Firefighters' Pension Scheme - Administration and Benchmarking Review

Prepared for	Firefighters Pension (England) Scheme Advisory Board
Prepared by	Alison Murray FFA, Craig Payne, Mary Lambe
Date	30 August 2019

Copyright © 2019 Aon Hewitt Limited. All rights reserved.
aon.com
Aon Hewitt Limited is authorised and regulated by the Financial Conduct Authority.
Registered in England & Wales No. 4396810
Registered office:
The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN
This report and any enclosures or attachments are prepared on the understanding that it is solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this report should be reproduced, distributed or communicated to anyone else and, in providing this report, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this report.

QAS Institute and Faculty of Actuaries Quality Assurance Scheme

Aon Empower Results®

Table of Contents

Executive Summary	**1**
1. Introduction	**7**
2. Engagement with stakeholders	**11**
3. Administrator findings	**14**
4. Fire and Rescue authority (i.e. Employer) findings	**34**
5. Members findings	**48**
6. National support and advice	**53**
7. Summary of Findings	**57**
8. Recommendations	**64**
Appendix 1: Cost Data	**71**
Appendix 2: Admin cost per number of functions	**73**
Appendix 3: Full list of FRAs and their Scheme Administrators	**74**
Appendix 4: Survey responses	**76**
Appendix 5: Benefit Structures within the Scheme	**988**
Appendix 6: FRAs with GAD data at 31 March 2016	**100**

Executive Summary

Background

The Firefighters' Pension Scheme in England ("the Scheme") provides benefits to current and former firefighters and their dependants. It comprises the 1992 and 2006 final salary schemes (both special and standard members) and 2015 career average scheme. The Scheme is managed by 45 Fire and Rescue Authorities (FRAs) on behalf of over 89,000 members[1]. It is unfunded with expenses for running the Scheme met by FRAs (i.e. the employers).

The Firefighters' Pensions (England) Scheme Advisory Board (the "Board") was established under the Public Service Pensions Act 2013. Its functions are to:

- provide advice in response to a request from the Secretary of State (Home Secretary) on the desirability of making changes to the Scheme,
- provide advice to Scheme Managers and Local Pension Boards in relation to the effective and efficient administration and management of the Scheme and any connected scheme.

The Board's review of administration and management of the Scheme seeks to answer two key questions:

(1) how much are Scheme management costs, and

(2) how effective is the administration of the Scheme.

This report has been commissioned by, and is addressed to, the Scheme Advisory Board. In order to inform the recommendations for the Board to consider, we sought to gather evidence from key stakeholders: administrators, scheme managers/employers and members. In conjunction with the Board Secretariat we ran separate surveys for FRAs, administrators and scheme members. Responses were received from all FRAs and administrators and from 3,958 members. Aon also sought to engage with stakeholders through the Annual General Meeting and Technical Group Meeting in September 2018 and with the Fire Finance Network in October 2018 ahead of the surveys being finalised and issued.

Main findings

The report sets out the findings from all three surveys.

The survey responses (and non-responses) highlight areas and themes which may require attention by the Scheme Advisory Board, FRAs, administrators and Local Pension Boards in order to ensure an effective and efficient service is delivered to scheme members.

In considering the effectiveness of administration we sought to address the following questions:

- Do members receive a good service and are the right benefits paid at the right time?
- What is the administration cost per member?

[1] From Fire Statistics Table 1304 2017/18 Firefighters' pension membership by membership type in England - https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#fire-pensions

- What themes emerge from the evidence?
- Could anything be done differently or better?

In order to assess cost effectiveness, information is needed on the administration costs of the Scheme. This information was not previously available, so a key element of the FRA survey was to collect data on the cost of managing the Scheme.

We then sought to consider what themes and patterns emerged from the data provided and whether anything might be done differently or better.

Do members receive a good service and are the right benefits paid at the right time?

Interpretations of a good service may vary but as minimum, a good service should be in line with what is legally required. Based on responses from administrators and FRAs we cannot be sure that the right benefits are paid at the right time to all members of the Scheme. The responses received suggest that not all administrators are working to legal timeframes. The Board may wish to address this.

Complaints through the Internal Dispute Resolution Procedure (IDRP) are low however more members indicated that they strongly disagree that they get information that is concise and clear than those who strongly agreed with that statement.

We are living in a time of continuous digital development, and members expect to have access to digitalised platforms. 64% of administrators do not provide members with an online self-service facility, although over half have indicated that they plan to do so in the near future. Greater use of online capabilities could help provide a more consistent and overall better administration service to members.

There are also challenges for some FRAs in the provision of data to administrators, understanding and removing those challenges should help improve the service members receive.

What is the administration cost per member?

Not all FRAs provided cost data and there were gaps in the data even where data was provided. The information provided is summarised in Appendix 1. Our analysis of the data provided by FRAs indicates that the cost of administering the Scheme was £76.90 per member in 2018 (taking into account internal FRA staffing costs and external administration and software costs but excluding the cost of special projects). This rose to £120.33 once the costs of special projects were taken into account.

This compares to around £30 per member for 2017/18 for the Local Government Pension Scheme (LGPS) in England and Wales[2]. While also locally managed, the LGPS is a materially larger scheme and hence it may not be realistic to assume that the Scheme could be administered for a similar cost. Conversely, the LGPS is a multi-employer and funded scheme so some of its costs will relate to advice and administration work

[2] From data published by MHCLG: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748759/LGPS_England_and_Wales_2017-18.pdf including administration and oversight and governance costs.

associated with the notional allocation of assets to employers and other funding arrangements which do not apply to the Scheme.

The most recently available data for private sector schemes was published by the Pensions Regulator (TPR) in 2014[3]. The data considered costs in 2012 and found that the average per member costs were as follows:

- £182 for schemes above 5,000 members based on 24 schemes,
- £281 for schemes with between 1,000 and 4,999 members, based on 75 schemes,
- £505 for schemes with between 100 and 999 members based on 106 schemes.

We would expect that the costs of managing the Scheme should be materially lower than for private sector schemes because:

- private sector schemes are funded so their costs will include the monitoring of investments and asset managers and actuarial valuations as well as covenant assessments and monitoring of the sponsoring employer(s),
- there are additional compliance requirements for private sector schemes, including provision of information to the Pensions Protection Fund and to TPR and annual funding statements to members.

TPR's report shows that allowing only for administration costs, the average per member costs were:

- £53 per member for schemes above 5,000 members (25 schemes);
- £89 per member for schemes with between 1,000 and 4,999 members; (77 schemes); and
- £172 per member for schemes with between 100 and 999 members (110 schemes).

It is difficult to draw too many conclusions from the data as we cannot guarantee a like-for-like comparison and the administration costs for private schemes above exclude legal and actuarial fees. However, on the face of it, the cost of administering the Scheme does seem quite high relative to both the LGPS and largest private sector schemes (although TPR's data set for the largest schemes was very small). Ensuring complete and accurate data on costs which is monitored year-on-year should assist the Board in determining whether the Scheme is being administered cost effectively.

What themes emerge from the survey data?

A number of themes have emerged across the following areas:

[3] From research covering seven cost areas including administration, independent trustee fees, actuarial, legal, covenant, investment and other external costs published by TPR: https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/db-scheme-costs-research-2014.ashx

- Complexity of the Scheme: Across each of the surveys scheme members, administrators and FRAs indicate concern about the complexity of the Scheme benefits and the challenges that creates.
- Relationships: The findings from the surveys appear to indicate that the interactions between administrators and FRAs and the perception of the relationship is reasonably positive. Some FRAs identified frustrations with separate payroll and pensions systems.
- Reporting: Reporting activity between the administrator and FRA, both in terms of what is reported, and its frequency appears to be very variable across the Scheme. These findings provide strong evidence to suggest that greater prescription in relation to the reporting requirements may be needed.
- Data:16 FRAs indicated that they sometimes have difficulties providing data to the administrator due to quality of data issues or where there is a lack of clarity around what is actually required by the administrator. There is a need to consider improving how data is transferred for some administrators and FRAs given over one-third in both surveys indicated that they do not currently operate an employer self-service facility.
- Engagement and communication: The perception of the majority of administrators is that Scheme members have greater expectations than members of other schemes they administer. There was also concern about whether all members understood the information they received. Furthermore, not all members have a website provided locally by their FRA/administrator and almost two-thirds don't have online self-service capabilities.
- Breaches: The survey responses indicate that there are very few breaches of the law in the Scheme. Just one administrator indicated that they had 2 breaches over the past 3 years (both of which were reported to TPR). These statistics are surprisingly low and don't appear to align with data from TPR's 2018 Governance and Administration Survey.
- Costs: The gaps in the provision of information on Scheme costs suggests that this information is not currently readily available for all FRAs. This is not necessarily a surprise given it has not been collected before but is an area the Board may wish to address.

Recommendations

Based on the findings of the surveys of administrators, FRAs and scheme members and following discussions with the Board Secretariat and Administration and Benchmarking Committee we have identified 7 areas for the Board to consider with the aim of ensuring the effective and efficient administration of the Scheme.

These include:

1. Address complexity through:
    a. Scheme changes and structure: Including reduction in local decision making, greater regard to administrative implications of legislative changes and review of current structure to ensure model of delivery is fit for purpose.

b. Improving monitoring: Both at local and national level to enable greater clarity on the areas of complexity impacting standards.

c. Further engagement and communication: Greater use of technology to enhance member experience and encourage greater engagement from FRAs and administrators to use information and communications already centrally available.

2. Encourage greater collaboration across the Scheme and introduce consistent standards to address data issues and ensure members receive a consistently good service regardless of location.
3. Ensure there is clarity on timescales for key administrative processes, e.g. through a requirement to publish a locally developed Administration Strategy.
4. Encourage greater engagement between administrators and FRAs including stronger links between both on performance monitoring as well as greater role for Local Pensions Boards.
5. Reduce key person risk and ensure resource plans are in place.
6. Better understanding and recording of breaches of the law.
7. Develop a template for collection of administration and associated costs on an annual basis, with the information on costs then being published, enhancing transparency and understanding of the costs of running the Scheme in support of the Board's functions.

This is the first time such an exercise across the Scheme has been undertaken. This work should therefore be seen as the first step towards using an evidence-based approach to ensure the effective and efficient administration and management of the Scheme.

Acknowledgements

Aon and the Board Secretariat have been delighted with the level of engagement and support both in response to the surveys and the lively and productive debate during direct sessions with stakeholders. Our thanks go to all of those who participated in and publicised the surveys, as well as contributors who added to the success of the discussions, including:

- Representatives from administrators who responded to their survey
- Representatives from employers (i.e. FRAs) who responded to their survey
- Scheme members and their representatives who responded to their survey
- Members of Technical Group who provided invaluable views during discussions on this project
- The Administration and Benchmarking Committee of the Board who provided invaluable support and views during discussions
- The Fire Finance Network for their comments and thoughts on the survey format and content ahead of that being issued.

For Aon particular thanks are given to Board Secretariat who assisted in obtaining employer and administrator responses as well as issuing

promotional material to encourage member engagement with their survey. Without the help and support of all key stakeholders this report would not have been possible.

1. Introduction

Addressee and objectives of this report

This report has been commissioned by, and is addressed to, the Scheme Advisory Board ("the Board"). The remit of this work is to assist the Board in the exercise of its statutory functions by answering two key questions:

- How much are Scheme management costs, and
- How effective is the administration of the Scheme?

