



**Firefighters'
Pensions England**
Scheme Advisory Board
ADMINISTRATION AND BENCHMARKING COMMITTEE

ACTIONS AND AGREEMENTS

Thursday 7 February 2019

18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Des Prichard (DP)	Chair
Malcolm Eastwood (ME)	Scheme Advisory Board chair
Clair Alcock (CA)	LGA
Cllr John Bell (JB)	SAB Scheme employer representative
Jonathan Hurford-Potter (JHP)	FRA/ HR representative (Hampshire)
Sharon Lewis (SL)	FRA representative (H&W FRS)
Bob Walker (BW)	LPB representative (D&S FRS)
Craig Payne	Aon
Claire Hey (CH)	LGA – Board secretariat (minutes)

1. Introductions and apologies

- 1.1. Introductions were made around the room. Apologies were received from Vicky Jenks. Martin Reohorn was unable to attend and was substituted by SL. Penny Wright has requested to step down from the committee.

2. Chair's welcome

- 2.1. DP welcomed all to the meeting and thanked all for attending, noting although that the committee had not convened for 12 months, issues relating to administration and benchmarking had been discussed at full Scheme Advisory Board (SAB). DP was pleased to welcome Aon to provide an update on the benchmarking exercise.

3. Review previous actions (7 February 2018¹)

3.1. Due to length of time elapsed since the previous meeting, DP reiterated the role of the committee as detailed in the minutes [3.2].

3.2 DP added that the committee's role is to provide advice and support to the full SAB, with particular reference to the administration and benchmarking of the FPS, which would be covered under items 7 and 8 of the agenda.

i. Clair Alcock and Claire Hey to convene a committee working party to agree a standard list of key scheme-specific items for recommendation to the SAB.

3.2. CA confirmed that ITM had attended the 2018 meeting to discuss data scoring. Views were sought from selected stakeholders following this, including software suppliers, however it was not possible to reach common consensus.

3.3. The Secretariat therefore published informal guidance² based on information from TPR and GAD, although CA felt that this had not been widely adopted. CA clarified that data scores are intended to measure accuracy as well as presence of a field, and is not a test of data held by an administrator, rather how efficient the scheme manager is in providing relevant information.

3.4. CP noted that the TPR data scores had been requested for the administration benchmarking survey and results had been unexpectedly high. CA cautioned that this does not leave schemes any room for improvement, as TPR were intending to use the year one scores to set a benchmark.

3.5. CA explained that there had been some debate amongst administrators, as to whether one total score across all three schemes was needed or whether each scheme should be scored individually. Each scheme has different conditions and challenges: FPS 1992 is a legacy scheme with records pre-dating the current systems; FPS 2006 was modified for special members causing administrative complexity; and it may be expected that data for FPS 2015 is more consistently accurate. There are also issues specific to the final salary schemes, such as temporary promotions, APBs, and two pension awards.

3.6. One software supplier had developed a data score tool, which provided for one total score across all three schemes, while the other had not yet developed a solution, so data scoring was left individually to administrators.

3.7. CA remarked that TPR had commented that the decision on whether to score each scheme or just provide one total score would be left to each SAB. A data conference is being held in April at LGA which will provide opportunity to debate the pros and cons of scoring per scheme.

¹ <http://www.fpsboard.org/images/PDF/Adminsub/Minutes070218.pdf>

² <http://www.fpsboard.org/images/PDF/Bulletin11/Appendix1.pdf>

3.8. JHP commented that the scores provided concentrated on the data that is held on the system, rather than what feeds into it. There are known problems with temporary promotions and allowances. SL noted that the change of administrator and system at H&W FRS had generated low scores in year one: FPS 1992 was lowest as only basic records are held, while FPS 2006 special member records are held manually as Civica does not hold the relevant data views.

3.9. CA reminded the group that scheme specific (conditional) data is that required in order to perform calculations. There will be a reiterative review of the guidance, if any items included are bringing the score down.

ii. Contact administrators of multiple FRAs to ask if they can share SLA offers.

iii. Contact HWFRS and DSFRS to ask if they are able to share tender documents.

3.10. The above actions have been superseded by the administration benchmarking review and are no longer relevant.

3.11. DP noted that pension resource can be a challenge for FRAs. SL stated that she is ideally placed at H&W FRS, having previously been employed on FPS matters at the County Council administrator. More FRAs are now recruiting a specialist pension liaison post.

3.12. BW added that D&S FRS have no dedicated pension resource as the view is that the administrator should deal with all issues arising. An impact on service provided to members has been noted since the transfer of administration. BW expressed concern over joint Local Pension Board (LPB) arrangements for the same reason. DP emphasised that the FRA remains the accountable body; scheme manager responsibility cannot be delegated to the administrator.

3.13. The minutes of the previous meeting were agreed.

4. Admin & Management benchmark review update (Aon)

4.1. CP thanked the committee for the invitation to speak and gave a brief background to the exercise. Basic facts about the administration of the scheme are known: there were 90,000 members across 45 FRAs as at 31 March 2018, with administration being carried out by various organisations from county councils to large LGPS administering authorities. However, it is not clear at this time how much administration costs, and what level of service is being provided.

