

Firefighters Pension Scheme

Annual General Meeting
Day One

22 September 2020

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@LGAworkforce #LGAFirepensions

Agenda

- Chair's Welcome
- TPR Update
- Networking



Chair's welcome

Joanne Livingstone

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



**The
Pensions
Regulator**

Making workplace pensions work

Breaches

Nick Gannon
Policy Lead

Summary

- Certain people involved with PS schemes must inform us of breaches of the law
- Schemes should have procedures that enable breaches to be:
 - prevented
 - identified
 - considered
 - reported
 - mitigated
- Reports provide as much useful information as possible

Who must report

- The following people need to report breaches of the law:
 - managers of the scheme
 - pension board members
 - any other person involved in the administration of the scheme
 - employers
 - professional advisers including auditors, actuaries, legal advisers and fund managers
 - any other person involved in advising the scheme manager in relation to the scheme

Types of breach

What were the root causes of the breaches identified? (All identifying breaches of the law that were not related to Annual Benefit Statements)

Top Mentions (3%+)	Total	
	Schemes	Memberships
Late or non-payment of contributions by the employer(s)	45%	56%
Failure of the employer(s) to provide timely, accurate or complete data	42%	51%
Systems or process failure	24%	14%
Other employer-related issues	21%	44%
- Data protection breaches (employer-related)	7%	28%
- Re-enrolment / opt-out issues	4%	15%
Management of transactions (e.g. errors or delays in payment of benefits)	16%	22%
Failure to maintain records or rectify errors	13%	6%
Other	21%	10%
- Data protection breaches	9%	5%
- Failure to meet required timescales	7%	3%

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Identifying a breach

- Scheme managers must establish and operate internal controls
- Internal controls should ensure that schemes are being run in accordance with the law and scheme rules
- Controls should be risk-based and prioritised
- Give time and attention to identifying, evaluating and managing risks and developing and monitoring controls
- Record risks in a risk register and review them regularly
- Assess existing controls
- Consider what extra controls are needed

Considering breaches

- Breaches must be reported to TPR where there is a reasonable cause to believe that:
 - a legal duty relevant to the administration of the scheme hasn't been or isn't being complied with
 - it is likely to be of 'material significance' to us
- Other regulators may have different criteria for reporting

Assessing materiality

- Establish the facts
- Consider the cause, effect, reaction to and wider implications
- Record the breach even if you don't report it

Potential investigation outcomes				
	Cause	Effect	Reaction	Wider implications
Red	Inadequate internal processes for issuing annual benefit statements, indicating a systemic problem	All members may have been affected	Action has not been taken to correct the breach and/or identify and tackle its cause to minimise the risk of recurrence and identify other members who may have been affected	It is highly likely that the scheme will be in breach of other legal requirements
Amber	An administrative oversight, indicating variable implementation of internal processes	A small number of members may have been affected	Action has been taken to correct the breach, but not to identify its cause and identify other members who may have been affected	It is possible that the scheme will be in breach of other legal requirements
Green	An isolated incident caused by a one off system error	Only one member appears to have been affected	Action has been taken to correct the breach, identify and tackle its cause to minimise the risk of recurrence and contact the affected member	It is unlikely that the scheme will be in breach of other legal requirements

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/ps-reporting-breaches-examples-traffic-light-framework.ashx>

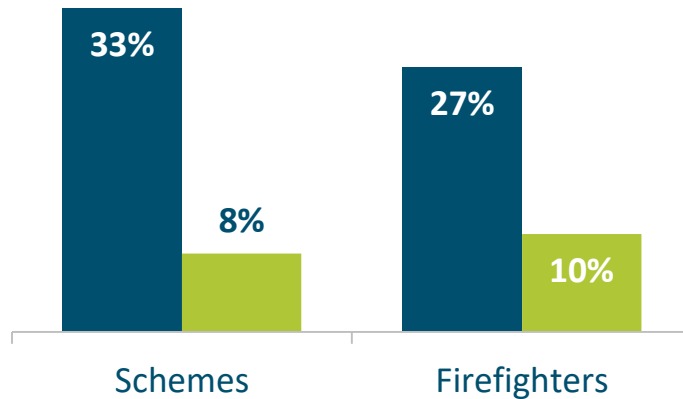
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Reporting a breach

- Reports should be in writing and should include:
 - a high level summary of the issue
 - why it has occurred
 - whether a third party (e.g. an employer) is involved
 - how many members and what kinds of members are affected
 - the action being taken to address the issue
 - when the breach will be rectified
 - how effects on members minimized
 - how future breaches of this type will be prevented
- Breaches can be reported online, and you can call our customer service team

Measuring up

Proportion of schemes that have “identified any breaches of the law” and “reported any breaches to TPR as you thought they were materially significant” in the last 12 months *(N.B: Respondents were asked to exclude any breaches relating to ABS)*



98% of fire schemes had procedures to identify, assess and report breaches

Questions

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Closing remarks

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www.fpsboard.org and www.fpsregs.org

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