



Bedfordshire
Fire and Rescue Service



Firefighter Pension Schemes

Annual General Meeting
Day One - Governance

24 September 2019

www.local.gov.uk



@LGAworkforce #LGAFirepensions

Agenda

- Chair's Welcome
- Assisting the Scheme Manager
- TPR Update
- Drinks Reception



Chair's welcome

Malcolm Eastwood

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

The last four years, a look back



Key Themes for progress

- Meetings
 - Fire schemes less likely to meet quarterly
 - Unwanted headlines!

**Pensions
expert**

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LAW & REGULATION

Half of public sector pension boards meet fewer than four times a year

By Stephanie Hawthorne | July 26, 2019

On the go: Only half of public sector schemes held four or more pension board meetings in the previous 12 months, the Pensions Regulator has found.

In its recently published commentary on its 'Public service governance and administration survey 2018', the watchdog stressed that it expects scheme governing bodies to meet at least quarterly.

TPR expressed its concern 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," the report stated, adding that the regulator expects to see an improvement in this area.

Most Viewed

The end is nigh for DB pensions

High Court reviews government handling of equalisation

MPS surplus share uplift would not be 'transformational', say trustees

Critics rebuke Hancock's 'narrow' NHS pension consultation

Lancashire hails portfolio's positive impact on local area

Key Themes for progress

- Risk
 - Still less likely to have risk management processes (although also noted to have made significant improvement, having grown from 36% in 2015 to 80% in 2018)
 - Less likely to review quarterly, only 24%

Key Themes for progress

- Skills and Resources
 - Access to knowledge and skills increased from 36% in 2015 to 98% in 2018
 - 87% rated scheme manager and pension board to have sufficient time and resources to run the scheme properly.
But.....
 - Over half of boards (57%) rated lack of resources or time as one of their top three barriers!!

Key Themes for progress

- Breaches
 - Although a low proportion of active members (19%) received annual benefits statements after the statutory deadline, 89% of those missing ABS deadline did not make a breach of law report.
 - Of 17% other breach of law identified only 2% reported as material
 - Are you using the breach assessment template?
<http://www.fpsboard.org/images/LPB/Resources/Breachassessment210119.docx>

Assisting the Scheme Manager

Gavin Chambers, Assistant Chief Officer and Local Pension Board Chair, Bedfordshire Fire and Rescue Service



Bedfordshire
Fire and Rescue Service

**Gavin Chambers
Assistant Chief Officer**

Local Pension Board Chair

**Bedfordshire Fire and
Rescue Authority**



Local Pension Board Set up

- Chair
- Two Employer representatives
- Two Employee representatives
- Scheme Manager
- Pensions Administrator
- Due to number of employer and employee reps, had to cancel some meetings due to availability
- Just increased to three employer and employee representatives
- Pensions are a HR function at BFRS, with support via Finance (such as returns to Home Office)



Set Up

- Initially a report to the Fire & Rescue Authority back in March 2015
- LGA Training – all Pension Board Members (incl Scheme Manager and Chair)
- Scheme Manager Training (by LGA)
- The Pensions Regulator on line tool/training
- Attendance at annual events, such as Police/Fire Pensions Governance, Pensions AGM, Pensionable Pay training
- Terms of Reference and the required policies – such as Conflicts of Interest, Risk, Reporting of Breaches, Declarations of Interest, Training Policy.
- Also standard agenda, including the Risk Register and Annual Work Plan review



Assisting the Scheme Manager

- Scheme Manager, via delegation, is the Head of HR (day to day delegated to HR Manager)
- Regular liaison between PB Chair and Scheme Manager (sometimes receive emails/info the other is not aware of)
- PB Chair drafts each agenda and discusses with Scheme Manager, prior to sending out to PB attendees with reports, latest LGA Pension bulletins, Risk Register, minutes and action points etc
- Scheme Manager completes the returns (TPR, AON etc) for joint review with PB Chair before submission
- Scheme Manager fully participates in the meetings, giving feedback from Eastern Region Pension Meetings, covers two Ombudsman cases per meeting



Support and Communication

- PB Chair ensures Scheme Manager is supported, internally (such as Finance Team, administrative support), externally (such as the Administrator)
- Minuted PB meetings with actions captured
- Also an Action Log of action points from the LGA's bulletins
- Joint review of Administrators quarterly performance reports
- Communication – Comprehensive information on Pensions Website Page (incl PB minutes), Annual Report to the Fire & Rescue Authority, when required include items in the Service's weekly staff bulletin



Review of set up and progress

- Had an Internal Audit during 2018/19 by RSM and received “Substantial Assurance”
 - Invited Clair Alcock and Tristan Ashby to attend a Pension Board meeting to observe, input and receive feedback
 - Annual self assessment as part of Work plan
-
- Thank you – any questions?

