



# Firefighter Pension Schemes

Annual General Meeting  
Day One - Governance

17 September 2018

# Agenda

- Chair's Welcome
- Keynote Speech, Rachel Watson, Head of Police Workforce and Professionalism Unit, Home Office
- Local Pension Board Effectiveness Committee, Tristan Ashby
- Joint Local Pension Boards, Ian Howe and Sarah Mekins
- Governance Panel Session
- Networking Drinks Reception

# Chair's welcome

Malcolm Eastwood

Chair of the Firefighters Scheme Advisory  
Board (England)



Home Office

Rachel Watson

Head of Police Workforce and Professionalism  
Unit

17 September 2018



**Tristan Ashby**

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

## **Purpose**

- **The LPB effectiveness committee considers how local pension boards and scheme managers can be supported centrally**
- **The committee will provide reminders of good governance tools and progress actions necessary as a result of the Pensions Regulator's governance and administration survey.**
- **[www.fpsboard.org](http://www.fpsboard.org)**
- **SAB Local Pension Board Survey [here](#)**

## Key processes

	Rating	Process in place
<b>Terms of Reference</b>	<b>8.5</b>	<b>100%</b>
<b>Conflict of interest</b>	<b>8.1</b>	<b>97.30%</b>
<b>Breach of Law register</b>	<b>6.7</b>	<b>70.27%</b>
<b>Risk register</b>	<b>6.9</b>	<b>72.97%</b>
<b>Knowledge and understanding programme</b>	<b>7.3</b>	<b>97.30%</b>

## Scheme governance - Experience

### ➤ Key themes to boards working well

**Joint working and collaboration, positive engagement between scheme manager and board**

**Good attendance and regular meetings**

**Implementation of key documents, risk and breach registers, action plans and training logs**

**Increased awareness of issues affecting the FPS**

**Performance and annual reporting**

**Improved scheme communications**

**Ability to monitor compliance**



## Scheme governance - Experience

### ➤ **Key themes to areas for improvement**

**Implementation and publication of key documents, risk and breach registers**

**Turnover of board members and subsequently keeping skills up to date**

**Formation of joint ie regional boards**

**Training**

**Increase profile of board within organisation**

**Increase number of board members**

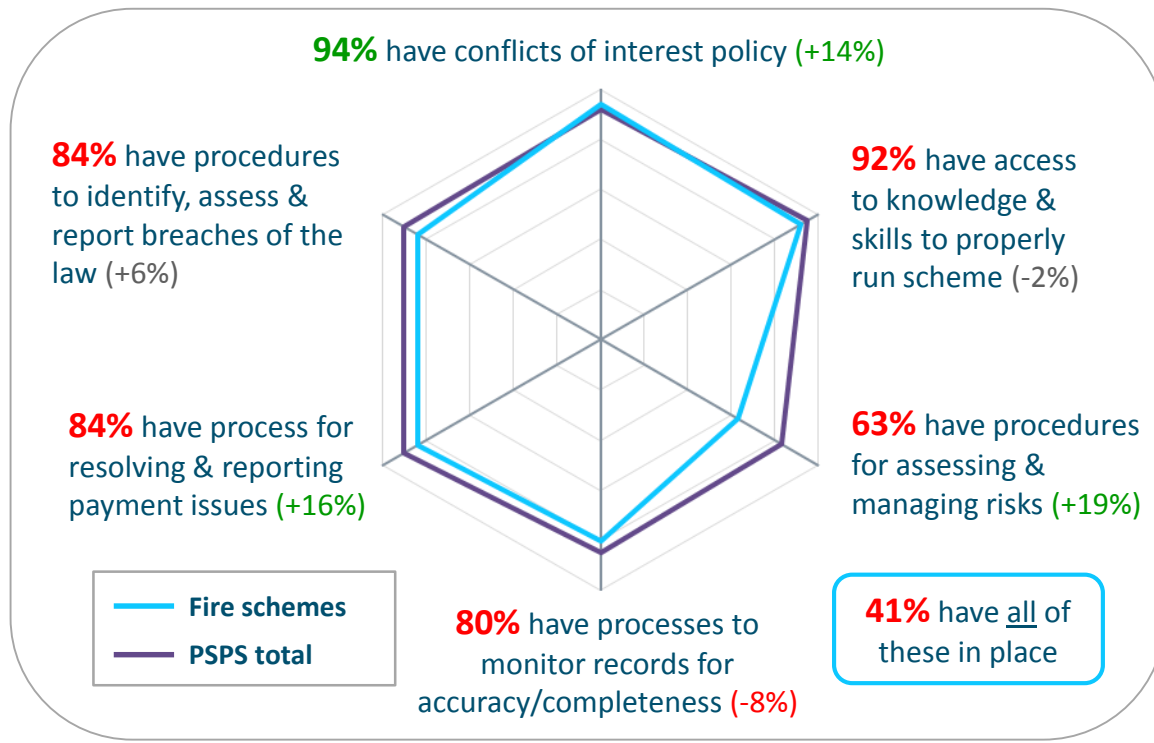
**Scheme manager communication / engagement and attendance at meetings**

