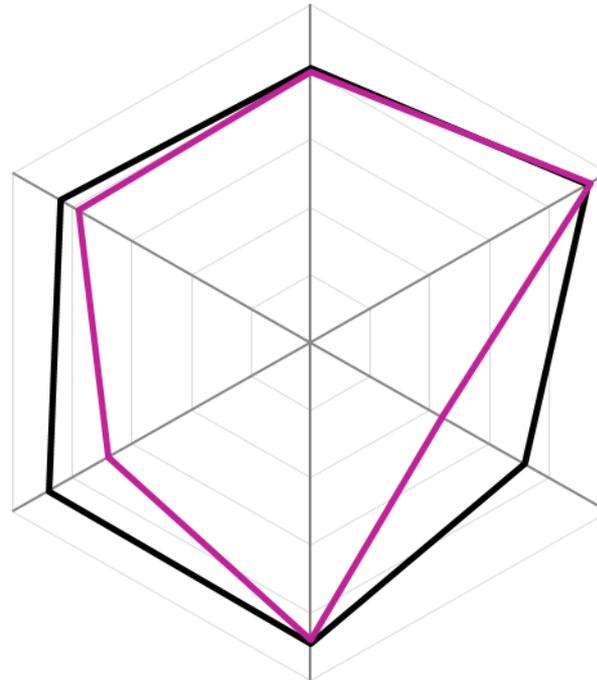
# Key processes



**78%** have procedures to identify, assess and report breaches of the law  
**(+42% on 2015)**

**68%** have a process for resolving payment issues and assessing whether to report failures to TPR  
**(-10% on 2015)**

**80%** have a conflicts policy & procedure for pension board members  
**(+2% on 2015)**



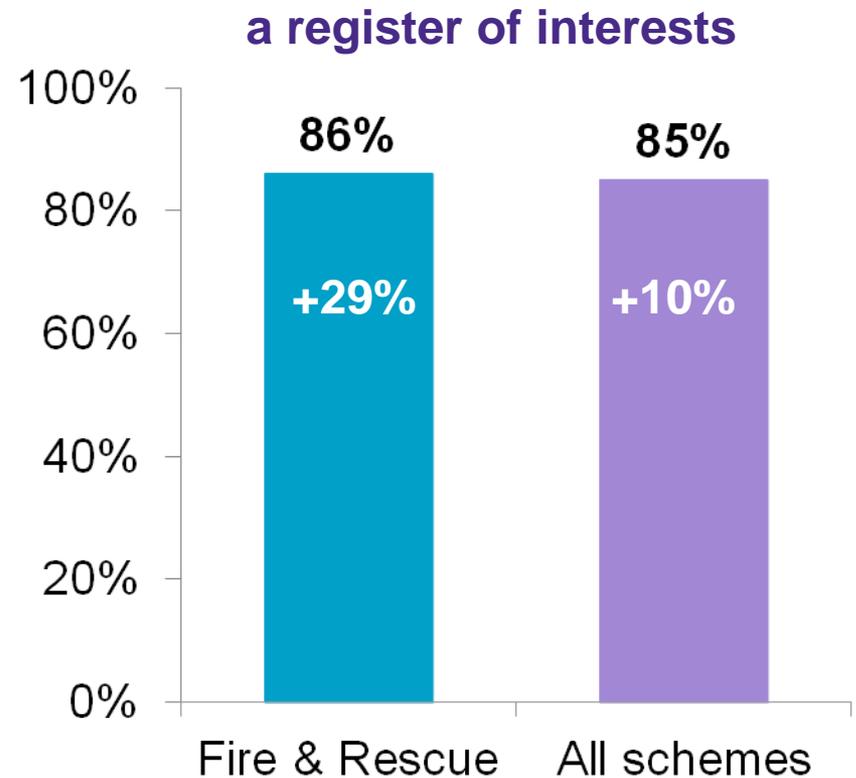
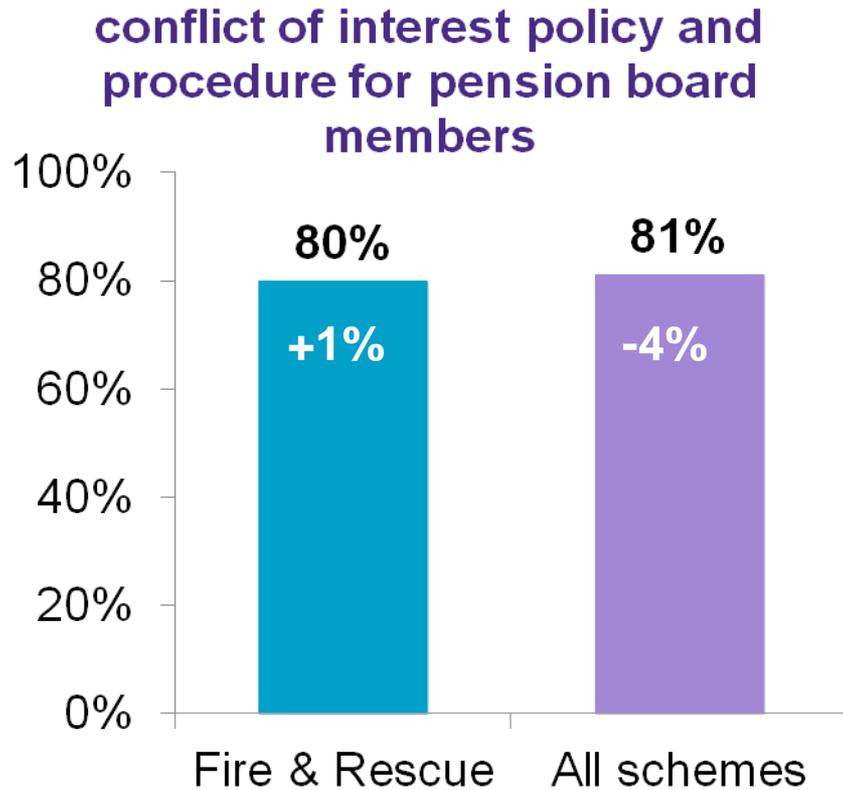
**94%** have policies and arrangements to help board members acquire and retain knowledge and understanding  
**(+58% on 2015)**

**44%** have documented procedures for assessing and managing risks  
**(+8% on 2015)**

**88%** have processes to monitor records for all membership types

Significant improvement in key processes around breaches of the law and training and knowledge. FPS still less likely to have some key processes in place than average, in particular around managing risks and maintaining contributions

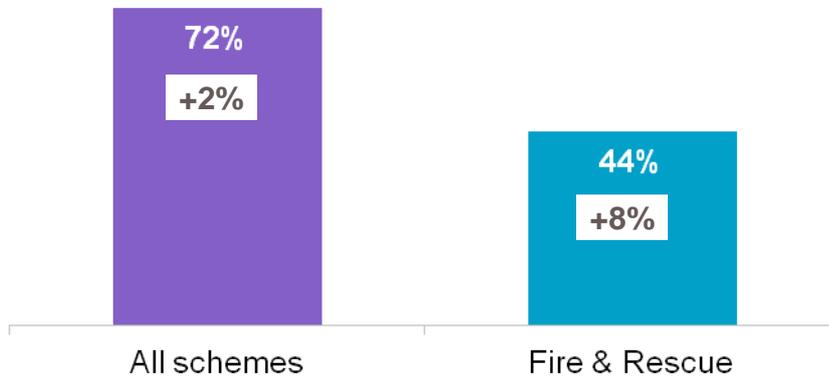
# Proportion of schemes that have a...