In order to address these questions, we have sought to ascertain:

- whether members receive a good service and whether the right benefits are paid at the right time?
- the explicit, implicit and extra costs of the Scheme, to establish an administration cost per member.
- any themes in the findings from the responses to our surveys or from other engagement with stakeholders.
- whether anything could be done differently/better.

Our role has been principally to engage with stakeholders, listen to their feedback and gather data. Where it has been necessary to interpret the information provided we have discussed and agreed our approach with the Board secretariat. Details of any assumptions made are set out in the relevant section alongside the evidence.

This is the first time such a comprehensive review of the administration of the Scheme has been undertaken. This work should therefore be seen as the first step towards using an evidence-based approach to ensure the effective and efficient administration and management of the Scheme.

Overview of the Scheme

The Firefighters' Pension Scheme (England), "the Scheme", is a statutory defined benefit occupational pension scheme providing pensions to current and former fire and rescue workers in England, both retained and regular, and their dependants. Scheme rules[4], made at national level, govern three different sections of the Scheme including the Career Average Revalued Earning Scheme (CARE) introduced from 1 April 2015 (2015 Scheme) and the 1992 and 2006 Schemes (including special members of the 2006 Scheme).

The Scheme is unfunded, operating on what is known as a 'pay-as-you-go' basis. This means there is no pool of assets from which to pay pensions; instead contributions are paid by the Fire and Rescue Authorities (FRAs)[5] and members with the balance of those contributions over and above benefits payable to members paid to or from HM Treasury. Scheme expenses are met by FRAs but are not separately identified. Only benefit payments to members are identified in the Notional Accounts which Scheme Managers are required to

[4] See http://fpsregs.org/index.php/regulations for full list of regulations governing the Scheme.

[5] Throughout this report employers are referred to as FRAs or Fire and Rescue Authorities. We recognise that other types of employers exist, and this description is intended to cover all employers who act as Scheme Managers in the Scheme.

produce. The Scheme is subject to an actuarial valuation every four years which assesses the value of pensions being built up and is used to set employer contributions.

Management of the Scheme is undertaken locally through 45 FRAs. In many cases they outsource the administration to a dedicated administrator, but the FRA retains responsibility for the administration as the Scheme Manager[6].

New governance arrangements, introduced following the Public Service Pension Act 2013 required the establishment of a Scheme Advisory Board at national level and Local Pension Boards, with effect from 1 April 2015.

Stakeholders

The Scheme has a number of key stakeholders all playing a role in its effective administration including administrators, FRAs (i.e. employers) and their representatives, and scheme members and their representatives. Within the governance structure the Local Pension Board is a key stakeholder, as is the Home Office as Responsible Authority and more widely the needs of taxpayer and HM Treasury are important within the context of effective and efficient administration.

Administrators

The Scheme has 19 administrators including third party providers and in-house administration teams. The precise details of their role will depend upon the contractual arrangements where administration is carried out by a third party provider but will generally include paying pensions, issuing annual benefit statements and other aspects of the day to day running of the Scheme. See Appendix 3 for a full list of Scheme administrators in England.

Scheme Managers

The Scheme has 45 Scheme Managers (as defined in the Scheme rules) as summarised in the table below:

Type of Fire and Rescue Service	Number
County Council	4
Combined Fire and Rescue Authorities	19
Combined Authority (Mayoral)	1
Police and Fire Crime Commissioners	4
Metropolitan Fire and Rescue Authorities	5
London Fire Commissioner	1
Unitary Authority	11

The Scheme Manager has responsibility for managing and administering the Scheme including:

- Calculation and payment of benefits
- Decisions and discretions
- Disclosure of information

[6] Section 7 of the Public Service Pensions Act 2013 and The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 and see LGA factsheet http://fpsregs.org/images/admin/Schememanagerv1.pdf for more information on the governance structure for the Scheme.

- Record keeping
- Internal controls
- Internal Dispute Resolution
- Reporting breaches of law
- Statements, reports and accounts

FRAs are also the employers within the Scheme. See Appendix 3 for a full list of FRAs.

Scheme members

The Scheme has over 89,000 members with representation through the Fire Brigade Union, Fire Officers' Association, Fire Leaders Association and Fire & Rescue Services Association.

Total number of scheme members (autumn 2018)

	Total
Number of pensioners	42,732
Total deferred members	13,419
Active regular members	23,853
Active retained members	9,848

(Source: Home Office, Fire Statistics Table 1304)

Governance structure and management of the scheme

The requirements of the Public Service Pensions Act's governance provisions were implemented by the Firefighter Pension Scheme (Amendment)(Governance) Regulations 2015 and brought into being two new entities:

- **Local Pensions Boards**, whose role it is to "assist" the Scheme Manager to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and any requirements imposed by the Pensions Regulator (TPR) in relation to the Scheme. The Board also assists the **Scheme Manager** to ensure the effective and efficient governance and administration of the Scheme.
- A national **Scheme Advisory Board,** whose function is to provide advice as requested by the Secretary of State on the desirability of making changes to the Scheme and also to provide advice to the Scheme Managers and Local Pension Boards in relation to the effective and efficient administration and management of the Scheme.

Both Local Pension Boards and the Scheme Advisory Board have key roles in respect of the effective and efficient administration of the Scheme and the findings and recommendations in this report are expected to aid them in their respective roles. It should be noted, however, that a review of the governance arrangements themselves is outside the scope of this report.

The Responsible Authority for the management of the Scheme is the Home Office taking over from what is now the Ministry of Housing, Communities and Local Government in January 2016. The Home Office

makes the Scheme regulations, which will specify the Scheme Manager and the matters for which the Local Pension Board is responsible.

Acknowledgements

We would like to thank the administrators, FRAs and scheme members who responded to the survey and to the Board, the Administration and Benchmarking Committee, Technical Group and the Fire Finance Network for their support. Particular thanks are given to Board Secretariat who assisted in obtaining employer and administrator responses as well as issuing promotional material to encourage member engagement with their survey. Without the help and support of all key stakeholders this report would not have been possible.

2. Engagement with stakeholders

Approach

Maximising the depth and accuracy of the underlying data is key to ensuring valid conclusions can be drawn from the evidence provided and that the Board can develop appropriate actions using the recommendations set out in this report. We sought to engage with all of the key stakeholder groups, recognising that each would have a different perspective on the effectiveness and quality of administration. The data gathered is summarised in Appendix 4.

Key stakeholder groups with whom we engaged:

- Scheme members;
- Administrators;
- FRAs (i.e. employers/scheme managers).

We sought to engage with these stakeholders ensuring we did not prejudge the issues or lead respondents. The findings from this engagement have been instrumental in identifying the recommendations in this report.

Our approach also involved us maintaining an active dialogue with the Board secretariat through conference calls and face to face meetings, as appropriate, to monitor progress and discuss emerging themes as well as discussions with key groups during the project.

Summary of surveys / meetings / discussions during project

The primary method of collecting data for this exercise was through 3 surveys which included factual, perception and financial questions:

- Survey for FRAs (i.e. the employers/scheme managers) - 27 questions asking about their perception of the effectiveness and cost of Scheme administration and management
- Survey for administrators - 29 questions for administrators on resourcing structure, issues faced with when administrating the Scheme and relationship with FRAs
- Survey for Scheme members - 8 questions for members asking about their experience including accuracy, timeliness and effectiveness of communications.

We also sought to engage with stakeholders through the Annual General Meeting and Technical Group Meeting in September 2018 and the Fire Finance Network in October 2018 ahead of the surveys being finalised and issued.

The surveys for FRAs and administrators went live on 23 November 2018 with an original deadline of 31 December 2018. By the original deadline only 60% of administrators and 33% of FRAs had responded to the surveys. Given the outstanding responses the deadline was initially extended to 14 January 2019 with a final extension to 31 January 2019. A 100% response rate was achieved although not all questions were answered for example FRAs did not all provide full information on costs. The initial challenge to achieve a full response rate may reflect the fact

that this is the first time such an exercise has taken place within the Scheme.

The members survey, which was open to all members (i.e. all active, deferred, pensioner and dependent members) went live on 21 January 2019 and closed on 28 February 2019.

Responses to surveys

	Administrator Survey	FRA Survey	Member Survey
Total received	45/45 (100%)	45/45 (100%)	3958[7]

Please note that while we had a very healthy response rate, not all questions were answered by all respondents.

Data confidentiality

All data received by Aon has been treated as confidential/commercially sensitive and stored in locked electronic filing whose access is limited to the project team. Surveys were submitted to Aon using password protected spreadsheets and data used is reported in aggregate with no identifiable information included so no data can be attributed to a specific organisation. Furthermore, where data is displayed for a range of administrators or employers it is randomised to minimise the chance that individual FRAs or their administrators can be identified.

Data limitations

For the Employer and Administrator surveys each FRA and their respective administrator were asked to provide data for their organisation. Where possible we have checked the data, but we are not able to independently verify the accuracy of this data and the conclusions set out in this report are reliant on the accuracy of the data provided. Where it has been necessary to interpret the information provided we have discussed and agreed our approach with the Board secretariat. Details of any assumptions made are set out in the relevant section alongside the evidence.

There are 45 FRAs in England however we received 44 responses due to the fact that the Isle of Scilly data was captured within the response for Cornwall Fire and Rescue authority (for both the administrator and FRA surveys).

It was made clear at the launch of the surveys (and in the instructions tab of the survey) that responsible personnel in different areas within the FRA/administrator would need to be consulted given the range of areas covered in both surveys. We have evidence that suggests this wasn't the case for all respondents. Correspondence from some FRAs highlights concerns that responses were not collated across the organisation but completed by one or a limited number of individuals.

[7] Comprised of 1,634 active members regular (or 6.85% of total active membership), 2,240 pensioners (or 5.24% of total pensioner membership), 84 deferred members (or 0.62% of total deferred membership).

For the administrator survey we also made it clear that it should not be shared and completed by the FRA and vice versa for the employer survey but we cannot guarantee that has happened place in all cases.

It should be noted that:

- We have assumed that all views expressed on the performance (actual and perceived) of the mirroring administrator/FRA were honest and representative. We cannot guarantee this has been the case.
- We have had non-responses to some questions within the surveys. Where that has impacted on our analysis we have highlighted that in the report. For example, averages in tables have excluded nil responses.

In the sections which follow we summarise the key findings from the survey for each stakeholder group.

---

3. Administrator findings

Introduction

The responses to the administrator survey provided information on timescales relating to payment of benefits and key administrative processes, insights into resources, the administrators' relationships with the FRAs and the issues they are currently facing.