## TPR View of the Firefighters Pension Scheme

- **Performance much improved since 2016, although only 41% have all 6 key processes in place**
- Increases in proportion with risk register (+31%) & procedures for assessing/managing risks (+19%)
- Improved use of conflicts of interest policies (+14%)
- Significant improvement on ABS, with 73% meeting deadline for all members (+41%)
- Fall in proportion identifying BoL (-29%)

# Fire & rescue schemes

Green/red figures indicate result is higher/lower than PS total (any difference, not just statistically significant ones)  
 Figures in brackets on chart refer to % change from 2016 survey (with statistically significant changes highlighted green/red)



## Internal controls

- 69% of schemes have a risk register
- 35% review exposure to new & existing risks at least quarterly
- 29% identified breaches of the law in last 12 months (vs. 39% overall)
- 10% reported any breaches to TPR in last 12 months (vs. 17% overall)

## Data & record keeping

- 71% of schemes report that 90%+ of employers provide **timely** data
- 65% report that 90%+ of employers provide **accurate & complete** data
- 71% have completed a data review in last 12 months
- 49% of those undertaking a data review identified any issues
- 62% of those identifying issues have **completed** rectification work

## Scheme governance

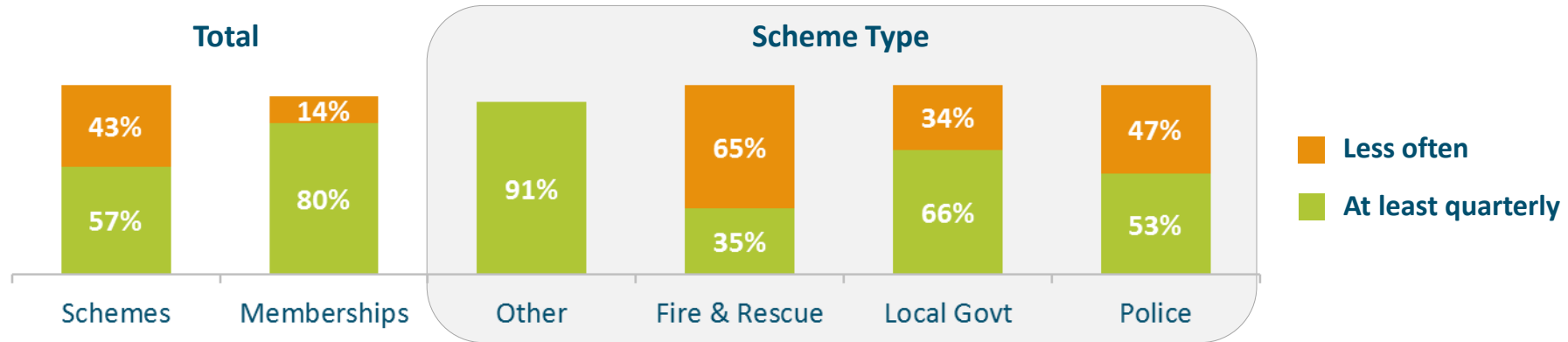
- 82% have sufficient time & resources to run the scheme properly
- 35% of pension boards meet at least quarterly
- 88% of scheme managers (or their representative) attend **every** board meeting

