



Firefighters' Pensions England

Scheme Advisory Board

LPB EFFECTIVENESS COMMITTEE

ACTIONS AND AGREEMENTS

Tuesday 25 September 2018

Lincolnshire FRS, Fire & Police HQ, Deepdale Lane, Nettleham

PRESENT

| | |
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| Tristan Ashby (TA) | Chair |
| Malcolm Eastwood (ME) | Scheme Advisory Board chair |
| Clair Alcock (CA) | LGA |
| Ian Howe (IH) | Technical/ Admin representative (Leics CC) |
| Stuart Wilson (SW) | LPB representative (WYFRS) |
| Dave Limer (DL) | SAB Scheme member representative |
| Debbie Yeates (DY) | FRA/ HR representative (Lincolnshire) |
| Simon Allsop (SA) | FRA/ Finance representative (Derbyshire) |

Claire Hey (CH) LGA – Board secretariat (minutes)

1. Introductions

1.1. Introductions were made around the room. There were no apologies for the meeting.

2. Chair's welcome

2.1. TA welcomed all to the meeting and thanked all for attending.

3. Review previous actions (17 July 2018)

3.1. The minutes of the previous meeting were agreed.

i. CH to reissue request for reconciliation status and case numbers to administrators.

3.2. An email requesting detailed statistics was sent to pension managers on 7 August 2018. Responses have been received in respect of eight English FRAs.

- ii. *CA to draft report to committee on LPB and TPR survey results to form basis of SAB commentary on FPS governance.*

3.3. CA is continuing to consider the commentary. Action tabled for the next meeting.
- iii. *CA to progress final version of [joint board] guidance including comments from this and other forums.*

3.4. CA to update under agenda item 6.
- iv. *CH to engage Webdigi to produce the online survey once budget approval is received from the relevant committee [Item 5 of the [30 November 2016 SAB meeting](#)]. Survey will then be tested before go live – completed [Item 7].*
- iii. *[19 04 2018] SA to contact CIPFA/ NAO regarding promotion of the SAB's work.*

3.5. SA has contacted CIPFA and has a call arranged for week commencing 1 October 2018 to discuss best practice. SA noted that CIPFA issue a monthly bulletin containing items of interest relating to pensions.

4. AGM 2018 observations (open discussion)

- 4.1. CH asked those that attended the annual conference for their impressions of the event. The LGA team were grateful for the support of the committee, with both TA and IH presenting on day 1.
- 4.2. SW noted that the session was useful and informative. In particular, the opportunity to network with colleagues gave welcome perspective from other regions. One LPB chair commented that the board look to the SAB for guidance.
- 4.3. TA was interested to note that where some audience members seemed sceptical at the start of the session, their views had changed by the close. CA supported this view and was encouraged that boards are starting to appreciate governance risks and took questions away from the event.
- 4.4. TA asked for the number of delegates attending the conference. CH confirmed that around 60 delegates attended day 1 for the governance update, which increased to approximately 100 for the full AGM on day 2. CA highlighted the importance of the conference offering value, with so many individuals taking time out of office.
- 4.5. DY noted that a colleague from Lincolnshire had attended the medical appeals workshop and found it particularly beneficial, as cases occur so infrequently that it is difficult to maintain knowledge of the process and there are also data implications.

- 4.6. TA agreed that there is a lack of knowledge at FRAs on the appeal process and what is required. DL added there is also a lack of understanding. FBU offer training for union representatives with an emphasis on preventing cases from reaching appeal stage. Under IQMP guidance, a submission can be made prior to appeal, saving time, money, and undue stress to the member. However, DY noted that there is no equivalent training for FRAs, and the cost to convene a panel is £8,000. SA added that Derbyshire have noted a gap in knowledge in this area.
- 4.7. ME stated that although this needs to be addressed, it is not an SAB responsibility. DY countered that it is, however, a consideration for local pension boards.
- 4.8. DL remarked that a decrease in appeals has been seen lately, although this is expected to increase in line with increasing retirement ages.
- 4.9. CA informed the group of the medical appeals workshop held at Merseyside FRS in January and suggested this could be repeated in the future. The Fire Communications Working Group (FCWG) workplan includes review of the IQMP forms as there is a common conception that the forms can cause confusion, and difficulty in making determinations.
- 4.10. CA reminded the committee that the compensation scheme is funded separately from the main scheme benefits and therefore does not fall specifically within the LPB remit. However, it is something that should be considered by boards. CA noted that Jane Marshall, recently appointed legal adviser to the SAB, is an expert on ill health/ injury retirement in the Police scheme.
- 4.11. TA asked for final observations, noting that the joint board session was very popular. CA agreed that this generated a high level of discussion and engagement.