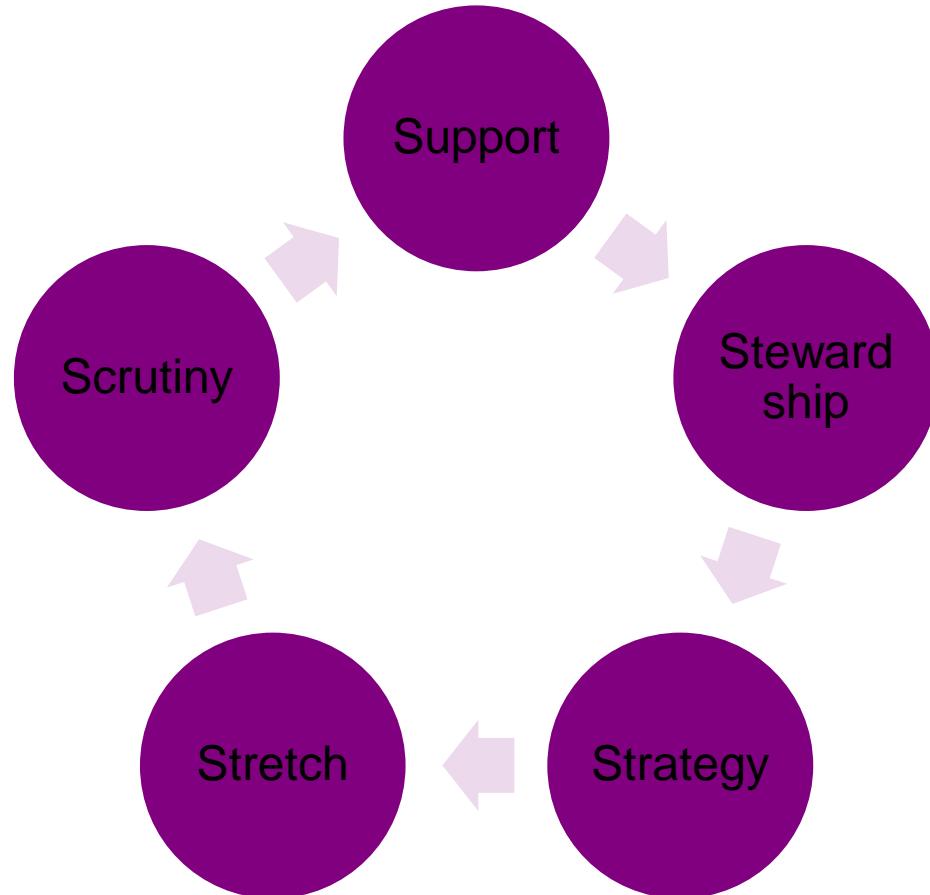




Behaviours of a high performing board



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?



TPR Update

Nick Gannon – Policy Lead
24 September 2019

TPR – what is our role?