## Communications

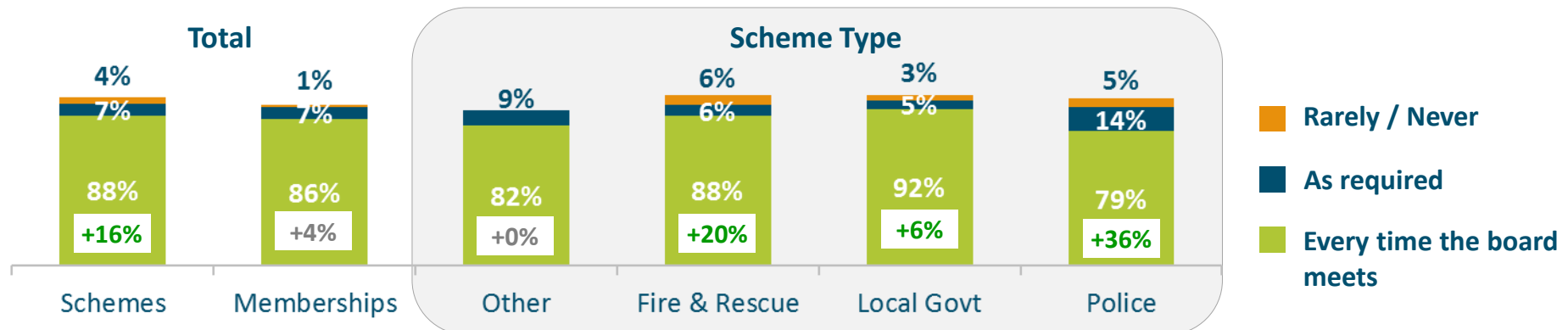
- 73% of schemes report that **all** members received their ABS on time
- 42% of those missing ABS deadline made a breach of the law report

x%  
= Change from 2016

## How often does your pension board meet?



## How often does the scheme manager, or their representative, attend pension board meetings?



Base: All respondents (Base, Don't know, Did not answer question)

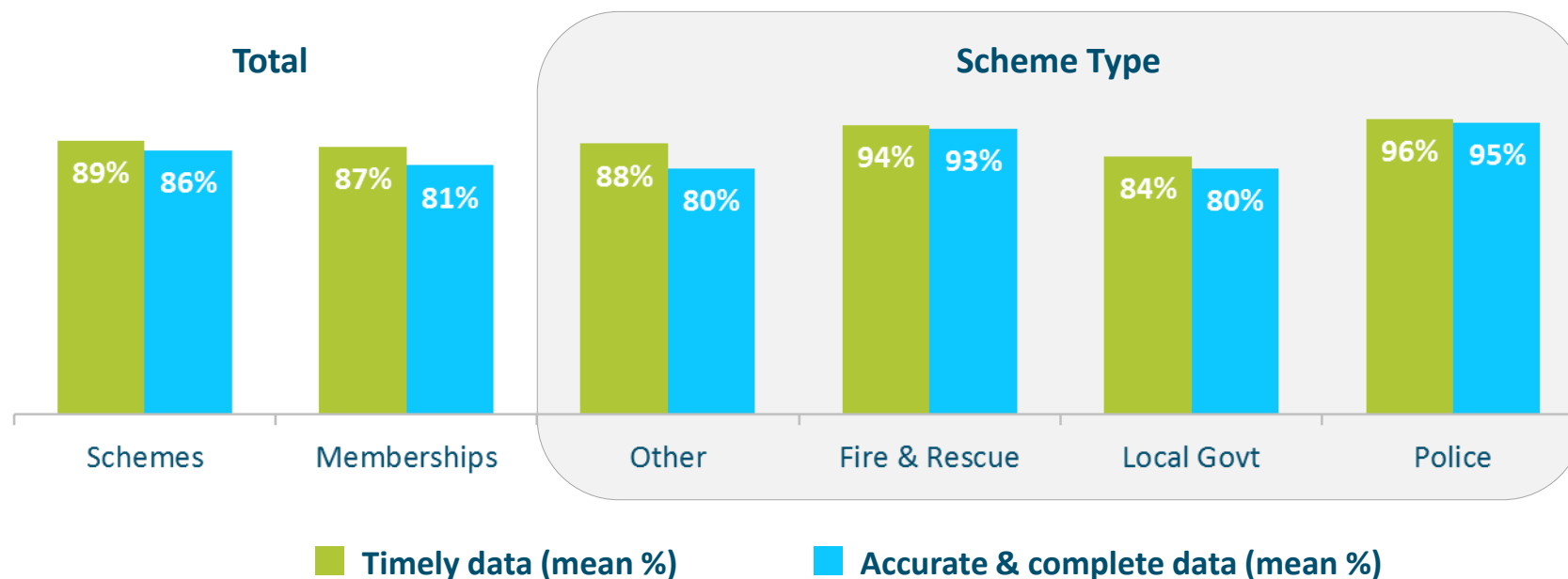
Frequency of meeting - Schemes (191, 0%, 0%), Memberships (191, 0%, 5%), Other (11, 0%, 9%), Fire (49, 0%, 0%), LG (88, 0%, 0%), Police (43, 0%, 0%)