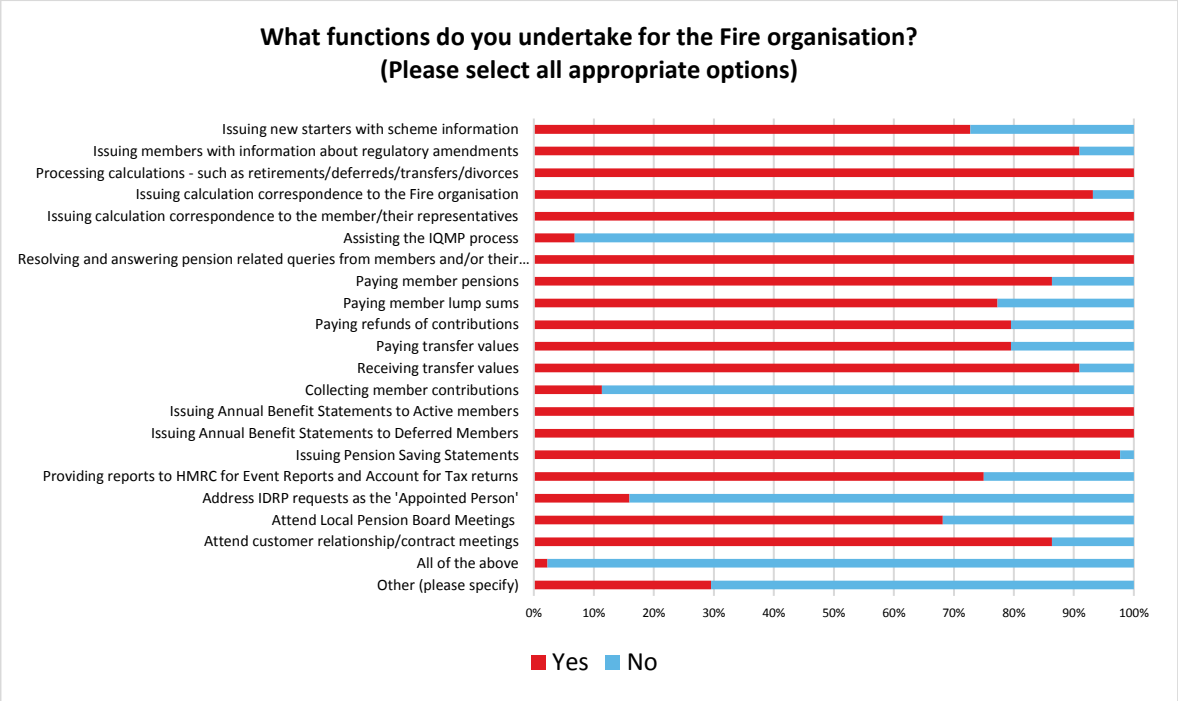
The findings represent the views of a range of in-house and third-party administrators; 19 in total providing services to the 45 FRAs. Key themes include the complexity of the Scheme and the variability of administrative timescales for key processes. We acknowledge that administrators vary in size and the range of FRAs which they provide services for (i.e. there are administrators that carry out functions for multiple FRAs and also administrators that carry out functions for 1 FRA).

Functions provided by administrator

- Input from administrators at the Technical Group meeting indicated that where a third-party administrator is employed the scope of the work undertaken can vary depending on the contractual arrangements. In order to ensure a like-for-like comparison in relation to costs and effectiveness, as well as to better understand the different models in place, the survey asked administrators to indicate which functions they undertake for the FRA. 20 functions were listed and are set out in the chart below.

In 5 areas all administrators carried out the following functions:

- Processing calculations, e.g. retirements, deferred, transfers, divorces
- Issuing correspondence to with members/their representatives on such calculations
- Resolving and answering pension related queries from members/their representatives
- Issuing Annual Benefit Statements to active members
- Issuing Annual Benefit Statements to deferred members

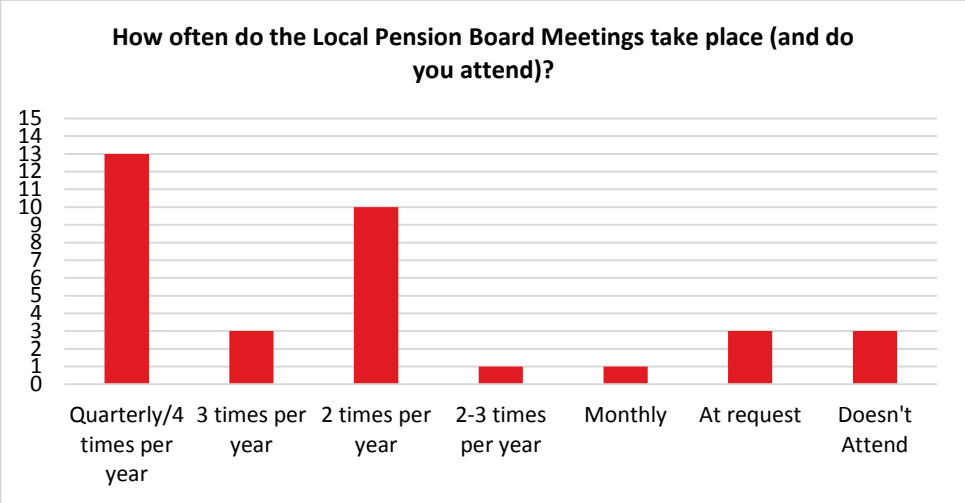


The variation across the functions that administrators undertake for the FRA clearly demonstrates the variety in the contracts and agreements in place across the Scheme.

There does not, however, appear to be a strong correlation between the number of functions carried out by the administrator and the cost of the service, as demonstrated by the chart in Appendix 2. It is possible that this is due to incorrect responses in relation to which functions are carried out or incorrect costing information being provided by the FRA. Further information on administration-related Scheme costs are set out in the next section, which considers responses to the survey issued to FRAs.

In relation to 'other areas' administrators representing 24 FRAs provided comments. 12 indicated they provided communications support and outlined that they provided 5 presentations every year. Others also provide pensions roadshows, new recruit and pre-retirement presentations for members and FRA training.

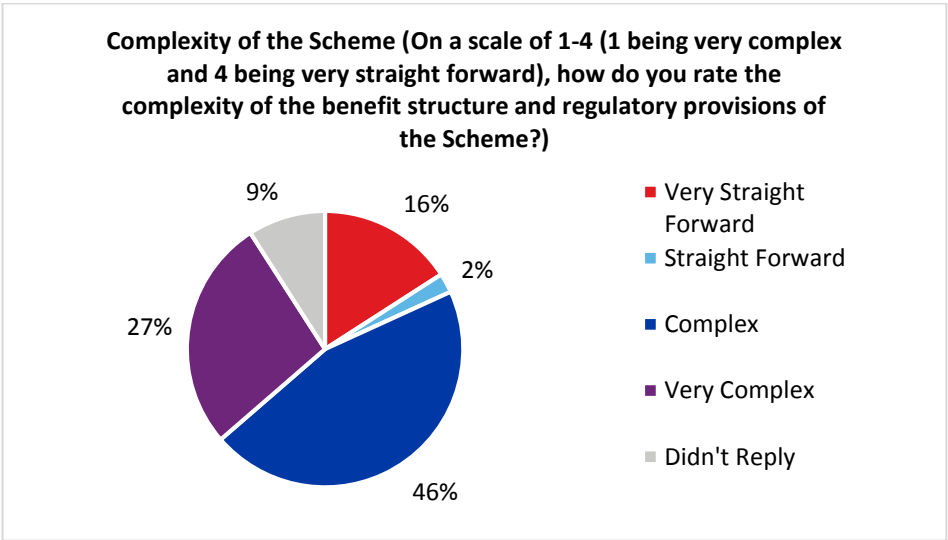
Given the role of Local Pension Board, we asked administrators about their attendance at Local Pension Board meetings. Administrators representing 34 FRAs confirmed they attend those meetings. We also asked about the frequency of these meetings, principally to try to understand how much work might be involved in supporting those meetings.



The effectiveness of each Local Pension Board and governance in general is outside the scope of this report.

Complexity of the scheme

The majority of administrators believe the benefit structure and regulatory provisions of the Scheme are very complex (12 responses) or complex (20 responses), with only administrators in respect of 7 FRAs indicating they believe that the Scheme is straight forward. It is worth highlighting that the 7 FRAs represented are not made up from 1 administrator.



There isn't comparable data from before the 2015 Scheme was introduced but it seems likely that the establishment of a new scheme, together with the transitional arrangements will have added to the complexity. In addition, the Scheme is unique in having separate arrangements across different tranches of members in the 1992, 2006 (both special and standard members) and 2015 Schemes.

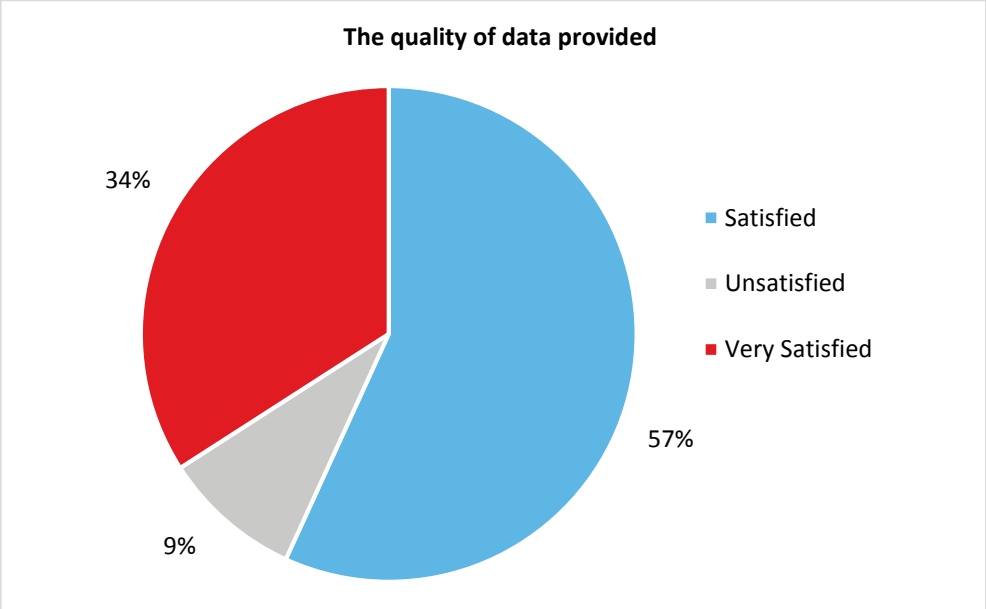
Structure / information in place

Service Level Agreements (SLA)

A significant majority of administrators (nearly 89%) have an SLA in place with their FRA. While the existence of an SLA does not itself guarantee effective administration, it should materially reduce the likelihood of any functions falling between the Scheme Manager and administrator.

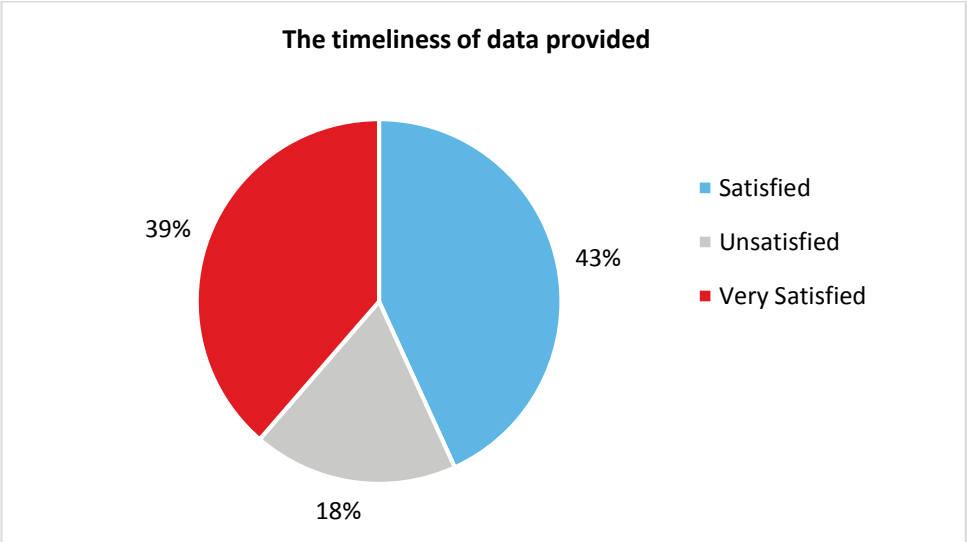
Data quality provided by FRAs

The quality of administration is dependent upon information supplied by the FRA in relation to its employees and their circumstances. Overall administrators do not seem to have any concerns with the quality of data that the FRA or any third-party providers, with 91% being satisfied or very satisfied.