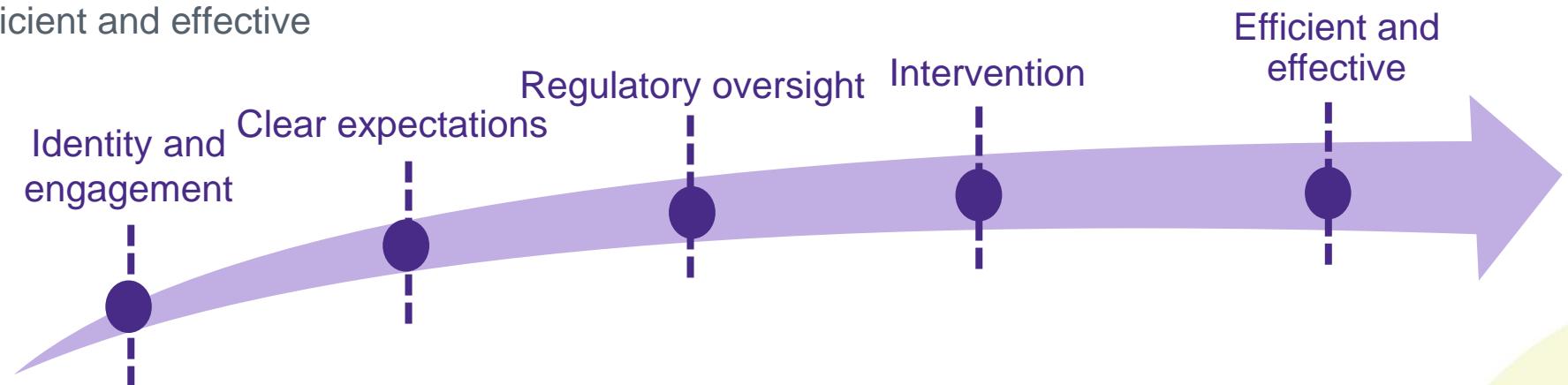


- We are a public body that protects workplace pensions in the UK
- We make sure employers, trustees, pension specialists and business advisers can fulfil their duties to savers
- Our regulatory powers enable us to deal with risks to schemes and members' benefits, and tackle risks in a focused, targeted and proportionate manner
- Pension regulation covers a large number of areas
- Hot topics – Pension Scammer campaign, Brexit, 'Future of Trusteeship and Governance' consultation (closing date: 24 September 2019 (midday))

The evolving Pensions Regulator



- Our role is to protect workplace pensions
- We are being **clearer, quicker and tougher**
- We are changing in five key areas:
 - clarifying our identity
 - setting clear expectations
 - improving our regulatory oversight
 - using a wider range of regulatory interventions
 - being more efficient and effective



TPR Future - Setting the scene & approach to regulation



- Historically adopted reactive rather than proactive approach
- Changed pension landscape and we are adapting to this world
- Frontline regulation teams fall broadly into 2 categories – Supervision & Enforcement
- Developing strong 2 way relationships with some strategically important DC, DB & PS schemes
- Early feedback is that schemes appreciate this engagement
- Continually adapting to emerging risks and changing landscape
- Expect us to be clearer, quicker and tougher

PSPS G&A survey 2018



- The survey is voluntary
- Carried out in November & December 2018
- This year's responses covered 94% of schemes and 99% of memberships.
- TPR does not take regulatory action based on the answers given, but the answers in aggregate may inform our regulatory approaches

Six key features



- have documented policy to manage board members' conflicts of interest
- have procedures to identify, assess & report breaches of the law
- have process for resolving contribution payment issues
- have access to knowledge, understanding & skills needed to properly run scheme
- have documented procedures for assessing & managing risks
- have processes to monitor records for accuracy/completeness

In 2018 63%
have all six
key features
(41% in 2017)

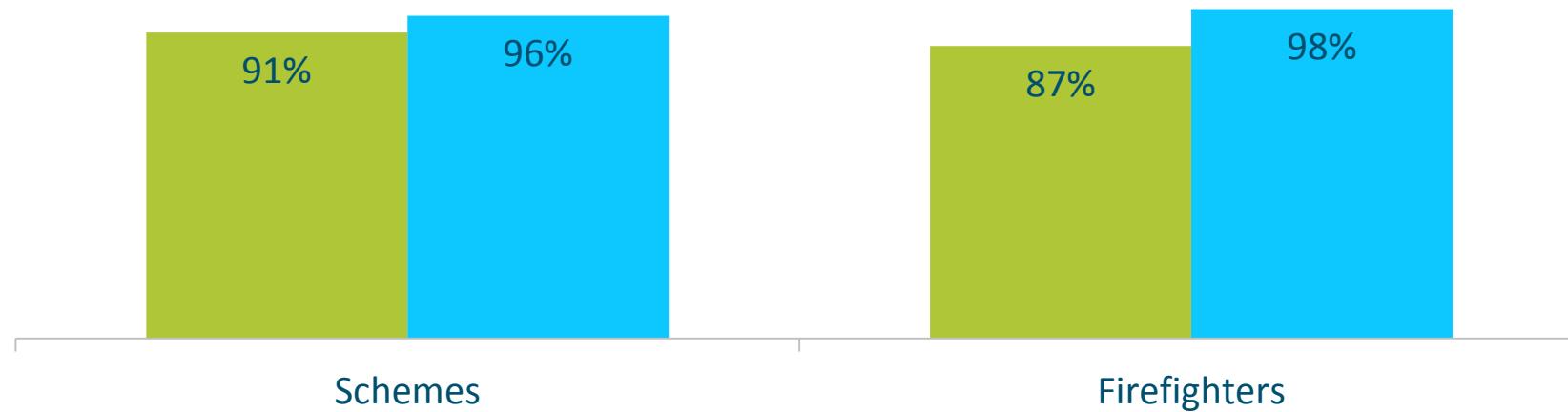
Pension board meetings in the last 12 months

		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)

Scheme resources & knowledge

Do the scheme manager and pension board have...?