Scheme manager attendance - Schemes (191, 1%, 0%), Memberships (191, 0%, 5%), Other (11, 0%, 9%), Fire (49, 0%, 0%), LG (88, 0%, 0%), Police (43, 2%, 0%)

More than half of boards meet at least quarterly – but fire schemes least likely to do so. An increase since 2016 in scheme managers attending meetings (but may be due to question changes).

# Provision of timely, accurate & complete data by employers

What proportion of your scheme's employers provide you with timely, accurate and complete data?



Proportion where at least <u>90%</u> of employers provide:	Schemes	Memberships	Other	Fire & Rescue	Local Govt	Police
Timely data	62%	54%	55%	71%	51%	79%
Accurate/complete data	55%	39%	36%	65%	41%	79%

Base: All respondents (Base, Don't know timely, Don't know accurate/complete, Did not answer question)

Schemes (191, 9%, 12%, 2%), Memberships (191, 2%, 14%, 0%), Other (11, 0%, 18%, 0%), Fire (49, 20%, 22%, 2%), LG (88, 6%, 7%, 0%), Police (43, 7%, 9%, 7%)

On average, 89% of employers provide timely data and 86% provide accurate/complete data. Police schemes most likely to report that 90%+ employers do this, followed by fire, with LG and 'other' least likely.

## **Current concerns**

- **Good to see increase of 9% in Fire schemes having all processes in place, but concerned that only 41% seem to have these!**
- **Concerning gaps on Internal Controls**
- **Only 63% of boards have a risk register, however 19% increased noted!**
- **Lack of governance over the GMP reconciliation**
- **Still some lack of understanding over roles**

## **Board meetings**

- **62% of boards elected to proceed with minimum of two meetings**
  - **Is that enough?**
  
- **Have you considered the timings of your meetings in order to respond to;**
  - **Assessment of board following TPR results**
  - **Annual Benefit Statements**
  - **Pension Saving Statements**
  - **Submitting TPR governance and admin survey**

**Guidance to support boards include;**

- **Breach assessment guide**
- **Risk register**
- **LPB assessment guides**
- **Scheme manager delegation guidance**
- **Publishing best practice**
- **Annual Wrap Up Training**
- **Board Training**
- **Scheme Manager Training**
- **Governance conferences**
- **Regional Groups**



# **SAB Joint Board Guidance**

**The scheme rules [4A, paragraph 2] set out in what circumstances a joint local pension board may be established if approval in writing is obtained from the secretary of state.**

***(2) Where the administration and management of this scheme is wholly or mainly shared by two or more scheme managers, those scheme managers may establish a joint local pension board if approval in writing has been obtained from the Secretary of State.***

**The Scheme Advisory Board have prepared a set of eight questions to test shared management, requiring detailed evidence to ensure that a joint board is not used as a vehicle for poorly performing boards.**