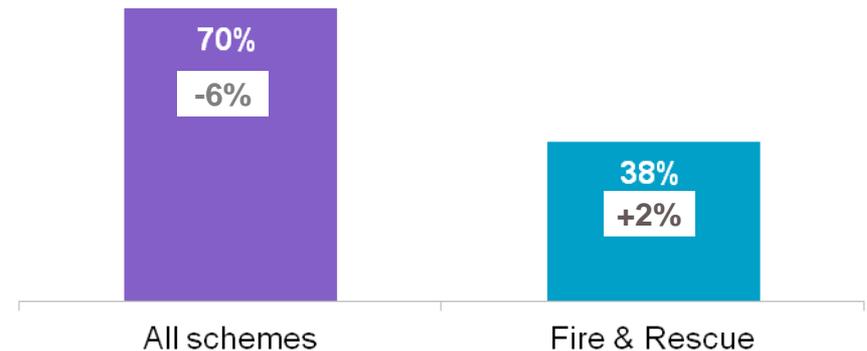
Not all FPS schemes have conflicts of interest policies, or a register of interests.

# FPS assessing and managing risk

Proportion of schemes that have “documented procedures for assessing and managing risk”



Proportion of schemes that have “a risk register”



Fire & Rescue schemes are significantly less likely to have processes in place, or use a risk register.

# Top risks

What are the top three governance and administration risks on your register?  
 Top FPS mentions (*all with a risk register*)

Top Mentions	All schemes	Fire & Rescue
<i>Base: All with risk register</i>	131	19
<b>Records</b>	<b>36%</b>	<b>21%</b>
- of which GMP	8%	0%
<b>Funding/investment</b>	<b>34%</b>	<b>5%</b>
<b>Poor or ineffective governance</b>	<b>29%</b>	<b>21%</b>
<b>Legislative change or complexity</b>	<b>23%</b>	<b>47%</b>
<b>Employer compliance</b>	<b>23%</b>	<b>11%</b>
<b>Recruitment, training &amp; retention of staff &amp; know how</b>	<b>19%</b>	<b>21%</b>
<b>Failure of internal controls</b>	<b>18%</b>	<b>16%</b>
<b>Systems</b>	<b>18%</b>	<b>26%</b>
<b>Administrator failure</b>	<b>13%</b>	<b>16%</b>
<b>Resourcing</b>	<b>11%</b>	<b>11%</b>

Top risks identified as legislative change or complexity, systems, records, poor or ineffective governance, and recruitment, training and retention of staff and know how.

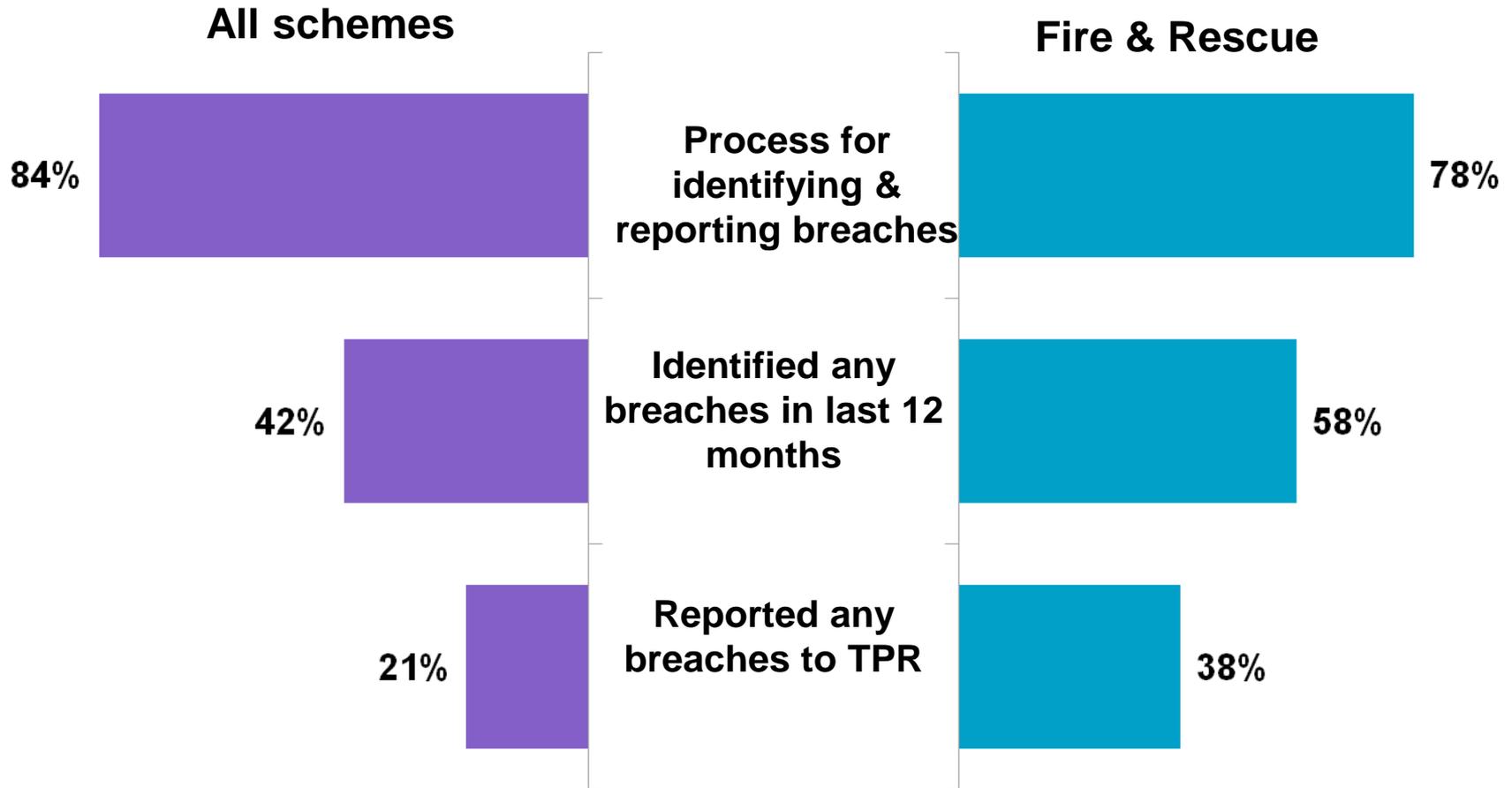
# Barriers to improvement

What are the main barriers you face to improving the governance and administration of your scheme?