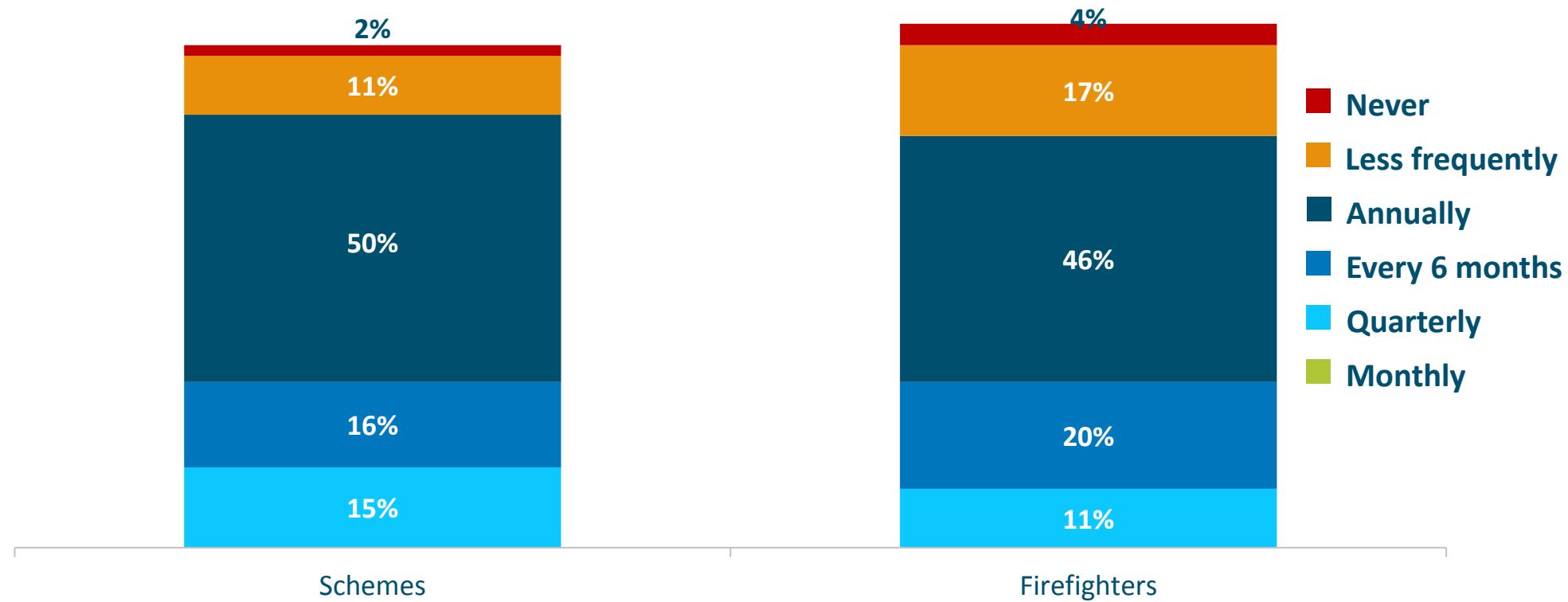


■ Sufficient time & resources to run the scheme properly

■ Access to all the knowledge, understanding and skills necessary to properly run the scheme

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?



Pension board composition (number and turnover)

	Fire-fighters
Current board members (mean)	5.1
Mean % of total positions that left in last 12 months	21%
Mean % of total positions appointed in last 12 months	18%

Overall 11 public service schemes reported that they had fewer current board members than specified by their respective regulations.

Firefighters

- Three schemes had fewer than the minimum 4 board members specified by the regulations;
 - two had 3 current members, and one had 2 current members

Assessing & managing risk

Proportion of schemes that...