- 1. What evidence can you provide to show how each of the single boards are already operating well?**
- 2. Can you evidence how process and procedures apply equally to all scheme managers operating within the shared arrangement?**
- 3. How would employer and employee representatives from each scheme be represented on the joint board?**
- 4. What value would your joint board give to scheme member experience, over and above your current single board operation?**

- 5. How are you going to approach scheme decisions that  
a) may be specific to the needs of a single FRA, and  
b) where you may want to ensure consistency between FRAs on decisions?**
- 6. How will the joint board ensure that individual scheme managers are complying with regulation 4A(1)?**
- 7. Approval by the secretary of state may be withdrawn under paragraph 3 of regulation 4A, how are you going to evidence the continued effective and efficient governance that the joint board provides to comply with this regulation?**
- 8. What evidence can you provide of consultation with stakeholders, are there any objections from any party to forming a joint board?**

# Leicester Experience

Why was our region interested?

- Leicestershire County Council (LCC) administers fire-fighters pensions for Nottinghamshire, Derbyshire and Leicestershire FAs
  - The three FAs and their Pension Board Members already work closely
  - All three FAs, their Pension Boards and LCC consider benefits can be gained from a joint board and agreed to submit a request to the Secretary of State
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# Leicester Experience

- Some of the benefits of a Joint Board
    - Improved delivery of best practice
    - More cost effective governance
    - Greater spread of knowledge and increased resilience of the Board Members
    - Greater conformity of information to members (e.g. agreed comms, ABS layout etc)
    - Scheme Managers and Officers at the FAs assist each other
    - Increased training opportunities
    - Meets collaboration agenda
    - New joint system developments (e.g. on-line portal for scheme members)
    - Improved guidance for decisions (e.g. voluntary scheme pays - annual allowance)
    - Reduced risk around regulatory, financial and operational areas
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# Leicester Experience

- Some of the challenges experienced
    - Agreeing the make up of the Joint Board
    - Ironing out the differences between the current three Boards (e.g. an open or closed meeting)
    - Agreeing how to decide where one FAs has made a positive decision to differ to the other two (e.g. a differing discretion)
    - Demonstrating how the 8 SAB criteria are met
    - Deciding on what would happen if one FA decided to leave or a new FA wanted to join
    - Formal sign off by the three separate FAs
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# Leicester Experience

- Where we are and the next steps
    - The three FAs and LCC had a day with colleagues from the LGA and Home Office detailing our bid
    - A submission has been developed covering the 8 criteria
    - The submission will be sent to the Secretary of State by the close of September
    - If signed off by the Secretary of State, the new constitution will be written and signed off by the 3 FAs
    - The Joint Board will commence.....watch this space.
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# Joint Police Pension Board

## Joint Governance; Challenges and Successes

Sarah Mekins, Chair Joint Police Pension Board  
[HR Consultant, North Yorkshire Police]

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## Why a joint board?

Collaboration with other Forces

Opportunity for members to share learning

Members access to other national forums

Regular inputs from TPR representatives and NPCC advisor

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# Joint Police Pension Board in numbers

14 Police Organisations (including National Crime Agency)

8 members of the board

Total membership numbers covered by the Joint Board

	Active	Deferred	Pensioners	Dependents	Total
Old – PPS	6,325	6,081	30,536	5,079	<b>48,021</b>
New – NPPS	447	1,499	76	29	<b>2,051</b>
CARE – 2015	17,755	1,386	133	32	<b>19,306</b>
	<b>24,527</b>	<b>8,966</b>	<b>30,745</b>	<b>5,140</b>	<b>69,378</b>

# North Yorkshire Pension Fund in numbers

+150 Employers pay into fund

9 members of the board

Total membership numbers with North Yorkshire Pension Fund

	Active	Deferred	Pensioners	Dependant s	Total
LGPS 2014	32,166	36,494	19,204	2,793	<b>90,657</b>

## Successes

Development of Board activities and members

Use of resources available (Pension Board Conference)

Increased visibility of Board

Specific investigation topics (Opt outs)

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# Panel Session





# Networking Session Beecham Room

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