Data timeliness

Responses to the survey suggest a high level of satisfaction with the timeliness of data provided by the FRA or any third party, with just a few responding that it is unsatisfactory.



Reporting

Performance reporting

Perhaps not surprisingly given the high levels of satisfaction with the quality and timeliness of data provided by FRAs, it is not common for administrators to report back to the FRA on the FRA's performance with only 41% indicating that they did so. Conversely almost all administrators (89%) report their own performance to the Scheme Manager. This is expected given the range of outsourced and third-party arrangements in place for Scheme administration.

Scheme level reporting information to TPR (Inc. common and scheme specific data)

Administrators were asked if they had provided the FRA with data scores for Common and Scheme Specific data in the 2018 return and 82% confirmed their common data score and 73% confirmed their scheme specific data score.

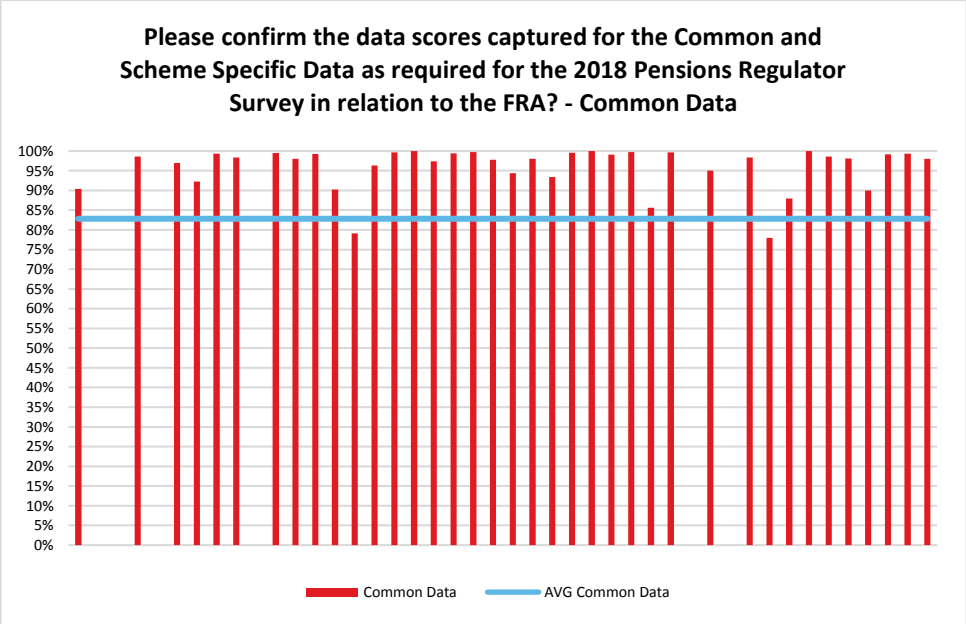
The survey also asked for details of the data scores which were submitted. It may be difficult to draw too many conclusions given this was the first year that public service schemes had to submit data scores to TPR and there was no nationally agreed approach on how data accuracy should be measured for this purpose, although the LGA did issue guidance on reporting the scores[8].

The results show an interesting range of scores:

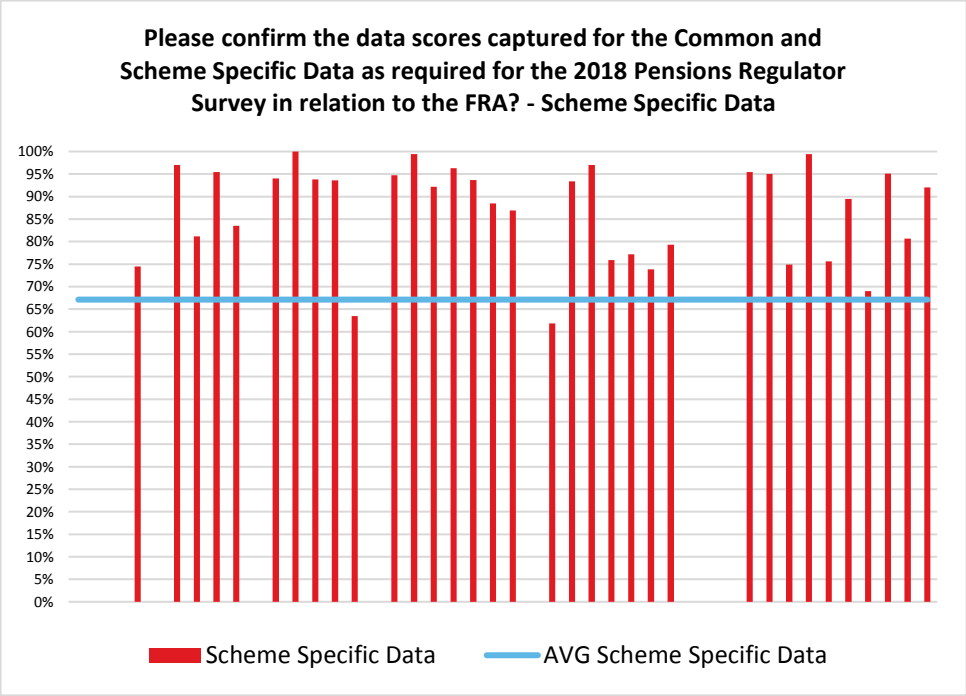
- from 78% to 100% scores for common data (based on responses from 38 administrators),
- from 62% to 100% (excluding one very low score which was submitted by the administrator to the FRA "to interpret" rather than being submitted to TPR) for Scheme specific data, based on responses from 34 administrators.

In most, but not all, cases the common data score was higher than the scheme specific score.

[8] http://fpsregs.org/images/admin/TPRdatascoring0818.pdf%20

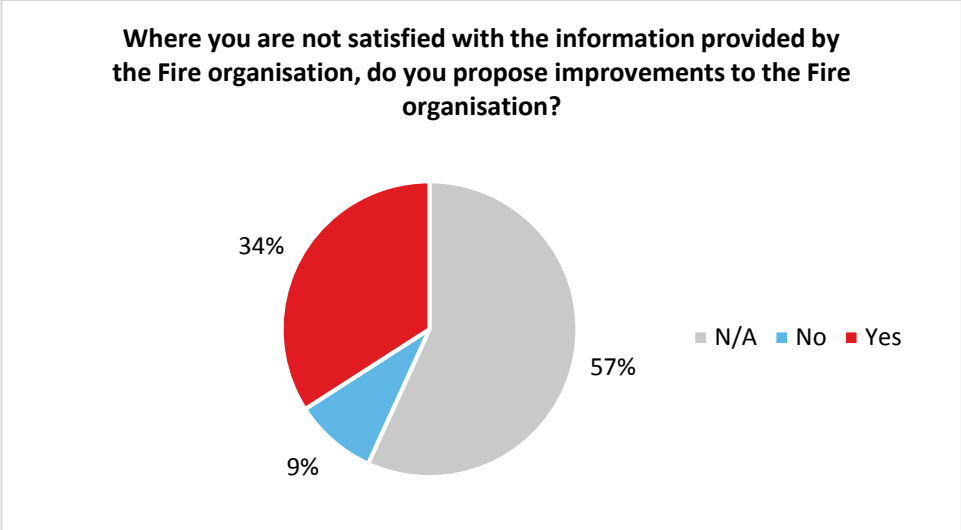


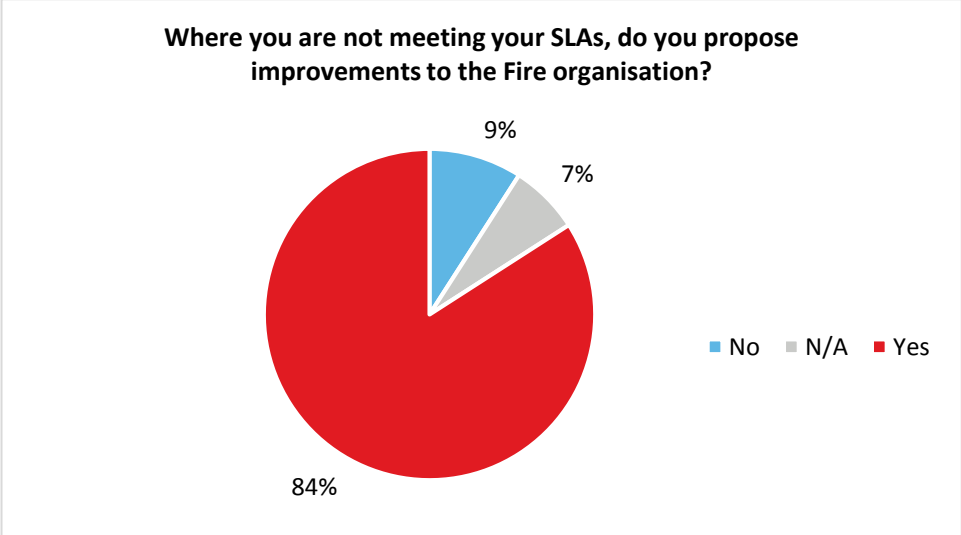
**Averages in above table exclude nil responses*



Opportunity for improvement

In cases where the administrator reports on its performance most do propose areas for improvement to the FRA. There is much greater evidence of proposals for improvements by the administrator when it is not meeting its SLAs than suggestions for improvements from administrator to the FRA. This is expected given the administrator is providing a service to the FRA.

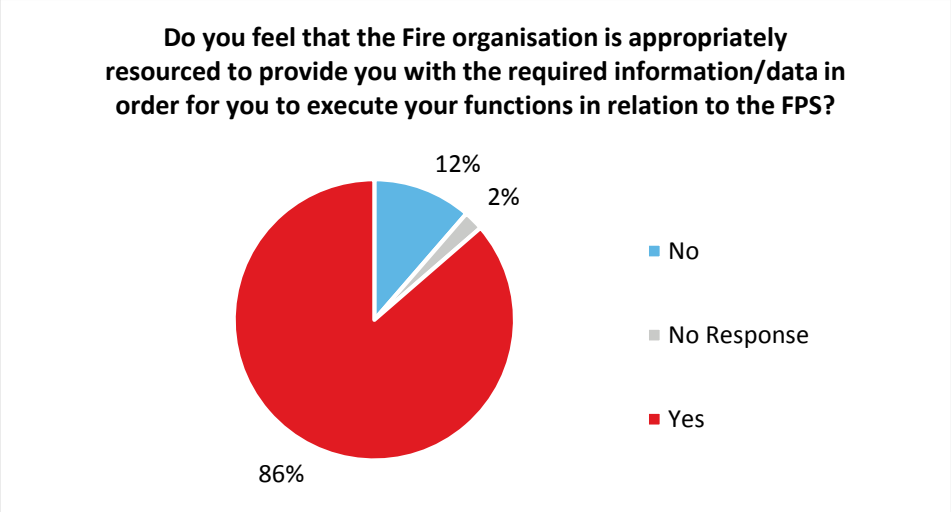

Where you are not satisfied with the information provided by the Fire organisation, do you propose improvements to the Fire organisation?
34%
57%
9%
N/A
No
Yes


Where you are not meeting your SLAs, do you propose improvements to the Fire organisation?
9%
7%
84%
No
N/A
Yes

Perception of employer

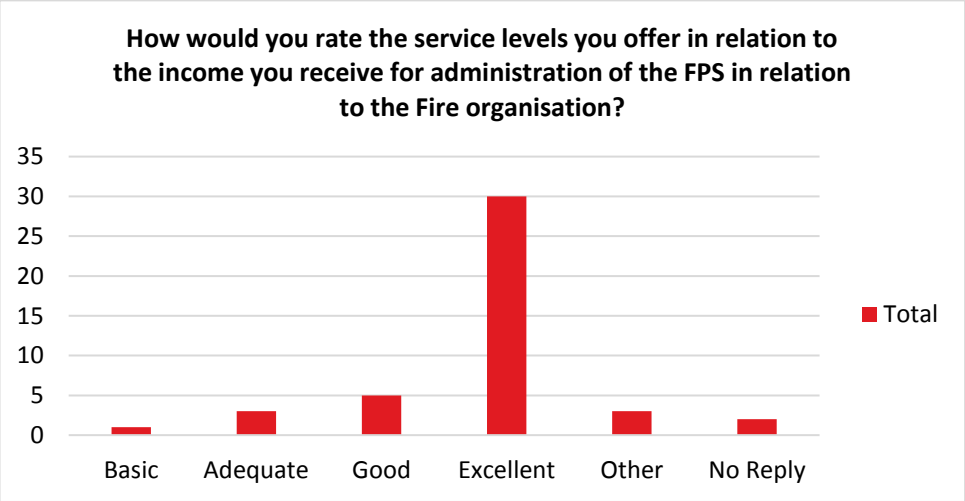
Appropriately resourced

A significant majority of administrators believe that the FRA is appropriately resourced to provide the required information and data to enable them to perform their functions in relation to the Scheme.