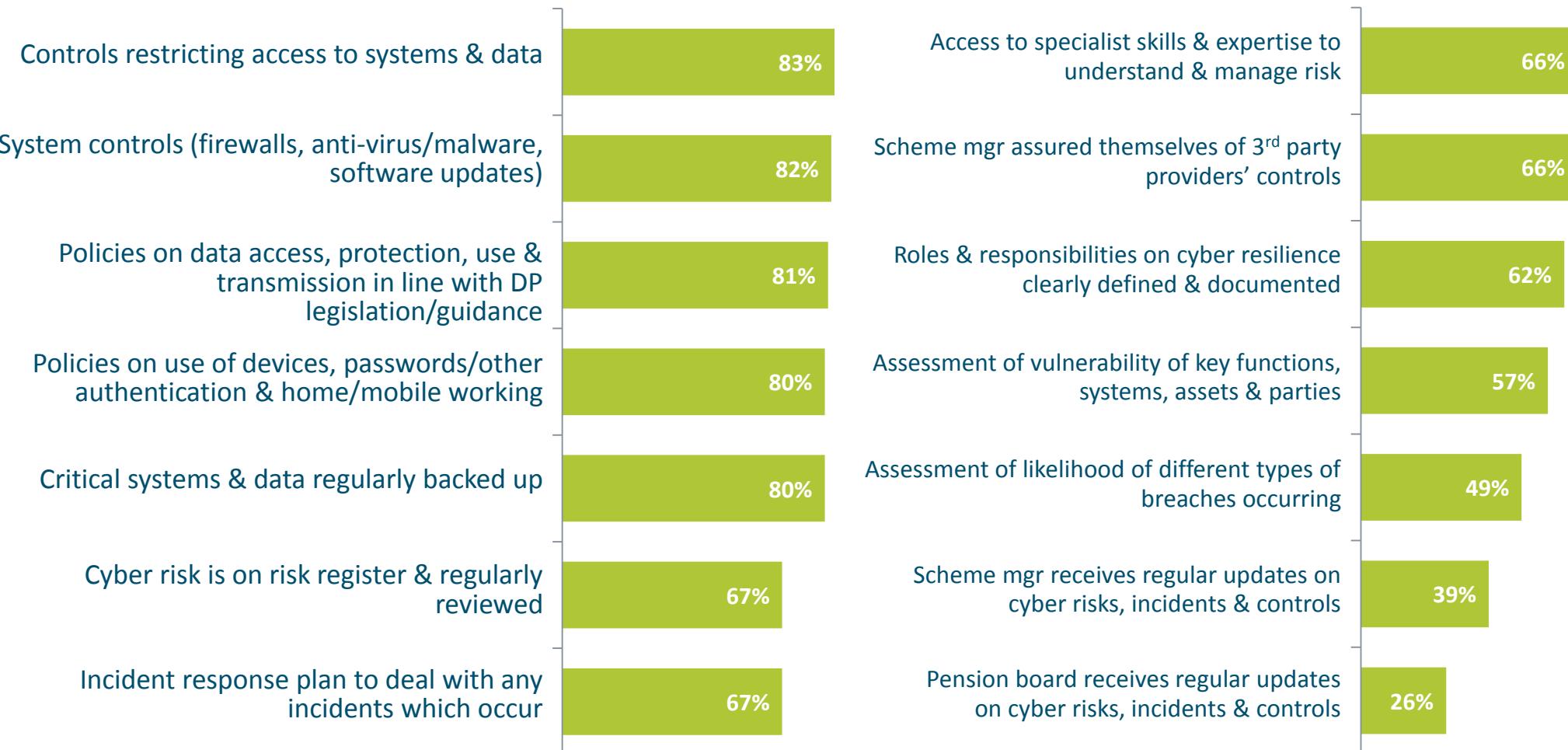
	All Schemes	Fire-fighters
Have documented procedures for assessing and managing risk	92% (+9%)	80% (+17%)
Have a risk register	94% (+6%)	87% (+18%)
Have reviewed the scheme's exposure to new and existing risks <u>at least every quarter</u> (in the last 12 months)	52% (+3%)	24% (-11%)

Provision of timely, accurate & complete data by employers

Proportion where at least <u>90%</u> of employers provide:	Schemes	Firefighters
Timely data	65% (+3%)	83% (+12%)
Accurate/complete data	60% (+5%)	76% (+11%)
Submit data monthly	67%	61%
Submit data electronically	77%	76%

Protection against cyber risk (overall)

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



Protection against cyber risk

	Fire-fighters
Controls restricting access to systems & data	80%
System controls (firewalls, anti-virus/malware, software updates)	85%
Policies on data access, protection, use & transmission in line with DP legislation/guidance	83%
Policies on use of devices, passwords/other authentication & home/mobile working	80%
Critical systems & data regularly backed up	78%
Cyber risk is on risk register & regularly reviewed	72%
Incident response plan to deal with any incidents which occur	65%