5. FPS benchmarking exercise (verbal update)

- 5.1. CA confirmed that the FPS cost and effectiveness benchmarking exercise was launched at the annual conference by Aon, who were the successful bidder in the SAB's recent [procurement exercise](#).
- 5.2. Quantitative data will be gathered by survey from administrators, employers (FRAs), and members. An initial consultation on the survey questions took place at the technical meeting on 17 September. The secretariat intends to consult with the SAB scheme member representatives on the member survey as concerns were raised that members will respond negatively to the questionnaire if they are dissatisfied with FPS arrangements.
- 5.3. CA explained that submissions will be filtered and if it proves to be the case that responses are based on scheme benefits rather than service delivery, this will be taken into account in the final report.

- 5.4. This committee can seek to engage LPBs to promote the surveys and the background to the exercise, highlighting that one of the SAB's key objectives is to ensure the cost-effectiveness and efficiency of the FPS, and to provide advice to scheme managers and local pension boards in relation to effective and efficient administration and management. CA emphasised that there is no hidden agenda and no preconceived ideas on the review's outcome.
- 5.5. DY suggested including a question about the capability of software, as this can affect administrator performance.
- 5.6. DL asked if the draft surveys will be made available to all of the SAB committees. CA agreed to send the drafts to all, and confirmed that consideration will be given to extending the timescale for launch of the surveys to allow further consultation. DL agreed that it is important to capture member views.
- 5.7. CA sought agreement from the committee on deferring an SAB survey of local boards for 2018, given the various requests for information that are currently in circulation, and instead considering the results from the annual TPR governance and administration survey. The committee agreed.
- 5.8. TA noted that DL suggested several amendments for the 2017 LPB survey, so consultation with the committees is vital. DL supported delaying launch of the benchmarking surveys to allow proper consultation.
- 5.9. IH queried how the member survey will be distributed and to which groups. CA replied that all membership groups will be considered – active, deferred, pensioner and dependant. IH asked whether it is cost-effective to survey deferred members. CA agreed that communicating with deferred and pensioner members may be challenging, and requested views from the group.
- 5.10. DL remarked that members who have recently left service may be more involved and easier to engage with. DY noted that deferred members are less likely to utilise an administrator's services, so their input may be of limited value.
- 5.11. CH informed the committee that Aon will be producing member facing communications and the secretariat wish to investigate links with representative bodies to promote engagement, particularly for retired or out of trade members. SW suggested the National Association of Retired Firefighters (NARF). DL agreed this course of action.
- 5.12. CA outlined some of the questions within the survey. The member survey will focus only on effectiveness, while the scheme manager and administrators will also be asked about cost, and the different elements within that. It has never been possible to quantify the additional costs for special projects, such as GAD v Milne or FPS 2006 special members. SA agreed that this will highlight to LPBs the importance and cost implications of bad decisions.