Top Mentions (5%+)	All schemes	Fire & Rescue
<i>Base: All respondents</i>	188	50
<b>Resourcing</b>	<b>29%</b>	<b>20%</b>
<b>Securing compliance with legislation</b>	<b>28%</b>	<b>34%</b>
- <i>Volume of change</i>	15%	10%
- <i>Scheme complexity</i>	16%	26%
<b>Poor or ineffective governance</b>	<b>18%</b>	<b>22%</b>
<b>Recruitment, training &amp; retention of staff &amp; know how</b>	<b>11%</b>	<b>10%</b>
<b>Systems</b>	<b>8%</b>	<b>10%</b>
<b>Failure of internal controls</b>	<b>5%</b>	<b>6%</b>
<b>There are no barriers</b>	<b>15%</b>	<b>9%</b>

Main barriers to improvement are securing compliance with legislation – including scheme complexity, poor or ineffective governance, and resourcing.

# Breaches of the law



FPS are more likely than average to identify or report breaches to the regulator

# Internal controls

- The scheme manager must establish and operate adequate internal controls
- Internal controls are systems, arrangements and procedures for:
  - scheme administration and management
  - monitoring that administration and management
- Includes:
  - identifying and managing risk
  - controls around administrators and employers
  - identifying and reporting breaches of the law

# Reporting breaches of the law

- Legal duty to report a breach of the law that is likely to be of material significance to TPR:
  - Scheme manager
  - Pension board member
  - Professional advisers
  - Employers
  - Administrators and others providing advice to manager
- TPR provides example scenarios and RAG system for assessing scale of materiality by way of:
  - Cause
  - Effect
  - Reaction
  - Wider implications

# Case study - s89 Teachers' Pension Scheme

- 2 breach of law reports in 2016 from administrator
- 43 employers failing to submit their End of Year Certificates (EOYCs) to the scheme manager by the legal deadline
- Administrator had made multiple contacts with each employer
- Our engagement:
  - we engaged with non-compliant employers
  - engagement identified a lack of knowledge and understanding by employers on EOYC submissions
  - all but one employer now compliant
  - the scheme manager removed the final employer from the scheme (the employer has now gone insolvent)
- For more detail:
  - [www.tpr.gov.uk/docs/regulatory-intervention-section-89-teachers.pdf](http://www.tpr.gov.uk/docs/regulatory-intervention-section-89-teachers.pdf)

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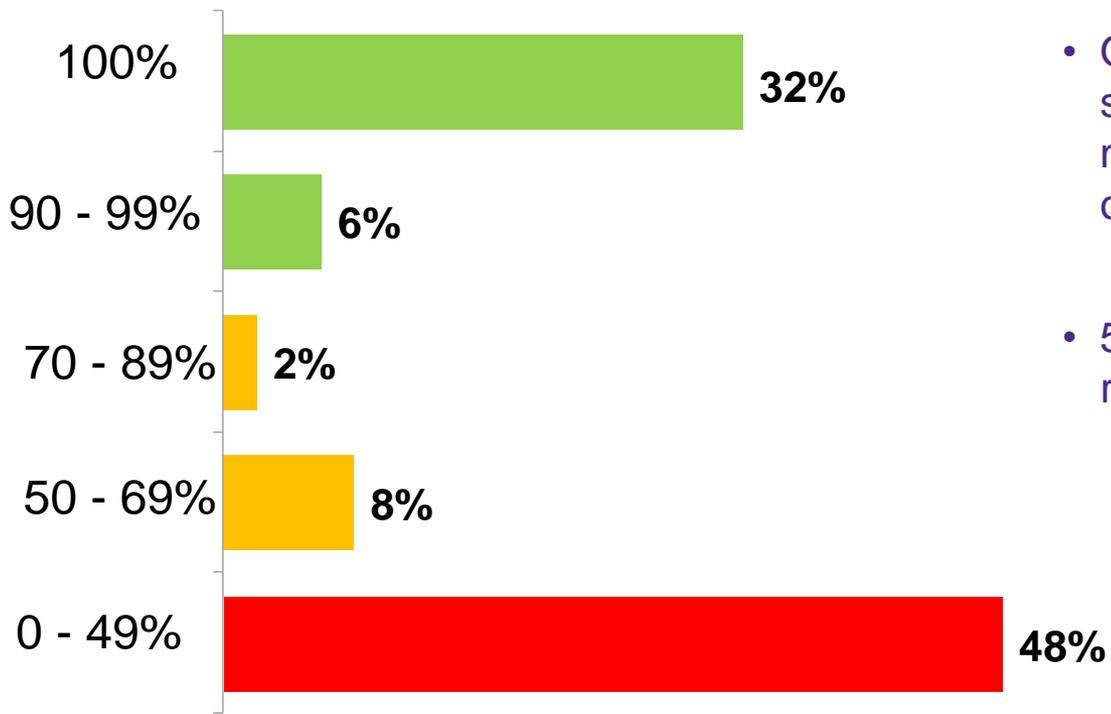


# MEMBER COMMUNICATION

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# FPS member communications - survey results

Proportion of active members receiving annual benefit statement by statutory deadline



- Only a third of fire and rescue schemes reported that all members received their ABS on time
- 54% of memberships did not receive their ABS in time

Over half of memberships did not receive their benefit statements in time.

# Member communications

- Requirement to issue an annual benefits statement - for more guidance:
- We expect schemes to tackle the issues faced in the early years and for the proportion of members who receive their statements on time to improve
- Good communications are not just timely and accurate, but also clear - many pension boards advise on this perspective



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# Challenges ahead

- Guaranteed minimum pension (GMP) reconciliation - ends December 2018
- Dashboards
- General Data Protection Regulation (GDPR) - May 25 2018
- Outcome of valuations