Service provided alongside income received from FRA

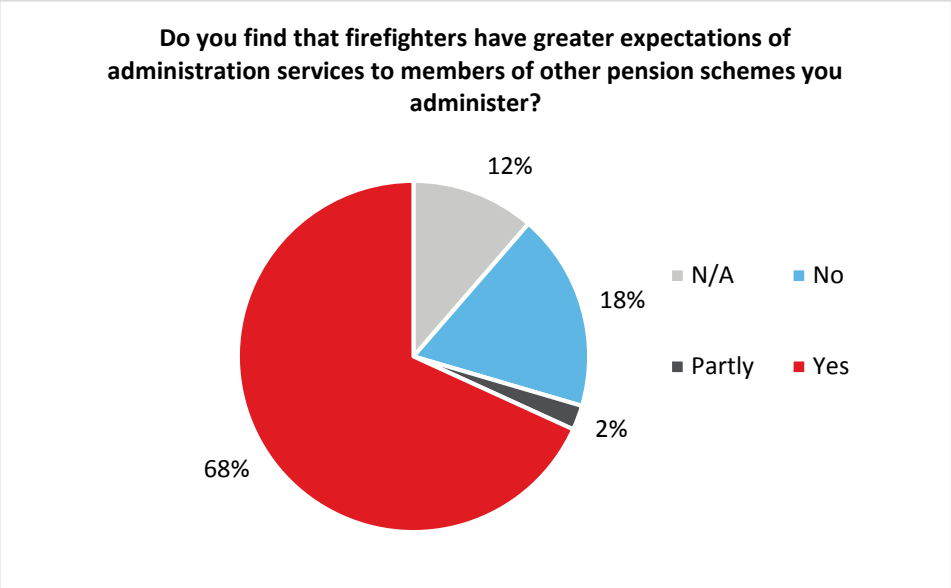
Administrators were asked how they rated the service levels offered in relation to the income they receive from the FRA. A significant number of respondents (30) gave themselves an excellent rating. 33 FRAs rated their costs for administering the FPS in the context of ensuring members receive the right benefits at the right time as being "about right" with only 7 indicating that costs were too high.



Perception of members

We wanted to test whether anecdotal evidence that firefighters ask more questions of their administrators than is typical in other schemes, perhaps due to greater interest and understanding of the Scheme and the importance of pensions as part of their remuneration package, was reflected in the experience of the administrators. The survey results showed that the majority of administrators do perceive that members of

the Scheme have greater expectations of administration compared to members of other schemes they administer.



Scheme Communications

Received by members

Almost all administrators are confident that the information sent to members is received with only one administrator indicating they are unsure.

Understood by members

Not all administrators are as confident that members understand the information they receive with 50% indicating they felt unsure about whether members completely understood information they received.

Dedicated website

73% of administrators have a dedicated website for firefighters in place. Of those who don't, very few (7%) are considering implementing a website soon. It is our understanding that the implementation of a national member website is currently on the workplan of the Communications group and is being progressed through the Board Secretariat. This will help ensure that member-facing online information is consistent and of the highest quality alongside being easy to understand.

We reviewed the survey results to assess if those without a website were typically administered in-house or by a third-party provider but found that those who reported no website or failed to provide an answer were both types of administrators.

Online member self-service

There is limited use of online self-service facilities by administrators. Of those who provided a response to this question 16 indicated they had such facilities and 13 indicated that they didn't have online self-service facilities for members. Of those who don't currently have online self-service 9 indicated they are planning to offer such facilities in the near future. As it is a national Scheme ideally all members would have access

to the same level and quality of information irrespective of their FRA and administrator. The Board may wish to consider what steps can be taken to reduce this variability particularly given the expected move towards Pensions Dashboards within the UK pensions industry.

Online employer self-service

14 administrators indicated that employers transfer data electronically and securely directly to them. 12 administrators indicated they haven't got that facility and the remainder failed to respond. Of those who don't have the facility at present, there are limited plans for future implementation, with only 3 indicating they are considering it. The remainder did not reply to the question on future plans.

Breaches

Administrators were asked how many breaches of the law were recorded in the past 12 months in relation to the FRA. One administrator had reported 2 breaches of the law to the FRA.

However, this does not appear to align with the information TPR has recently reported from its 2018 Governance and Administration Survey. At the Public Service Pensions Governance Conference for Fire and Police Local Pensions Boards in May 2019 TPR representatives indicated that:

- 78% of administrators/FRAs met the Annual Benefit Statement (ABS) deadline but only 11% reported missing the deadline to TPR.
- 17% of administrators/FRAs identified non-ABS breaches however only 2% were reported to TPR[9].

This lack of reporting is concerning given the legal requirement to do so. The inconsistency between the information provided by administrators and FRAs (as detailed in the next section) and that provided by TPR also demonstrates the inconsistency in recording of breaches across the Scheme.

It is not clear whether the apparent inconsistency between TPR's findings and responses to our surveys is down to breaches being reported by the Scheme Manager not the administrator (e.g. where the latter is a third-party provider), or a change in reporting behaviour. The Board may wish to reflect on whether this should be investigated further and consider what information might be available from Local Pension Boards given their role in supporting Scheme Managers to comply with the law. The participation of administrators in Local Pension Board meetings should assist in relation to the recording and reporting of breaches given that 68% of administrators attend those meetings.

We also note that information is provided centrally to support FRAs, administrators and Local Pension Boards in the area of breaches including a breach assessment template[10] for recording all breaches and reporting those which are materially significant to TPR. The Board may wish to reflect on what, if anything, can be done to improve use of centrally provided guidance.

[9] https://www.local.gov.uk/sites/default/files/documents/Governance%20and%20admin%20survey%20update%20-TPR%20WEB.pdf

[10] http://www.fpsboard.org/images/LPB/Resources/Breachassessment210119.docx

Administration

Statutory deadlines and reporting of administration performance

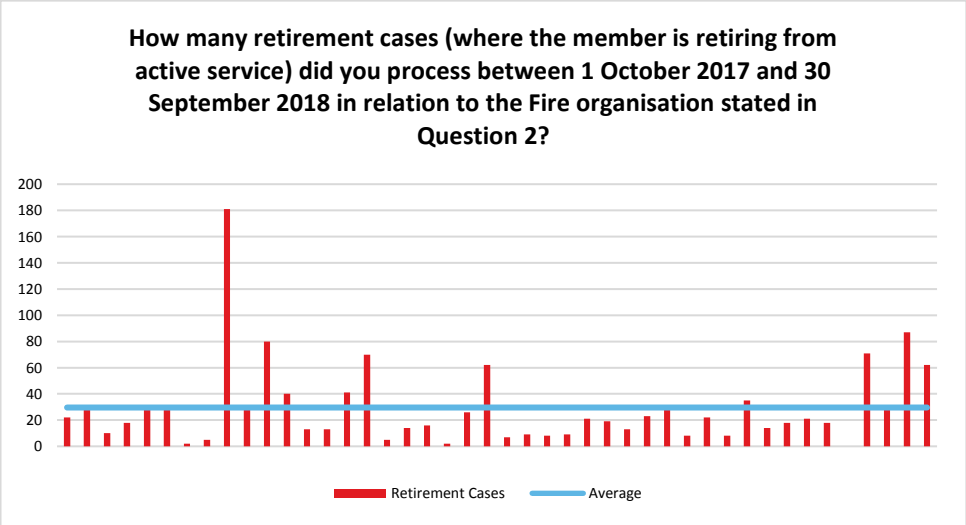
89% of administrators measure their performance against statutory deadlines for processing cases such as issuing retirement options, deferred benefit entitlements or transfer cases. However just under half of administrators (48%) report that performance to the FRA or their Local Pension Board.

Retirements

In order to try to assess the volume of work and performance of administrators we asked them to provide information on retirement cases. Specifically,

- the number processed,
- timescale for issuing options and % options completed in timescale,
- timescales for completing cases and % retirements completed in timescale.

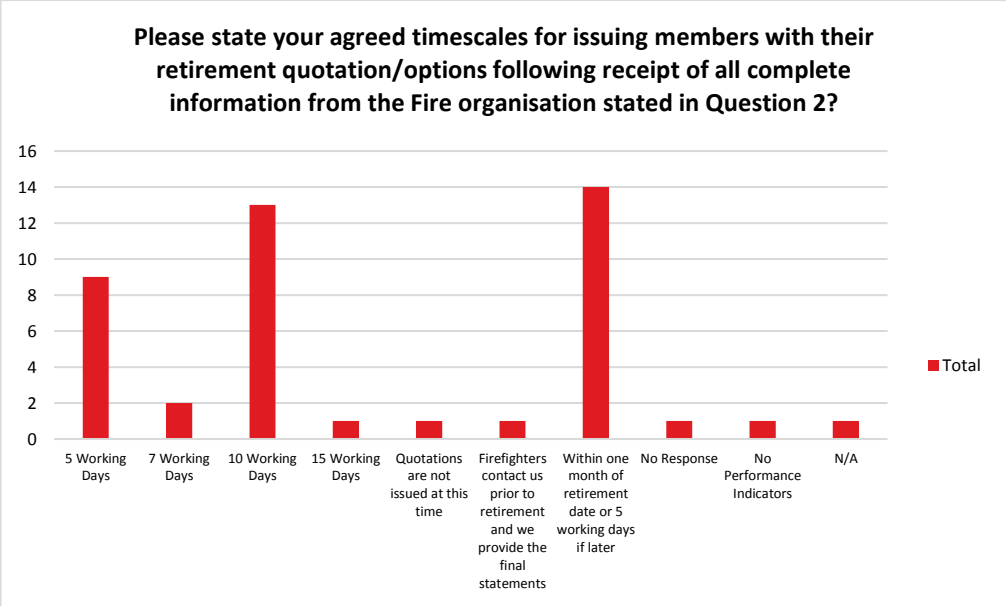
The number of retirements from October 2017 to end September 2018 for members retiring from active service ranged from 0 (no information entered on return) to 180 cases across the 45 FRAs.