	Fire-fighters
Scheme manager assured themselves of 3 rd party providers' controls	57%
Roles & responsibilities on cyber resilience clearly defined and documented	65%
Assessment of vulnerability of key functions, systems, assets & parties	61%
Assessment of likelihood of different types of breaches occurring	52%
Scheme manager receives regular updates on cyber risks, incidents & controls	35%
Pension board receives regular updates on cyber risks, incidents & controls	20%
Net: Any cyber risk controls in place	85%

Least likely group to have cyber controls in place

Cyber security breaches/attacks in last 12 months

Have any of the following happened to your scheme (including any administration provider) in the last year?

	Fire-fighters
Staff receiving fraudulent emails or being directed to fraudulent websites	39%
Attacks that try to take down website/online services	22%
People impersonating scheme in emails/online	7%
Computers becoming infected with other viruses, spyware or malware	9%
Computers becoming infected with ransomware	4%
Unauthorised use of computers, networks or servers by staff, even if accidental	0%
Hacking/attempts hacking of online bank accounts	2%
Unauthorised use or hacking of computers, networks or servers by people outside scheme	0%
Any other types of cyber security breaches or attacks	2%
Net: Any cyber security breaches/attacks	48%

Most likely
to have
experienced
an attack

Impact of cyber security breaches/attacks (overall)

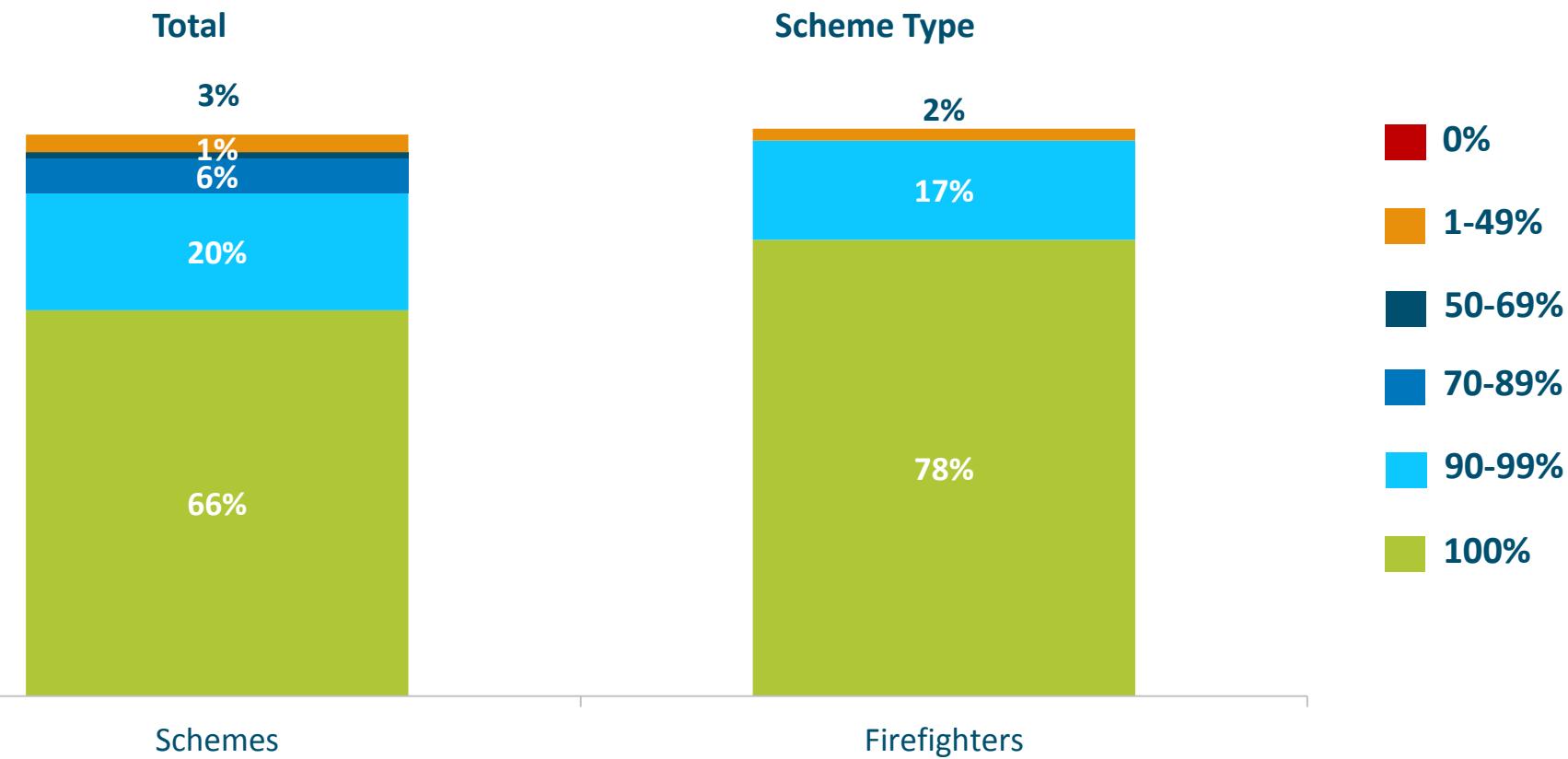
Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months, which, if any, of the following happened as a result? *(All experiencing any cyber security breaches/attacks)*