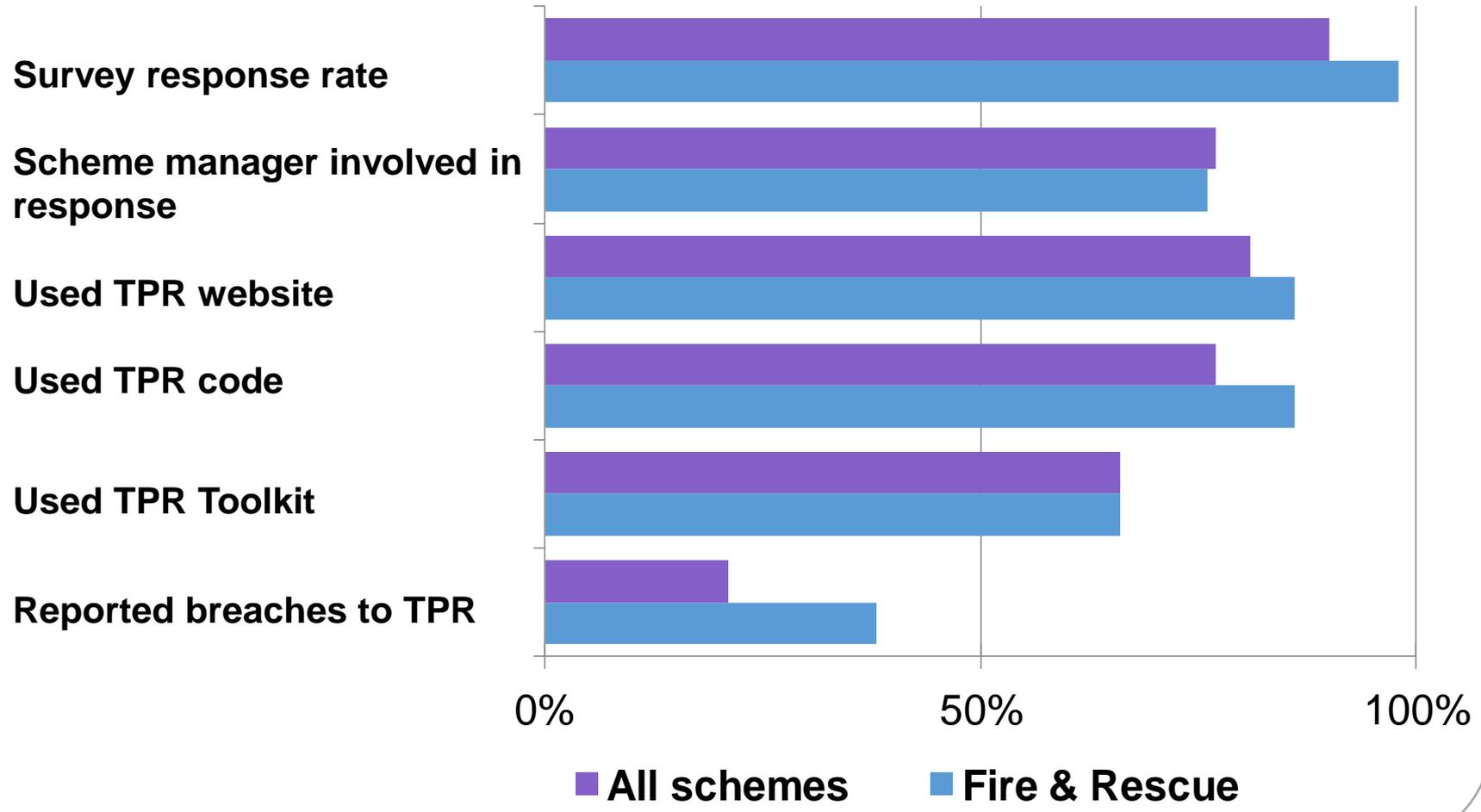
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# What can pension boards do?

- Robust governance processes including clear roles and responsibilities
- Engage with the regulator's work
- Support the scheme manager:
  - assess risks, challenge and ensure plans are in place
  - focus on top 3 risks
  - look ahead – GMP, dashboards, GDPR
- Knowledge and understanding
  - TPR toolkit

# FPS engagement with TPR

## Scheme managers and pension boards engaging



FPS more likely than average to be engaging with TPR.

# Public service pension scheme fined £1000

- We issued a £1,000 fine against the London Borough of Barnet scheme manager for failing to submit its 2016 scheme return:
  - we issued a scheme return notice to the scheme manager on 9 July 2016, requesting the scheme return be submitted by 12 August
  - the return was not received and further communications from TPR not replied to
  - so the matter was referred to TPR's Determinations Panel on 24 February 2017
  - the penalty notice was issued to the scheme manager on 13 April and paid on 9 June
- As the scheme return was not submitted a case team continues to engage with local authority staff to discuss the scheme's future governance and administration

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## Key lessons - i

- Outsourcing does **not** reduce or remove a scheme manager's responsibility or accountability
- It is the legal responsibility of trustees and managers to submit a scheme return by the specified deadline:
  - failure to submit may signal further governance and administration problems within the scheme
  - good scheme governance is a key factor to achieving positive outcomes for members
- The £1,000 fine against the scheme manager took into account:
  - size of scheme (23,000 members)
  - governance and administration being a priority for TPR



Failure to provide the scheme return by the deadline can lead to fines of up to

**£5,000**

per individual and

**£50,000**

in other cases

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## Key lessons - ii

- Scheme returns gives us a solid understanding of the pensions landscape as a whole, feeding into:
  - identification of risks
  - education initiatives
  - policy formulation
- Up to date and accurate data enables us to:
  - communicate with schemes, managers or employers quickly and effectively
  - share data with the Pensions Tracing Service to help members search and secure their pension benefits
  - calculate the annual levy

# Useful tools, checklists and guidance

- **Annual benefits statement -**  
[www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf)  
[www.tpr.gov.uk/docs/public-service-annual-benefits-statement-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefits-statement-checklist.pdf)  
[www.tpr.gov.uk/docs/PS-guide-key-information-to-provide-to-members.pdf](http://www.tpr.gov.uk/docs/PS-guide-key-information-to-provide-to-members.pdf)
- **GDPR guidance - Information Commissioner's Office (ICO) -**  
<https://ico.org.uk/for-organisations/guidance-index/>
- **Improvement plan guidance -** [www.tpr.gov.uk/docs/improve-data-guide.pdf](http://www.tpr.gov.uk/docs/improve-data-guide.pdf)
- **Internal controls checklist -** [www.tpr.gov.uk/docs/public-service-internal-controls-checklist.pdf](http://www.tpr.gov.uk/docs/public-service-internal-controls-checklist.pdf)
- **Public service - scheme self assessment toolkit -** [www.tpr.gov.uk/public-service-schemes/assess-your-scheme.aspx](http://www.tpr.gov.uk/public-service-schemes/assess-your-scheme.aspx)
- **Public service - personal self assessment tool -**  
<https://education.thepensionsregulator.gov.uk/login/index.php>
- **Reporting a breach -**  
[www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf](http://www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf)
- **Risk register example -**  
[www.tpr.gov.uk/docs/public-service-example-risk-register.pdf](http://www.tpr.gov.uk/docs/public-service-example-risk-register.pdf)
- **Trustee Toolkit -** <https://trusteetoolkit.thepensionsregulator.gov.uk/>

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# Useful links

- **Our website** - [www.tpr.gov.uk/](http://www.tpr.gov.uk/)
- **Codes** - [www.tpr.gov.uk/doc-library/codes.aspx](http://www.tpr.gov.uk/doc-library/codes.aspx)
- **Code of practice 14 - Governance and administration of public service pension schemes** - [www.tpr.gov.uk/public-service-schemes/code-of-practice.aspx](http://www.tpr.gov.uk/public-service-schemes/code-of-practice.aspx)
- **Governance** - [www.tpr.gov.uk/21c-trustee](http://www.tpr.gov.uk/21c-trustee)
- **Latest research** - [www.tpr.gov.uk/public-service-schemes/research-and-analysis.aspx](http://www.tpr.gov.uk/public-service-schemes/research-and-analysis.aspx)
- **NAO report** - [www.tpr.gov.uk/docs/vfm-review.pdf](http://www.tpr.gov.uk/docs/vfm-review.pdf)
- **Pension scams** - [www.tpr.gov.uk/pension-scams.aspx](http://www.tpr.gov.uk/pension-scams.aspx)
- **Public service area** - [www.tpr.gov.uk/public-service-schemes.aspx](http://www.tpr.gov.uk/public-service-schemes.aspx)
- **TPR Future** - [www.tpr.gov.uk/about-us/protecting-workplace-pensions.aspx](http://www.tpr.gov.uk/about-us/protecting-workplace-pensions.aspx)

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# Thank you

**We are here to help!**

**Request a guest speaker:**

<https://secure.thepensionsregulator.gov.uk/speaker-request.aspx>

**Contact us at:**

[www.tpr.gov.uk/contact-us.aspx](http://www.tpr.gov.uk/contact-us.aspx)