**Averages in above table exclude nil responses*

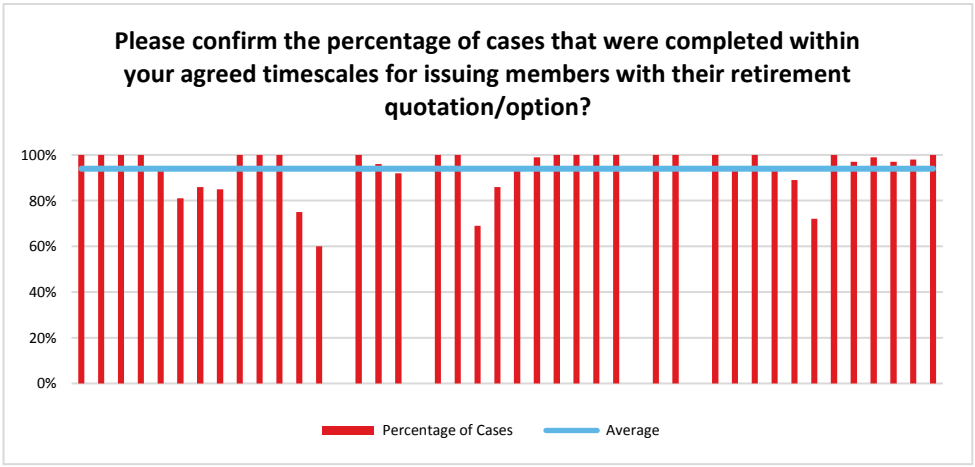
The range does appear to reflect the size of the FRA - the 7 administrators with over 60 retirements in the period 1 October 2017 and 30 September 2018 have over 1,000 active members each with the exception of one which has 500-1000 active members.

There is a range of timescales in place for retirement quotations and options following receipt of all complete information from the FRA. The majority of administrators have a one-month turnaround from retirement (or 5 working days if received later than retirement date) but there is a range of timescales as set out below. Three respondents don't appear to have agreed timescales: one respondent indicated that timescales were not applicable, one confirmed they have no performance indicators in place and another didn't respond.



The percentage of cases completed within agreed timescales for issuing members with their retirement options/quotation ranged from 60% to 100% with 5 non-responses. Although we cannot say conclusively, it is possible that the non-responses reflect the fact that this performance is not being measured or captured.

For those meeting their targets 100% of the time (i.e. 19 administrators) there are a wide range of timescales so we cannot infer any link between meeting the timescale and longer timescales for issuing retirement quotation/options.

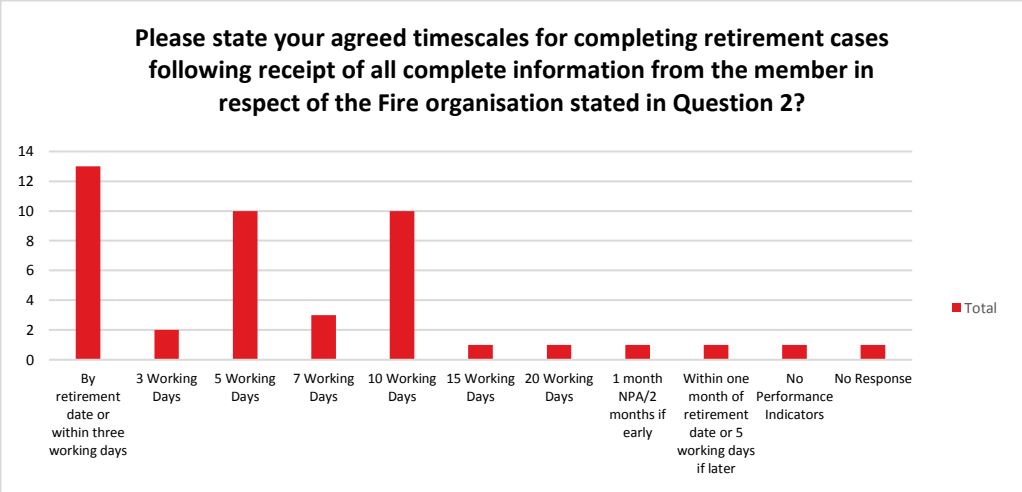


**Averages in above table exclude nil responses*

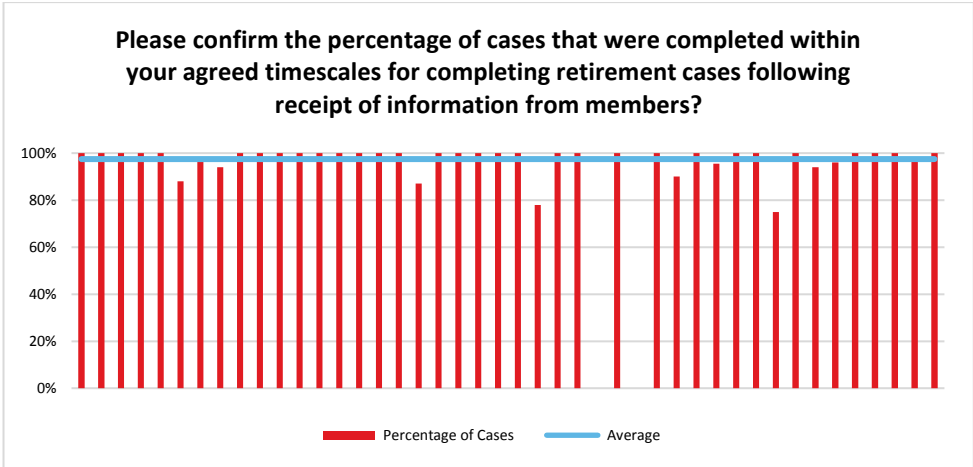
Timescales where administrator is meeting targets 100% of the time:

Timescale	Number of respondents
5 Working Days	7 administrators
7 Working Days	2 administrators
10 Working Days	6 administrators
15 Working Days	1 administrator
Within one month of retirement or 5 working days if later	3 administrators
Firefighter contacts administrator prior to retirement	1 administrator

The majority of administrators aim to complete a retirement case following receipt of all complete information from the member by the retirement date or within three working days.



Almost all administrators achieve their targets set out in the table above ranging from 75% to 100%.

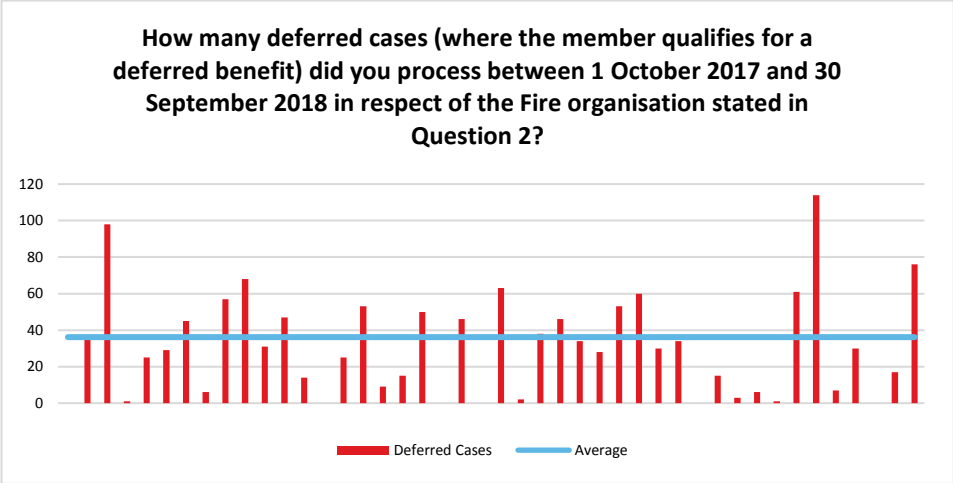


**Averages in above table exclude nil responses*

Deferred cases

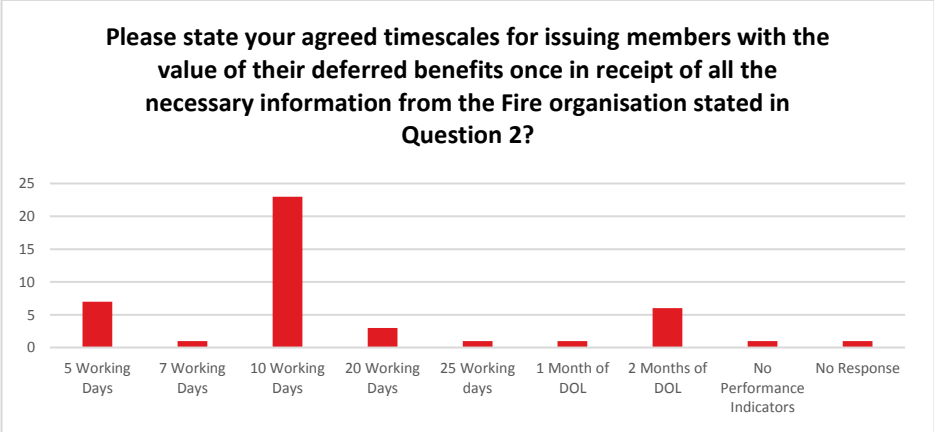
We also asked for information on deferred cases (again the number processed, timescales for completing cases, % completed in timescale). The number of deferred benefits calculated from October 2017 to end of

September 2018 ranged from 0 (no figure supplied) to 114 cases across each of the 45 FRAs.

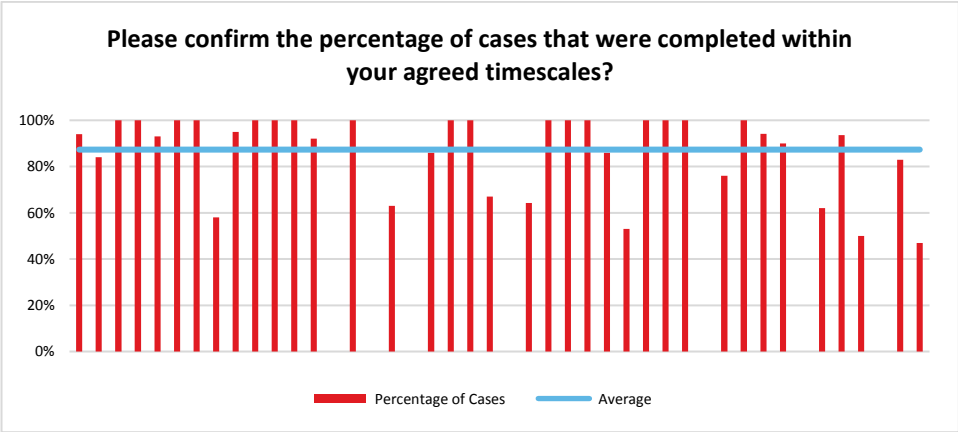


**Averages in above table exclude nil responses*

Timescales for issuing options/quotations to deferred members ranged from 5 working days to 2 months from date of leaving.