Action:

- i. **Draft surveys to be circulated to the committee once a final draft version agreed with Aon.**

6. Joint Board applications (verbal update)

- 6.1. ME stated that the presentation at the AGM was well received and generated lots of engagement during the networking breaks. TA noted that delegates had perceived the session as promoting the formation of joint boards, when it was intended as an information piece.
- 6.2. IH admitted surprise at some of the feedback received and strength of some views, however, the level of engagement was positive. IH agreed as above that there was some perception of the presentation as an instruction. The East Midlands application is now completed and ready to be submitted once it has been signed. The submission addresses the eight points in the guidance and demonstrates how the boards will progress as a joint arrangement. The signed application will be sent to Home Office for approval, prior to submission to the Secretary of State.
- 6.3. SA added that the boards need to determine whether the chair or the scheme manager should sign the application. Each board and FRA have approved the application separately. Employee representatives raised concern that local issues may be consumed by the joint arrangements, however, they recognised that one individual member on a single board could represent a single point of failure, whereas the joint board will offer resilience from other members of the same representative body.
- 6.4. IH confirmed that the boards were reassured that the current membership would be retained initially, with the potential to reduce in future to offer cost savings. ME added that all feedback from the joint meeting attended by the Home Office in June was positive.
- 6.5. DY asked if the East Midlands boards have a similar constitution, for example, the same number of members. IH confirmed that the boards are already quite aligned. SA added that the structure of the meetings will be left open to allow a 2-part meeting to discuss local issues such as discretions.
- 6.6. DY remarked that formation of a joint board may not be practical for LPBs in regions where there are no natural partnerships. However, there is no pressure for this to be taken forward. DY considered whether PFCCs would form joint fire and police pension boards.
- 6.7. DL noted that comments on the guidance had been submitted by email in advance of the April meeting. CA confirmed receipt.
- 6.8. SW stated that the guidance generated healthy discussion at the AGM as boards considered the challenge of meeting the eight principles. CA remarked it was important to emphasise at the conference that the East Midlands decision to make an application was not administrator led, as none of the FRAs were represented at that forum.
- 6.9. TA opined that authorities will become increasingly interested once the first joint board is set up and demonstrating efficiencies. ME concurred.

6.10. CA was also surprised by the level of challenge in the feedback questions from the AGM session, as many authorities have previously expressed an interest in forming a joint board. Concerns were raised about joint administration and procurement issues, and whether formation of a joint board is a binding contract. CA clarified that these issues would be addressed as part of a new board's terms of reference and that there is a need to work within the regulations [[4A, paragraphs 2 & 3](#)] as these are unlikely to be changed in the immediate future.

6.11. SA remarked that consideration of joint boards is commensurate with the collaboration agenda. CA stated that there is nothing to prevent boards from working together without forming an official joint board, and TPR support this. The committee does not recommend formation of joint boards as the best way forward; it is just one consideration. TA noted that providing the guidance is one way of fulfilling the committee's objective of supporting LPBs.

6.12. CA confirmed the next step for the secretariat is to formalise the guidance, incorporating comments received from the committee and at the June meeting at Leicestershire CC. This will be issued to the group in early to mid-October before publication. CA offered to attend initial meetings of the East Midlands joint board once the application is approved.

6.13. SA noted that an annual review of the board will take place to ensure performance standards remain high and the eight criteria are still being met. IH suggested a follow up session for the 2019 annual conference – joint boards: one year on.

6.14. Joint boards will be added as a standing agenda item to review any potential new applications and offer support to boards considering a submission. SA again considered joint governance arrangements within PFCCs. CA clarified that this is not possible within the scheme rules, but could be done informally. CA will contact Sarah Mekins at North Yorkshire police to consider guidance. The Chief Constable is the scheme manager for the police schemes.

Action:

- ii. **CA and CH to finalise guidance and share with committee before end of October.**

7. ABS 2018 survey

7.1. CH demonstrated the [survey link](#) which had been circulated with the agenda. The web-based survey was developed as detailed at [[Item 6](#)] of the meeting on 17 July 2018. TA asked whether the committee had viewed the link prior to the meeting. All agreed and were happy for the survey to be issued.

7.2. TA queried the expected target response rate CA noted that a 100% response from administrators would be expected. IH stated that administrators are likely to want to complete the survey to demonstrate compliance. SA added that non-completion may indicate potential breaches.