4.2. The ultimate aim of the exercise is to determine a cost per member, while identifying any emerging trends in good practice.

4.3. The primary method of collecting data was via three surveys, made up of factual, perception and financial questions:

- Survey for Fire and Rescue Authorities (Excel)
- Survey for FPS administrators (Excel)
- Survey for FPS members (Web based Survey)

- 4.4. Aon initially launched the employer and administrator surveys for feedback at the FPS AGM and Fire Finance Network (FFN) conference in autumn 2018, taking on board comments made in order to refine the questions. The surveys went live on 23 November 2018 with a deadline of 31 December 2018. This was later extended to 14 January 2019 and finally to 31 January 2019. At the date of the meeting, 41 employer and 43 administrator responses had been received.
- 4.5. The member survey was launched on 21 January 2019 with a closing date of 28 February 2019, receiving 1,700 responses to date. 60% of those responses are from active members, 40% from non-active (pensioners, deferred, dependents) illustrating the value in extending the exercise to include all member cohorts. SL noted that WYPF had offered clients a mail shot to deferred members, which H&W FRS chose to purchase.
- 4.6. CA stated that the member responses will complement the responses from the employer and administrator surveys, in identifying patterns of good or bad service. DP suggested that the member survey should be included on LPB agendas to push for a higher number of responses.
- 4.7. CA noted that in some cases where an employer return has not been made, the FRA have been unaware of the exercise, which is both concerning and disappointing. All have now promised to send a response, however, this raises questions around delegation and responsibility.
- 4.8. CP moved on to discuss questions which had arisen during the process. Some of the key points related to how commercially sensitive data would be protected, why the member survey was extended to all statuses, and concerns over extracting KPI data. In relation to KPIs, initial analysis has shown variations in local standards on response times, and this may be an area the SAB would like to consider in more detail in the future.
- 4.9. Several administrators have asked whether the member results can be shared back to the relevant authority. CA confirmed that this is reasonable providing that total results by administrator can be extrapolated, and may also help drive standards up when measured against the national response. The data needs to be meaningful, although the raw data cannot be supplied at the risk of identifying individuals. Many of the comments received so far have related to communications and lack of understanding.
- 4.10. CP had taken a sample of ten corresponding employer and administrator responses and fed back some key statistics to the meeting. These are not recorded for the minutes. However, based on this feedback, DP proposed that there needs to be close liaison between HR, payroll, and pensions due to the increasing complexity of scheme rules, outsourcing, and new governance arrangements, adding that there is a disproportionate workload and cost for a relatively small scheme. JB agreed that results will be dependent on the type of Authority and local arrangements. ME asked whether austerity would have any impact on the outcome.

- 4.11. CP commented that the final report should highlight to FRAs what best practice looks like and where resource is needed. ME noted that the SAB's original mandate from the Secretary of State was to improve the efficiency and effectiveness of the scheme, including cost-saving and member experience. SL added that FRAs are now beginning to understand the importance and complexity of pensions, and the need for a dedicated resource.
- 4.12. Aon will now carry out a scoping review of the survey results and prepare the data for analysis to enable identification of trends, patterns and links. One major facet of the review is understanding the cost to employers of administration. Of the ten sample responses reviewed, a third have disclosed costs in all questions, another third have partially provided information and some have provided no information at all. CP asked the committee whether there was value in following up these nil responses to obtain cost information.
- 4.13. BW remarked that missing data should be chased up in order to quantify a cost per member, and that employers may have thought provision of costings is an administrator role. SL highlighted that there may have been difficulty attaining costs where roles/ resources are split across departments. CP advised that the FFN were informed that costs would need to be obtained at a high level. DP noted general consensus of the group for Aon to pursue cost data.
- 4.14. CP explained that Aon's original proposal was to supplement the surveys with listening meetings to collect qualitative data. Aon attended the Technical Group meeting on 17 September 2018 and FFN on 5 October 2018 with the intention of holding discussions to obtain feedback. These discussions were primarily dominated by feedback on the questionnaires, therefore CP asked the committee whether further listening meetings should be explored, or whether the FFN meeting on 28 March 2019 could be used for this purpose.
- 4.15. All agreed that as gaps in responses related mainly to cost data, this would be an ideal forum for further discussion.
- 4.16. CP confirmed that Aon will liaise closely with the Secretariat to review and draft the report, which will be presented to the SAB meeting in June. Any outlying or anomalous responses will be referred back to the originator to check whether the data is correct as intended, to avoid skewing the analysis. BW remarked that the survey needs to be concluded and the report issued promptly to retain interest and relevance.
- 4.17. ME thanked Aon on behalf of the SAB and asked for an opinion on the overall process. CP confirmed that it had been enjoyable to engage with administrators and employers on the project, and that the response rate had been good.