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# Local Pension Boards

**Tristan Ashby**

**Chair of the Local Pension Board  
Effectiveness Committee**

## **Purpose**

- **The LPB effectiveness committee will consider how local pension boards and scheme managers can be supported centrally**
- **The committee will look to provide reminders of good governance tools and progress actions necessary as a result of the Pensions Regulator's governance and administration survey.**

## The committee

Chair – Tristan Ashby

### Members

- Malcolm Eastwood
- Dave Limer
- Cllr Thomas Wright
- Clair Alcock
- Ian Howe
- Simon Allsop
- Debbie Yeates
- Stuart Wilson

## Public Service Governance and Administration Survey 2016

	Fire	Police	LGPS	Other
1 Survey response rate	98%	76%	90%	100%
2 Conflicts policy and procedure for pension board members	80%	71%	85%	100%
3 Register of interests	86%	74%	87%	100%
4 Knowledge and Understanding arrangements	94%	89%	93%	100%
5 Frequency of scheme manager attendance at pension board meetings	68%	43%	86%	82%
6 Procedures for assessing and managing risk	44%	51%	92%	91%
7 Risk register	38%	51%	91%	91%
8 Where risk management procedures have contributed significantly to new or revised internal controls	14%	28%	29%	20%
9 Where administration is delivered in-house	24%	20%	73%	36%
10 Employers providing timely, accurate and complete data	58%	63%	7%	9%
11 Data review within the last 12 months	68%	77%	83%	100%
12 Data review covering both before and after 1 April 2015	68%	61%	76%	91%
13 Where data review identified any issues or problems	45%	52%	66%	100%
14 All annual benefit statements received by statutory deadline	32%	54%	45%	36%
15 Average number of complaints entering IDRPs	48%	44%	38%	60%
16 Procedures in place to identify, assess and report breaches of the law to TPR	78%	69%	91%	100%
17 Proportion that had identified any breaches of the law in the past 12 months	58%	11%	45%	64%
18 Proportion of reported breaches that were thought to be materially significant	38%	9%	15%	45%
19 Frequency of visiting TPR web site	60%	29%	61%	73%
20 Proportion judging TPR to be effective	82%	74%	85%	82%

## Current concerns

- **Only 32% of Fire schemes reported having all 6 key processes in place**
- **Concerning gaps on Internal Controls**
- **Only 44% of boards have a risk register**
- **Confusion of Scheme Manager Role**
- **Lack of board chairs who are attending this conference!!!**

## Engaging with you

- **The group would be particularly interested to receive feedback from LPBs on how the SAB can best support their activities.**
- **In order to facilitate the working knowledge of the group on how Local Pension Boards are working in practice, they will shortly be issuing their own survey of board members.**

## Survey

- **Inform SAB about make up of boards**
- **Inform SAB of frequency of meetings**
- **Inform SAB of any problems being encountered by boards**
- **Identify Local Pension Board top three risks**
- **Understand how boards mitigate the risks**



# Top 4 areas of Improvement

## Risk

- Procedures for Assessment and Management
- Risk Register

## Internal Controls

- Systems, arrangements and procedures for managing and monitoring the management of the pension scheme
- Managing risk
- Identifying and reporting breaches of law
- Controls around administrators

## Effective Scheme Manager Delegation

- Accountability
- Management of delegation

## Communications

- Annual Benefit Statements
- Provision of Information to Members

# 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

# TPR – Example Risk Register

Public Service toolkit downloadable

Example risk register

Risk area 1 – Operations	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Operational disaster (fire/flood etc)	1	6	6	Business continuity procedures in place for administrator	Scheme manager	Annual	Q1 Y2	Up-to-date business resiliency programme provided by administrator as at 01/01 Y2, reviewed by scheme manager at meeting in Q1 Y2
				Business continuity plans in place for scheme manager	Scheme manager	Annual	Q2 Y2	Documented programme in place to ensure continuity will be provided by pension finance manager to scheme manager in time for quarterly meeting in Q2 Y2
				Contracts with all advisers and suppliers are recorded on central database	Pension finance manager	Annual	Q1 Y3	Contracts held in hard copy in safe, and electronically in secure area of scheme management intranet. Checked by pension finance manager January Y2
Member data incomplete or inaccurate	5	7	35	Annual report from administrator, used as basis for rectification plan	Scheme manager	Annual	Q3 Y2	Initial rectification plan completed Q3 Y1. New report received from administrator at Q1 Y2 meeting, revised rectification plan agreed with administrator. To review progress at Q3 quarterly meeting
				'Not known at this address' returns from annual statements checked by tracing agency	Pension administrator	Annual	Q2 Y2	Details provided by administrator mid January Y2, passed to tracing agency at end of January. 25% traced by quarterly meeting in Q1, update will be provided to scheme manager for Q2 meeting
Administration process failure/maladministration	4	8	32	Formal agreement in place with administrator, including SLAs	Pension finance manager	Annual	Q1 Y3	Last reviewed Q2 Y1, three year agreement
				Authority levels clearly agreed and kept up-to-date	Scheme manager	Annual	Q2 Y2	Last reviewed Q2 Y1
				Review Independent audit reports of administrator's processes	Scheme manager	Annual	Q2 Y2	AAF01/06 held by administrator as at DD/MM/YYYY
				Ongoing dialogue with third party administrator	Pension administration manager	Ongoing	Q2 Y2	Weekly phone calls between pension administrator manager and third party administrator, plus ad hoc calls when necessary
				Written reports and quarterly presentations by administrator to scheme manager	Scheme manager	Quarterly	Q2 Y2	Next report from administrator due two weeks before quarterly meeting

[TPR - example](#)

[Fire example](#)

# TPR Assessment Tool

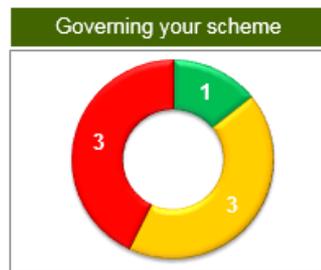
## Results

### 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			

---

# Risk is a driver for improvement



# Reporting and recording breaches

Potential investigation outcomes				
	Cause	Effect	Reaction	Wider implications
<b>Red</b>	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
<b>Amber</b>	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
<b>Green</b>	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

# Breaches Policy

## 1. Identify

1. Tracked agenda items
2. [LGA bulletins](#)
3. Report from scheme manager

## 2. Assess

## 3. Record / Report

---

# Scheme Manager

- Who is the Scheme Manager
  - Powers of delegation
  - To delegate or not to delegate!
  - Who to delegate to?
-

# Scheme Manager

- The Scheme Manager is defined by 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
  - By virtue of regulation 4, the Fire and Rescue Authority is the scheme manager of the 2015 scheme and ‘any statutory scheme that is connected with it’
  - <http://www.legislation.gov.uk/ukxi/2014/2848/regulation/4/made>
-

# Power of delegation

- *(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>
-

# To delegate or not to delegate

Does this naturally fall within the Chief Fire Officers responsibilities

- Is this part of the senior management team reports to the Chief?
- Does the chair of the board have regular meetings with the Chief Fire Officer?
- Time pressures on Chief Fire Officers likely to have an affect.
- Is there a natural home for pensions within your organisation?