Those completed within the agreed timescale ranged from 53% to 100%



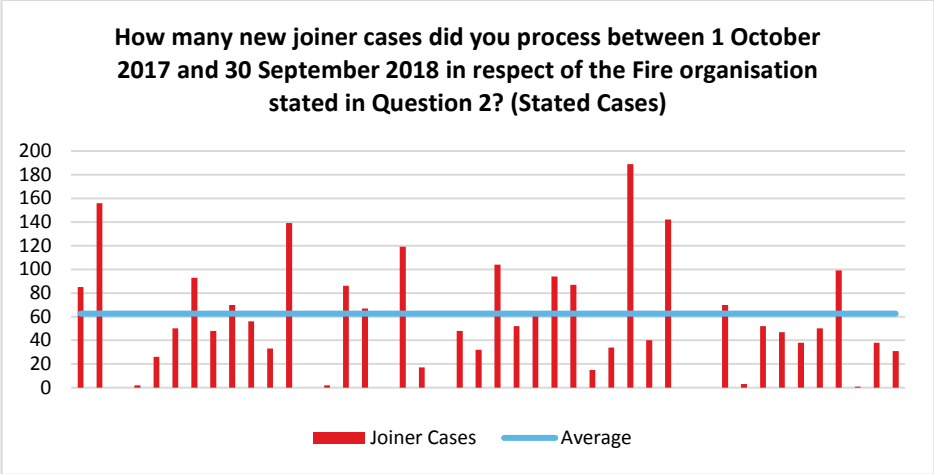
Timescales where administrator is meeting targets 100% of the time:

Timescale	Number of respondents
5 Working Days	7 administrators
7 Working Days	1 administrator
10 Working Days	2 administrators
20 Working Days	2 administrators
25 Working Days	1 administrator
1 Month	1 administrator
2 Months	2 administrators

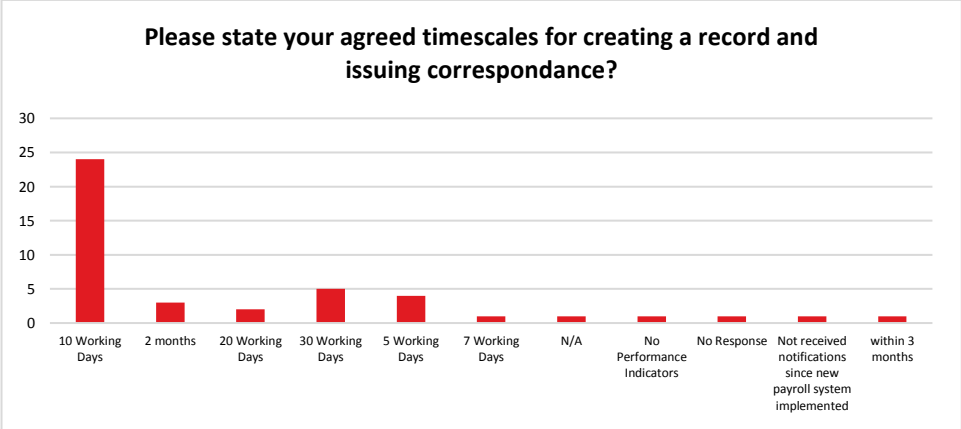
Interestingly the greatest number of administrators achieving 100% of the timescale relates to the time shortest timeframe.

New Joiners

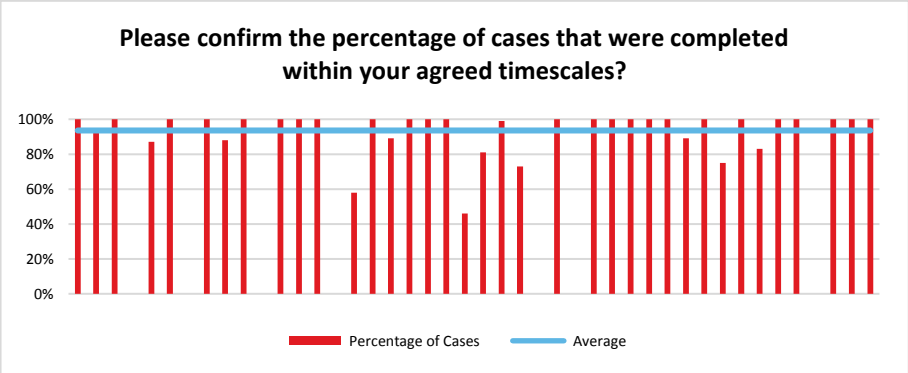
We asked about new joiners including the number processed, timescales for completing cases, % completed in timescale. In total all administrators processed 2,378 new joiners from October 2017 to end September 2018, ranging from 189 to none in some FRAs.



Timescales provided for new joiners show that the majority aim for 10 working days for creating the record and issuing correspondence. However, some indicated they are not receiving notifications due to problems with new payroll systems and survey responses indicate that administrators are working to a wide range of timescales.



Those completed within their agreed timescale ranged from 58% to 100%



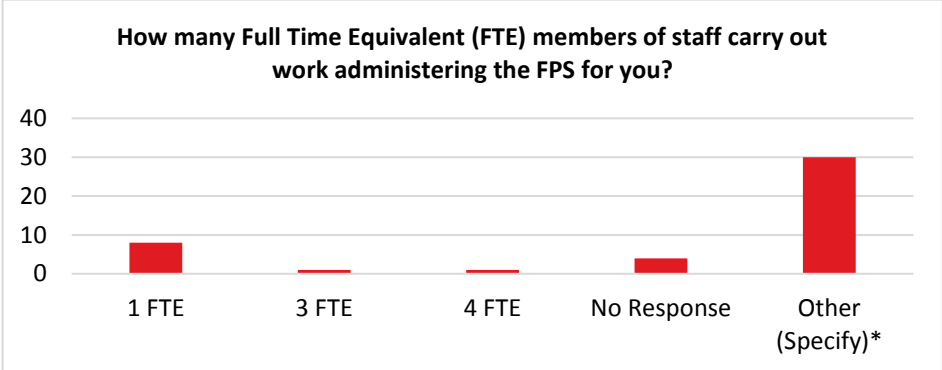
**Averages in above table exclude nil responses*

Staffing

A range of questions about staffing were put to administrators to identify the current resource in place. The responses are quite wide ranging and should be read in conjunction with the costs information from the FRA survey responses.

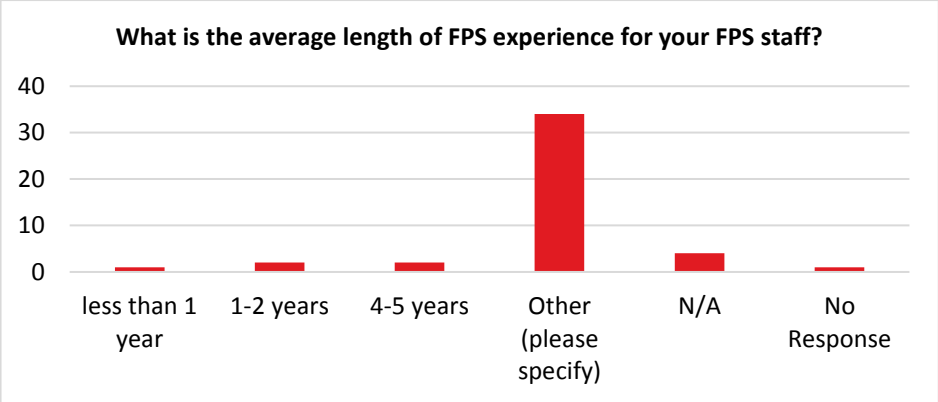
FTE

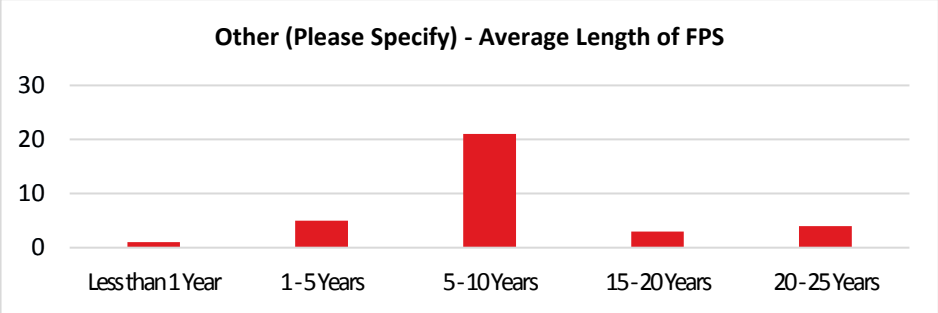
The range of staffing within each administrator varies greatly and is difficult to compare given that administrators carry out different functions and some administrators provide a service across a range of FRAs.



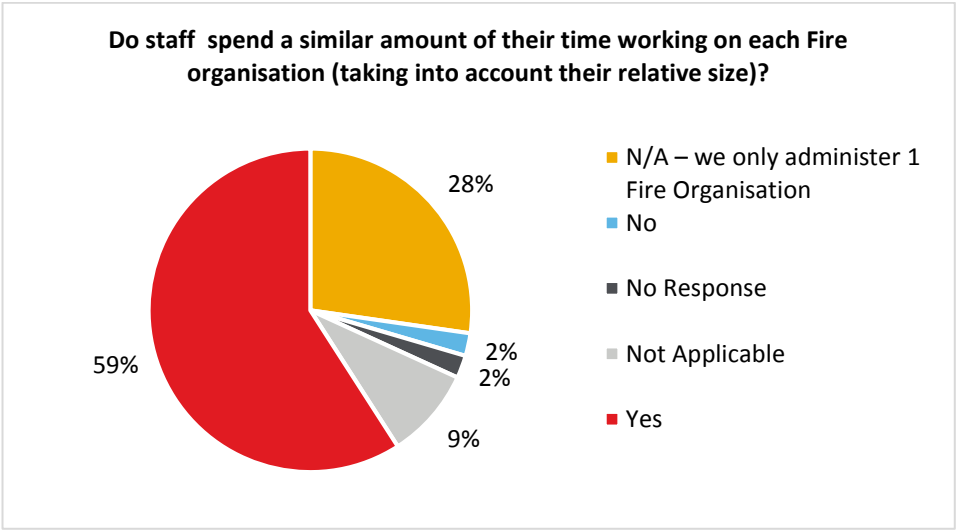
The range within the "other" category is quite varied with one administrator administering multiple FRAs employing 13 FTE staff and administrators with 1 FRA having fewer than 1 FTE members of staff.

Experience levels (measured by average length of Scheme experience) vary widely - a small number have less than a year's experience and some have 20-25 years' experience.



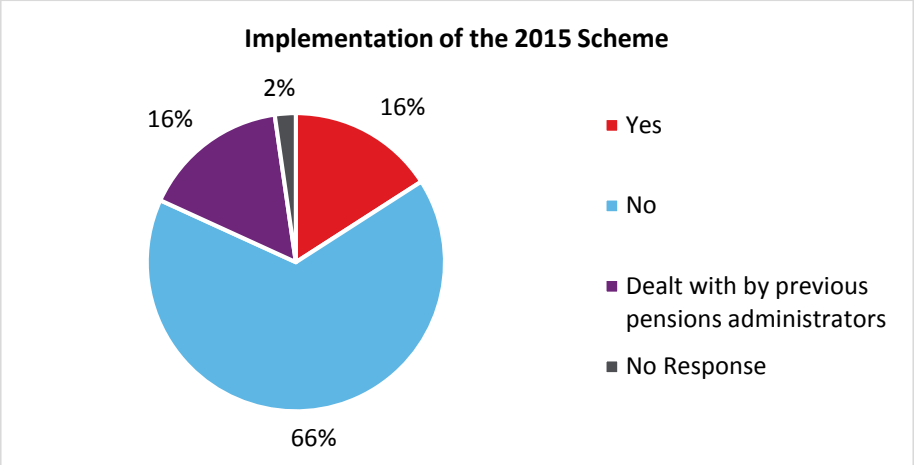


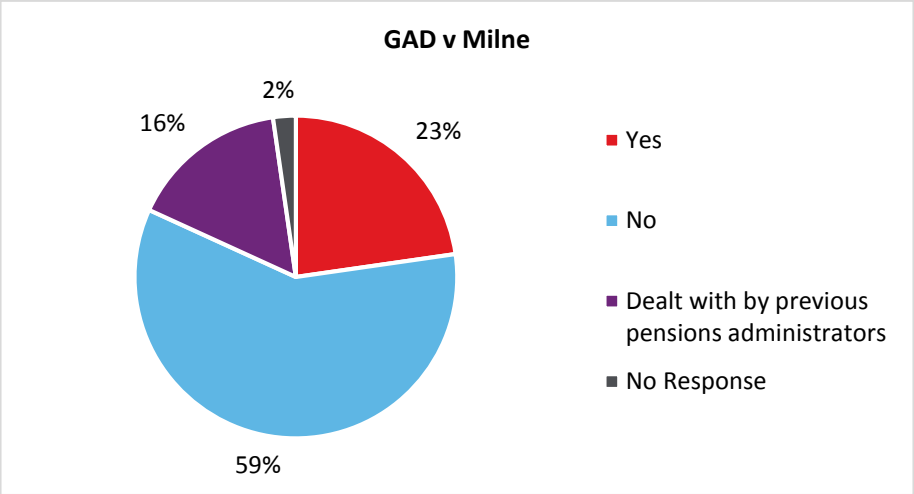
Given that a number of administrators provide services across a number of FRAs we asked how that time was allocated across FRAs. In almost all cases it appears that work across multiple administrators is equal, despite the fact that the FRAs themselves may be of a different size (noting too the range in terms of the member events administered over the year).