5. TPR scheme specific data scoring

- 5.1. This item was largely covered under the review of previous actions [3.2 – 3.9]. CP added that Aon had collaborated with TPR to produce a data webinar for LGPS. However, it would be useful to pick up on the point regarding scores being based on the data held by the administrator rather than that provided by the FRA.

6. Data seminar 3 April 2019

- 6.1. CH highlighted the Data Seminar to be held at Smith Square on 3 April 2019 as the content will be particularly relevant to the committee and attendance is encouraged. DP was asked to chair the event, Aon will also attend.
- 6.2. Proposed agenda items include: Annual Benefit Statements and member communications; DWP and Heywood to present on the Pension Dashboard project; workshops on TPR data scoring; GAD on valuation data and items that may have been excluded; ITM on their data improvement work with the Cabinet Office; and Civica to discuss online solutions for member benefits.

7. ABS 2018 survey results

- 7.1. CH gave a verbal update on the headline results from the ABS 2018 survey. The research report has been drafted subject to review.
- 7.2. The survey was in the field from 28 September 2018 to 14 November 2018. During that time 42 responses were received in respect of 31 of 47 FRAs in England and Wales (66%).
- 7.3. Over 95% of those responding confirmed that the ABS deadline was met for active members, raising a question as to whether those who failed to comply therefore chose not to complete the survey. A list of respondents is included as an annex to the report.
- 7.4. The greatest proportion of members not receiving a statement by the deadline fell into the category of special members of FPS 2006, and correspondingly the most common reason for delay was software that was unable to perform the required calculations.
- 7.5. Over 90% of administrators send statements to deferred members of all schemes, which is particularly encouraging as there is no legislative requirement to provide an annual update for FPS 1992.
- 7.6. Over three-quarters of respondents stated that they have already implemented online self-service for members to access their ABS, although it is unclear whether this includes additional functionality for projections to be undertaken.

- 7.7. Several recommendations were made within the report, including migration to monthly contribution posting where possible and continued communication between administrators and employers. The report encourages software providers to ensure that administration systems can carry out calculations for all groups of members, including FPS 2006 special.
- 7.8. For FRAs entering a new administration contract, where data conversion may pose a problem, it is recommended that robust timescales and SLAs are considered. BW added that the scheme manager should ensure that the LPB is engaged or consulted during the tender process. JB agreed that the LPB chair must be aware of any changes.
- 7.9. The outcome of the ABS cycle should be reported annually to the LPB and any material breaches reported to TPR. Breach assessment guidance is available from www.fpsboard.org which allows a record of decision making to be kept.
- 7.10. ME noted that all schemes breached in 2015 following reform, due to delayed software releases, and all reported to TPR. The Regulator needs to be informed why the breach has occurred and what remedial action will be taken. DP agreed that this should be included on all LPB agendas.
- 7.11. The Secretariat will continue to review and update the ABS template on an annual basis. The SAB will champion the use of online technology to provide statements and carry out subsequent projections to reduce the burden on administrators. The outcomes from the benchmarking review will be considered in conjunction with the ABS survey report to identify any further improvements to the process.

8. Data improvement plan

- 8.1. CA commented that data is a known issue for FRAs, and one question asked by the annual TPR Governance and Administration survey is whether schemes have a data improvement plan in place. CA asked if there would be benefit in working with consultants to provide a template.
- 8.2. CA sought to gauge interest from the committee on procuring the template through the SAB budget. JHP commented that each Authority is at a different stage of evolution and level of engagement. Therefore a common framework to ensure best practice and consistency of approach would offer good value across all FRAs. BW added that this seems a sensible approach based on the issues arising.
- 8.3. CA remarked that the intention is to provide support to FRAs so the template would not be mandatory. The role of the SAB and its committees is to assist rather than enforce. DP agreed that support and advice on improvement plans would be useful as poor data can lead to poor decisions, and this can be mitigated by data cleansing and upkeep.

8.4. DP noted all the work being done to support FRAs and administrators in effectively running the scheme and complying with legislation, querying whether assistance is being provided in the most relevant areas. All agreed that feedback suggests this is the case. DP highlighted that it is important to challenge what is being done, and how, to ensure that support is appropriate and effective. DP will attempt to establish a link between the National Fire Chiefs Council (NFCC) and LGA at a strategic level.

8.5. The committee agreed that there would be benefit in providing a data improvement template and the secretariat would progress this.

Action:

- i. **Secretariat to progress development of data improvement template**

9. 2019 work-plan

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

- i. Identification of standard key scheme-specific items for recommendation to the SAB and subsequently FRAs.
- ii. Actions arising from risk register.
- iii. Formulate a template Service Level Agreement for use by FRAs.
- iv. Work with the cost committee to determine administration cost per member. (Cost committee to lead)
- v. Monitor trends arising from scheme return data scores. Investigate links between breaches and data.

9.2. It was agreed that further workplan items for 2019 will be determined at the next meeting in June, subject to the outcomes of the administration benchmarking exercise.

10. Future meeting dates and venues

- 6 June 2019 (18 Smith Square)
- 24 October 2019 – provisional

11. AOB

11.1. None.