Who owns pensions

- Are elected members clear on their pensions responsibilities
- Are the senior management team clear on their pension responsibilities

Risks of not delegating?

- Findings against the authority by The Pensions Ombudsman
- Financial risks of pension fund mistakes
- Section 89 report from TPR

# Who to delegate to?

Section 151 Officer?

Pension Committee?

Scheme Manager  
Delegation

HR Director?

Finance Director?

## Who it's not!

- Pension Scheme Administration Manager
  - Junior Officer
-

# Internal Controls

- Checklist
  - Questions for boards
-

ACTION	NOTES	YES/NO
Do you have effective arrangements and procedures to ensure that the pension scheme is being run in accordance with the scheme rules and requirements of law?	See paragraphs 94-112 in the code at <a href="http://www.tpr.gov.uk/code14">www.tpr.gov.uk/code14</a> . Consider if you need to put further arrangements and procedures in place.	
Do you regularly review the arrangements and procedures?	If yes, how often?	
Do you have a process to identify risks?		
Do you have a process to evaluate risks?		
Do you have in place processes or controls to manage risks?		
Do you have a risk register to record all risks identified and action taken?		
Do you regularly review the risk register?	If yes, how often?	
Do you have a standing item on the pension board agenda to review scheme risks?		

# Internal Controls

## Scheme Manager Engagement

- Can you identify who is the delegated scheme manager
- Does the scheme manager regularly attend board meetings?
- Does the chair of the board have regular meetings with the scheme manager
- Are there barriers to the above?

## Arrangements and Procedures for administration and scheme management

- Are they the same thing?
- Who is responsible for managing the scheme, does that include administration?

## Who monitors?

- Does the 'scheme manager' get reports
  - Does the scheme manager report to the Chief Fire Officer?
  - Does the chief report to the authority?
  - What escalation procedures are there?
-

# Communications

- High on TPR agenda
  - Challenge – how to reconcile statutory obligations and retirement planning
  - ABS Survey launched last week
  - Technology?
-

# Health Check

## Actions for boards

- Risk Register
  - Breaches Policy
  - Internal Controls – questions for boards
  - Scheme Manager Delegation is it working for you?
  - Data –does your board have answers to key questions?
  - Review key processes and documents – nomination and selection policy
  - Training, what works for you?
-

# Annual Fire Pensions Conference 9 October 2017

## Governance and the 2013 Act

**Bob Holloway**  
LGA Pensions Secretary

# In the beginning.....

- There was the 2010 general election
  - And a coalition government
  - Conservative/Lib Dem deal
  - Included review of public service pension schemes
  - Affordability, sustainability and fairness
  - Independent commission established
  - Chaired by Lord John Hutton of Furness
  - Final report published in March 2011
  - 27 recommendations – wholesale acceptance
-

# Commentary on scheme governance



“I also consider that there is a powerful case for more independent oversight and much stronger governance of all the public service pension schemes. This should keep government, taxpayers and scheme members better informed about the financial health of these schemes.

There should be minimum standards set for scheme administration. There is also a proper and legitimate role for representatives of the workforce to be formally involved in these new governance arrangements.”

---

# Recommendation No 17

“Every public service pension scheme (and individual LGPS Fund) should have a properly constituted, trained and competent Pension Board, with member nominees, responsible for meeting good standards of governance including effective and efficient administration. There should also be a pension policy group for each scheme at national level for considering major changes to scheme rules.”

---

## And delving a little deeper.....

### Schedule 4, paragraph 19 amends the Pensions Act 2013 to include :-

That every member of a pension board of a public service pension scheme must be conversant with :-

- the rules of the scheme
- any document recording policy about administration

And have the knowledge and understanding of :-

- the law relating to pensions, and
- such other matters as may be prescribed.



# The Primary Legislation

## The Public Service Pensions Act 2013

### Section 5 – Pension Board

“Scheme regulations....must provide for the establishment of a board with responsibility for assisting the scheme manager (or each scheme manager) in relation to :-

- securing compliance with scheme regulations
  - securing compliance with Pension Regulator’s requirements
  - such other matters as the regulations may specify
-

## Section 5 – the detail

- Secure effective and efficient governance and administration
  - No conflict of interest
  - Board members to provide “reasonable” information
  - Equal number of employer and employee representatives
  - Scheme manager to publish information about the Board
-

# The Secondary Legislation

## The Firefighters' Pension Scheme (Amendment)(Governance) Regulation 2015

- Scheme managers to establish new Boards by 1<sup>st</sup> April 2015
  - Functions as set out in section 5 of the 2013 Act
  - Power to establish joint Boards by two or more scheme managers
  - Scheme manager may determine procedures, etc
  - Votes restricted to employer and employer representatives
  - Scheme manager to determine membership and “hiring and firing”
  - Equal number of employer and employee representatives, no less than 4
  - No conflict of interest
  - Members or officers with scheme functions cannot be Board members of that authority
-

# The LGPS Experience – Establishment

Some were....



But some were....



# The LGPS Experience – Issues and concerns

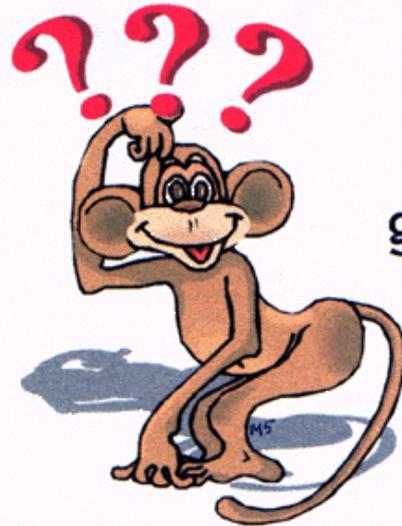
- What is our role?
  - Relationship with scheme manager
  - Access to documents
  - Facility time
  - Knowledge and Experience
  - Insurance
  - Reporting breaches of the law
-

# A Time for Review

- Over two years on, how are things going?
  - New regulations should be critically but positively examined
  - LGPS survey of local pension boards
  - Open survey
  - May to end of September
  - Outcome to be published by LGPS Advisory Board
  - Recommendations to DCLG Ministers?
-

# Disclaimer

The information contained in these slides has been prepared by the LGPC Secretariat, a part of the Local Government Association (LGA). It represents the views of the Secretariat, based on our current understanding of the law. It should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation. No responsibility whatsoever will be assumed by the LGPC Secretariat or the LGA 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.



Questions  
are  
guaranteed in  
life;  
Answers  
aren't.



# Welcome back

# Breakout session

**21st Century Governance**

The Pensions  
Regulator

# What is good governance?

The right people, structures and processes to:

- make timely decisions effectively
- manage risks
- seize opportunities
- set appropriate objectives
- oversee scheme business and operations
- deliver good member outcomes

# Governance in FPS – evidence

TPR survey:

- Poor or ineffective governance top risk and barrier for FPS
- 26% of scheme managers never attend board meetings
- FPS schemes less likely to have some key processes in place for assessing and managing risk and maintaining contributions

Lessons learned from trustee landscape:

- Wide variety of practices and involvement
- Larger schemes typically better run
- High degree of reliance on third parties, but these are not challenged
- Chairs play a key role
- Effective boards need diversity

# Discussion

1. Do you regularly discuss and review the governance of your scheme?
2. How do you make sure everyone involved in running your scheme has a clear understanding of their role and the roles of the other key participants in your scheme?
3. How do you ensure annual benefit statements are accurate and get to members on time?
4. How do you respond to our requests for information about your scheme and tell us about problems and issues, including late payment of contributions and breaches of the law?