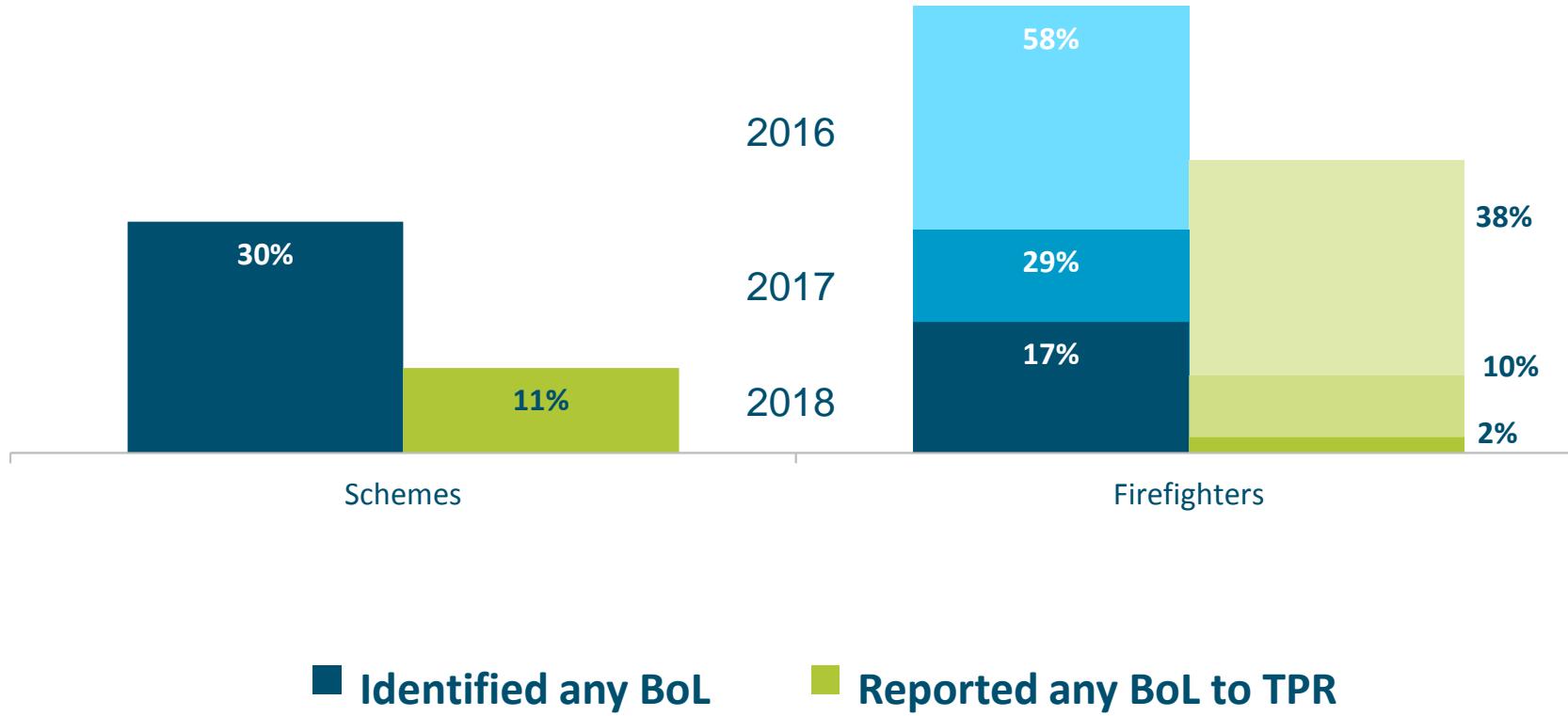
A third of fire schemes reported a negative impact

Meeting the ABS deadline

In 2018, what proportion of active members received their annual benefit statements by the statutory deadline?