7.3. DY noted that multiple responses from/ on behalf of FRAs may vary depending on who completes the survey. CA remarked that board responses may be especially helpful as LPBs may not be aware that there is a standard template. Feedback on the resources is useful and any changes will be progressed through the FCWG. CA stated that any suggestions for improvement should relate to content only, as the secretariat does not have a communications/ design team to produce an elaborate template.

7.4. IH and SA clarified that the East Midlands FRAs preferred their administrator's template. IH offered to share this with CA, noting that only the statement is sent to members, with a link to the notes to reduce printing and postage costs. CA suggested that common documents such as the glossary and annexes could be hosted on www.fpsregs.org.

8. 2018 work-plan

8.1. The items discussed above will form the basis of the committee's work-plan for the year:

- i. Full analysis of LPB survey results with report to the full SAB on 9 March 2018.
- ii. Comparison of the SAB survey with TPR governance and administration results.
- iii. Consider whether items arising from the outcomes from both surveys demonstrate need for a business case to the Home Office for regulatory change.
- iv. Publication of breach assessment template ~~with materiality matrix.~~
- v. Publication of LPB annual report template.
- vi. Develop set of initial tests for joint LPB applications.
- vii. Develop ABS 2018 survey to be issued in September.
- viii. Group members to attend LPB meetings and/ or training.
- ix. Publish commentary on combined survey results.
- x. Publish joint board guidance and promote support available to applicants.

8.2. CA is working on an annual report for the SAB and will use this to develop a template for LPBs once complete [item v].

8.3. TA has contacted LPBs in the Eastern region for invitations to board meetings and has requested minutes from previous meetings. Feedback to FRAs will be on an individual basis and the committee updated at subsequent meetings. [item viii].

8.4. DY stated it would be useful to attend board meetings from an FRA perspective, although feedback would be subjective.

Action:

- iii. **CH to send an updated list of LPB engagements to the committee.**

- 8.5. ME asked whether the secretariat is informed of each FRAs scheme manager and LPB membership. CH confirmed that this information is not maintained. TPR have a list of named scheme managers, but will not release this to the LGA.
- 8.6. SA suggested that governance scrutiny could ideally be carried out by the National Audit Office, Office of National Statistics, or HMICFRS. CA observed that the Inspectorate are not asking questions about pensions or governance.
- 8.7. DY advised that Lincolnshire FRS has been inspected and confirmed that finance and pension arrangements were not scrutinised. The focus was on operational delivery and prevention. Hampshire FRS are leading on innovation and professional standards; this channel could be utilised to feed through into HMICFRS.

9. Future meeting dates and venues

- 23 January 2019 (18 Smith Square)

10.AOB

- 10.1. CH explained that queries have been received from several boards concerning recommendation 5.5 of the [LPB survey research report](#), specifically the development of KPIs. CA noted concern that boards are not self-assessing.

5.5 Board communications

It is important for boards to be able to measure and demonstrate their success, due to the tremendous amount of hard work and dedication existing within these local arrangements that should be acknowledged. The Committee therefore recommends the development of agreed success measures and KPIs.

- 10.2. DY commented that self-assessment is qualitative, not quantitative, and will depend on the expertise on the board. SA added that specified KPIs could over-simplify the process to a tick-box exercise. Production of an annual report should be adopted as a self-assessment tool. IH agreed that boards could measure against the key headings of an annual report template.
- 10.3. ME mentioned an email from TPR asking for suggested additions to the 2018 governance and administration survey. CA will circulate the email to the committee and collate any comments for a response. The SAB survey of local boards may be a useful starting point.
- 10.4. DY noted frustration from a functionality perspective that it was not possible to save and print the completed survey. TA welcomed the opportunity to feedback to TPR, but felt this was unfeasible without sight of the current questions.

- 10.5. SA proposed an additional item for the workplan to increase effectiveness of LPBs: the SAB to consider development of an MOU with TPR, CIPFA, HMICFRS, and other external stakeholders, to work as a collective to improve governance. This will be added to the agenda for the next meeting.