# Feedback and questions



The Pensions  
Regulator



# Horizon Scanning



# Current/Future Issues

- 2017 amendment orders
  - Employer duty to provide information on tax
  - Annual allowance and lifetime allowance tax changes
  - Scheme Reconciliation
  - GDPR
  - Survivor benefits – Court judgments
  - Dashboards
-

# 2017 amendment orders laid

- Survivors benefits
  - Minor 2015 scheme amendments
-

## III-Health for transition members

- Need a process in place to ensure payroll does not move a member into the 2015 scheme IF an IQMP is currently taking place



# PPA - Ombudsman

- [Ombudsman's Determination PO-7096](#)
  - Employer of a member with a PPA should have provided information about the possible adverse tax consequences of becoming re-employed after starting to receive his pension.
-

# Taxation Changes

- Introduction of Tapered Annual Allowance
  - Lifetime Allowance
-

# Tax Seminars

Venue	Date
London	25 <sup>th</sup> October
Leeds	15 <sup>th</sup> November
Amersham	29 <sup>th</sup> November
Liverpool	5 <sup>th</sup> December
Bromsgrove	6 <sup>th</sup> Dec
Cheltenham	8 <sup>th</sup> January
London	10 <sup>th</sup> January

---

# Reconciliation Stages

## Stage 1

- Request HMRC Data and perform initial analysis

## Stage 2

- Reconcile

## Stage 3

- Update Scheme Data
-

# GDPR

- From 25 May 2018 the EU General Data Protection Regulation (GDPR) introduces new legislation governing the collection, use, and processing of personal data.
-

## Survivor benefits – Court Judgments

- Brewster – Nomination of cohabiting partner -
  - Walker – Same Sex marriage / Civil Partner Survivors pension
-

# Government Pensions Dashboards

- Collaboration of largest pension providers to produce a prototype of a pensions dashboard
  - A platform to allow savers to view all their pension pots through a single portal.
  - The aim is for the dashboard to be launched in April 2019.
-



The  
Pensions  
Ombudsman

# The Pensions Ombudsman

**Presentation to Firefighters Governance Conference  
9 October 2017  
Thomas Coutts Senior Adjudicator**

# The Pensions Ombudsman

- Non-Departmental Public Body sponsored by Department for Work and Pensions. Funded by levy collected by The Pensions Regulator
- 1991 – Pension Ombudsman investigates and determines complaints and disputes concerning occupational and personal pension schemes
- 2005 - PPFO deals with complaints and “reviewable matters” connected with the Pension Protection Fund + appeals against decisions of the manager of the Financial Assistance Scheme
- Independent and impartial – not a regulator
- Determinations are final and binding with no financial limit
- Will look to redress and financial loss suffered, and make an award in recognition of any distress and inconvenience suffered

# Casework

## Our process

### A1

**Enquiry → Jurisdiction check → Triage → Resolve**

Enquiries received and sifted



Complaints able to deal with are accepted for investigation



Resolvable complaints identified and dealt with immediately

Not resolvable? → A2

### A2 & A3

**Deeper investigations + Legacy cases**

Investigations carried out

Legal expertise available to all areas

# The Legal Team

Areas of work:



# Appeal participation



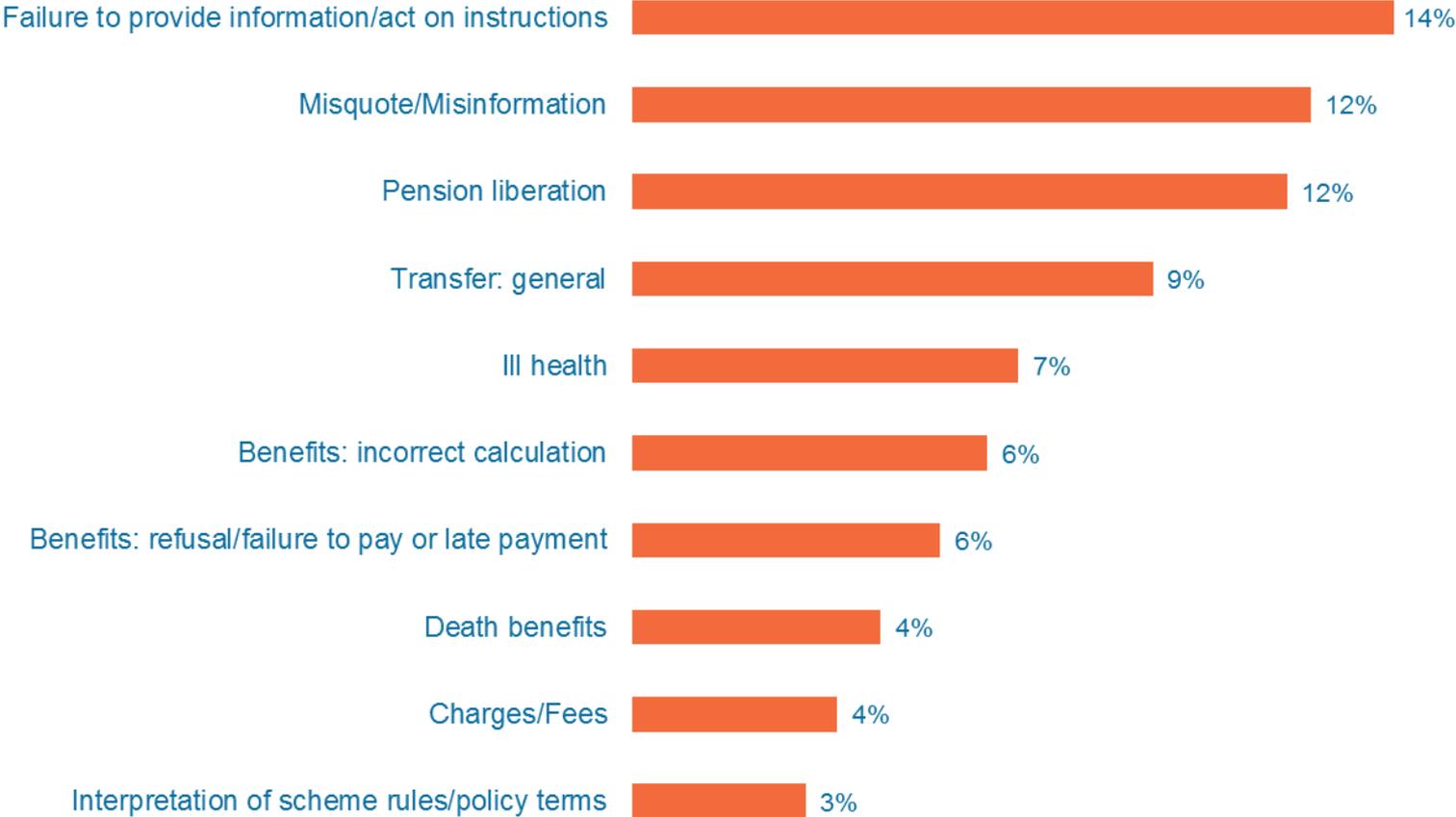
Determinations of the Pensions Ombudsman are final & binding, subject to appeal on a point of law to the High Court in England & Wales, the Court of Appeal in Northern Ireland & the Court of Session in Scotland.