Breaches identified & reported in last 12 months (excluding those related to annual benefit statements)



Barriers to improved governance & administration

What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

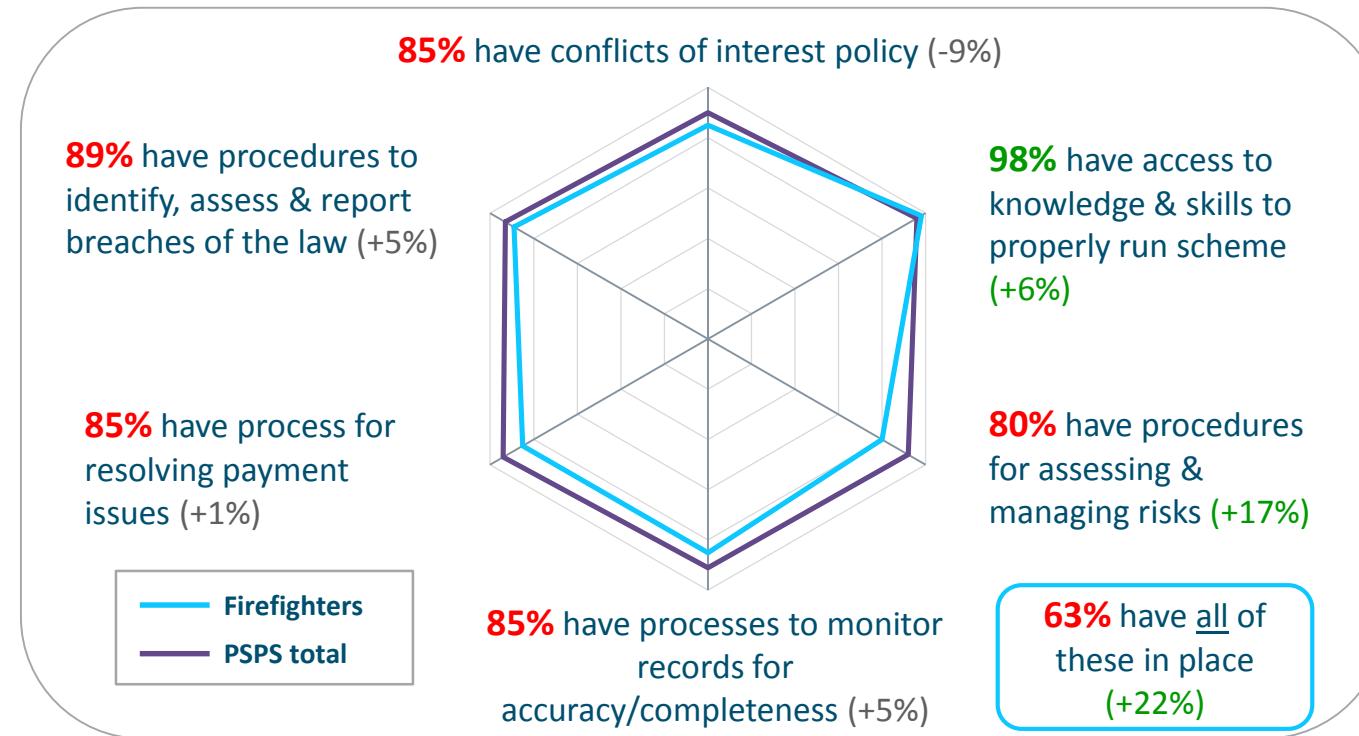
	Fire-fighters
Complexity of the scheme	83%
Lack of resources or time	54%
Volume of changes required to comply with legislation	46%
Recruitment, training & retention of staff & knowledge	37%
Issues with systems (IT, payroll, administration systems, etc)	26%
Lack of knowledge, effectiveness or leadership among key personnel	4%
Other barriers	2%
There are no barriers	2%

Complexity of the scheme is most-quoted barrier by all scheme types

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)



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

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

Closing remarks



Networking Session Beecham Room



Bedfordshire
Fire and Rescue Service



Firefighter Pension Schemes

See you tomorrow for Day Two