- Where the decision may have a wider impact on industry (such as pensions liberation/auto-enrolment )
- Where the Pensions Ombudsman has an established position on an unclear issue (i.e. the Hughes case)
- Where the Pensions Ombudsman has large number of cases accepted for investigation on the same issue
- Where there is a real and significant concern over access to justice and the participation is necessary in order to properly argue the points (“equality of arms”).

# The statistics

- 61 staff
- Handled circa 6000 complaint enquiries 2016/17, up 18% from 2015/16
- In 2016/17 we accepted 1,333 new investigations and closed 7% more cases than 2015/16.
- 33% complaints determined were upheld, at least in part in 2016/17
- 70% resolved informally in 2016/17 compared to 63% in 2015/16

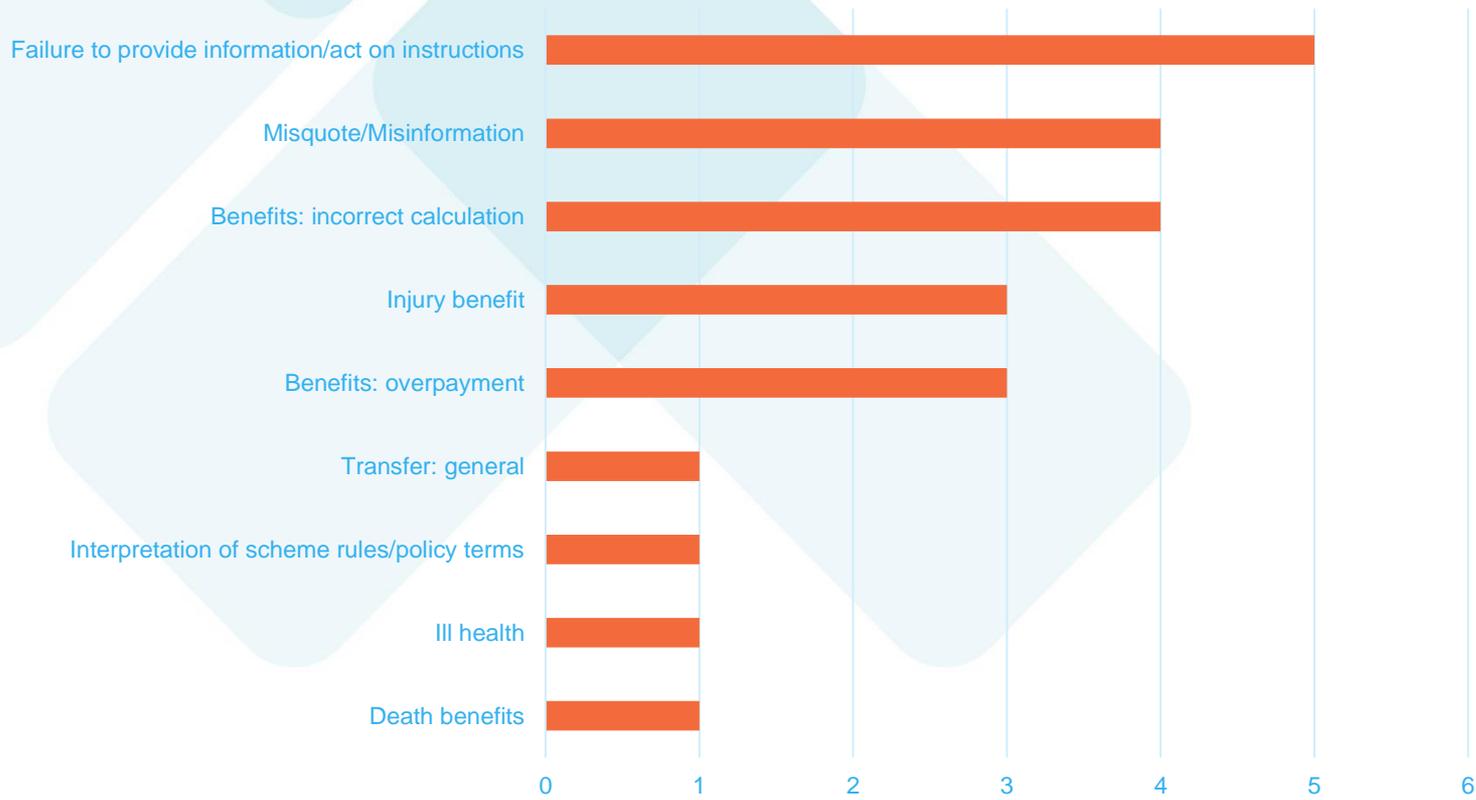
# Top 10 complaints public schemes & private providers (2016/17 closed cases)





Pensions  
Ombudsman  
Service

# Firefighters Pension Scheme complaint types



# Firefighters Pension Scheme statistics (investigations)

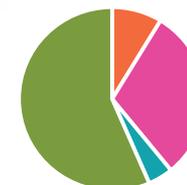


Pensions  
Ombudsman  
Service

Year	2014	2015	2016/17	01.04. 017 31.07.2017
Investigations accepted	15	13	16	9
Investigations closed	N/A	18	16	7

Outcome "Formal" Determined Investigations	2016/2017	01.04.2017- 31.07.2017
Upheld	4	1
Partially upheld	1	-
Not upheld	5	2
Total	10	3

2016/17



Opinion accepted Resolution Withdrawn Determined

Outcomes "informal" resolutions	2016/17	01.04.2017- 31.07.2017
Opinion accepted	1	1
Resolution	4	3
Withdrawn	1	-
Total	6	4

# Outward looking

- Improving our systems – over 70% of applications to us are now made online
- Improving customer journey and putting the customer first
- Strengthening relationships with our partner organisations- stakeholder engagement
- Supporting 1 Stage IDRPs
- Working with schemes/providers to resolve more cases at source – fact sheets and published decisions
- Resolve more cases informally
- Sharing best practice across the industry

# The future?





**Any questions?**

# Working together



# Introducing



[www.fpsboard.org](http://www.fpsboard.org)

# The Firefighters' Pension Scheme (England) SAB

[Welcome](#)

[About the Board](#)

[Board Committees](#)

[Board Publications](#)



## About the Board

The Firefighters Pension Scheme (England) Scheme Advisory Board (the "Board") is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015



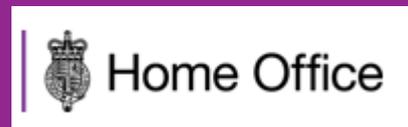


# Closing remarks



# Thank you for coming

## See you tomorrow for Day Two



[bluelight.pensions@local.gov.uk](mailto:bluelight.pensions@local.gov.uk)  
[www.fpsboard.org](http://www.fpsboard.org)

[www.local.gov.uk](http://www.local.gov.uk)

- **3.30pm Firefighters Technical Committee**
  - **5.30 pm Drinks reception – Smiths of Smithfield**
-