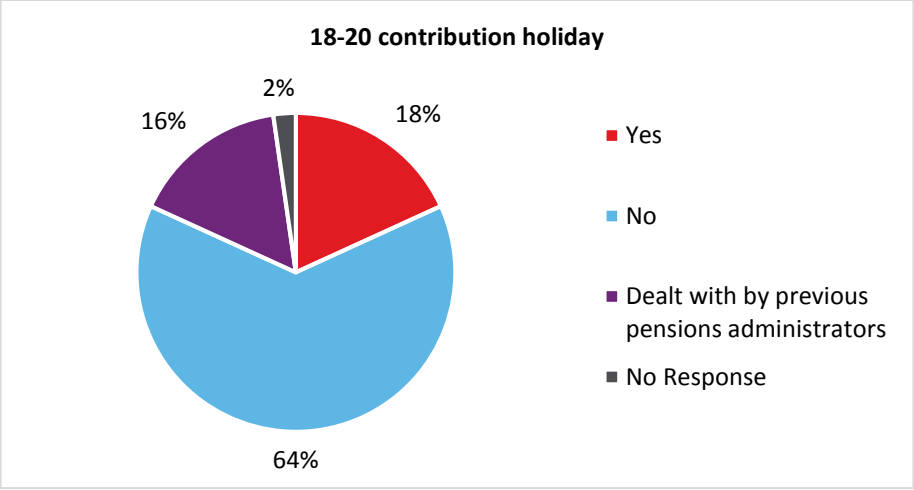


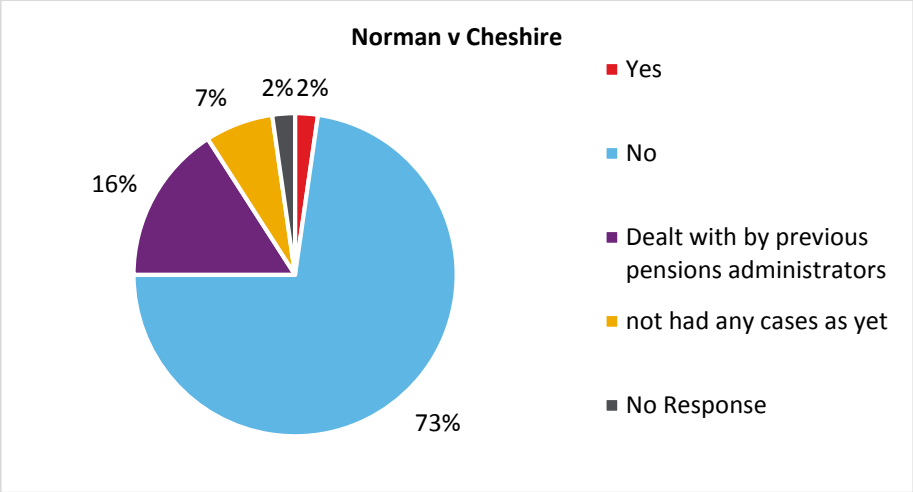
Special Projects

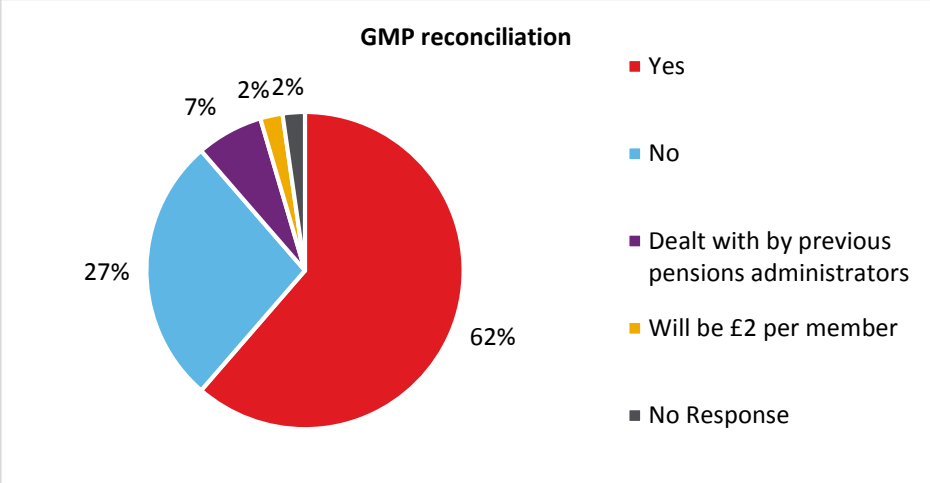
While most of the questions related to costs were included as part of the FRA survey, given there have been a number of high profile changes to the Scheme and one-off projects, the administrators' survey included a number of questions about whether they charged any additional costs for "special" projects in recent years. The findings from the survey are summarised in the graphs below:

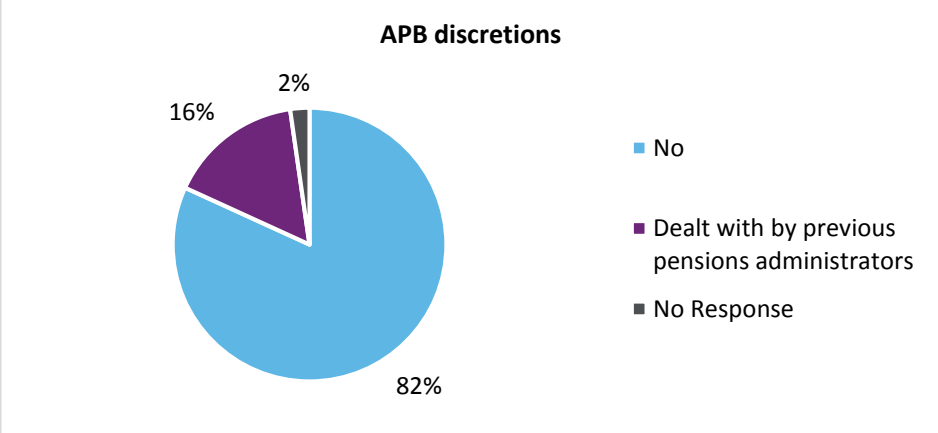

Implementation of the 2015 Scheme
2%
16%
16%
66%
Yes
No
Dealt with by previous pensions administrators
No Response

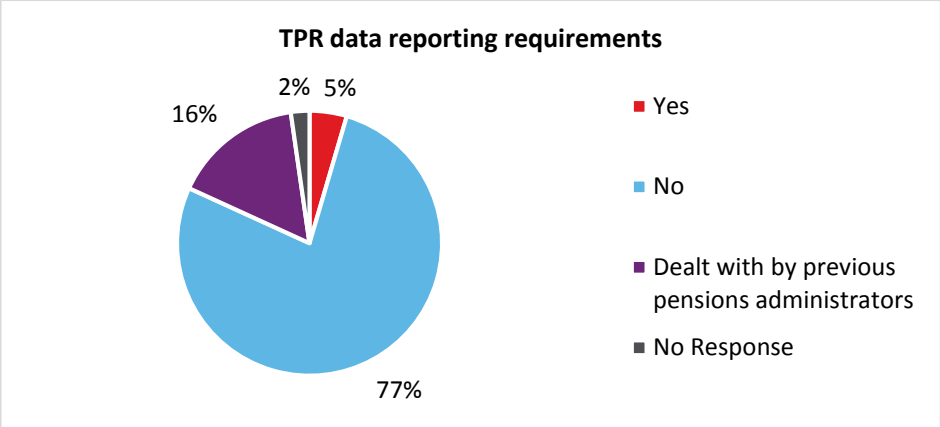

GAD v Milne
2%
16%
23%
59%
Yes
No
Dealt with by previous pensions administrators
No Response

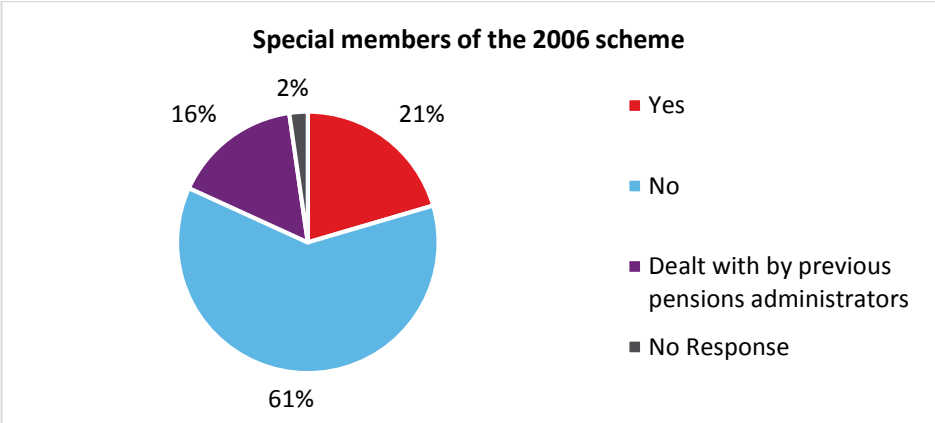

18-20 contribution holiday
2%
16%
18%
64%
Yes
No
Dealt with by previous pensions administrators
No Response


Norman v Cheshire
7%
2%
2%
16%
73%
Yes
No
Dealt with by previous pensions administrators
not had any cases as yet
No Response


GMP reconciliation
7%
2%
2%
27%
62%
Yes
No
Dealt with by previous pensions administrators
Will be £2 per member
No Response


APB discretions
2%
16%
82%
No
Dealt with by previous pensions administrators
No Response





Some respondents also noted other areas including one stating that communications exercises on top of regulation changes are an additional cost. Another respondent indicated that for all work, software costs and staff time are recharged to the employer (i.e. the FRA).

Apart from the additional duties carried out in respect of the GMP reconciliation, where 62% of administrators charged FRAs for that work, the other special projects saw only a small number of administrators recharging costs to the respective FRA.

This doesn't seem consistent with the information on costs provided by the FRAs where around one-third of FRAs provided costs for most special projects (11 FRAs) although fewer provided costs for APB discretions (7) and TPR data reporting requirements (8).

4. Fire and Rescue authority (i.e. Employer) findings

Introduction

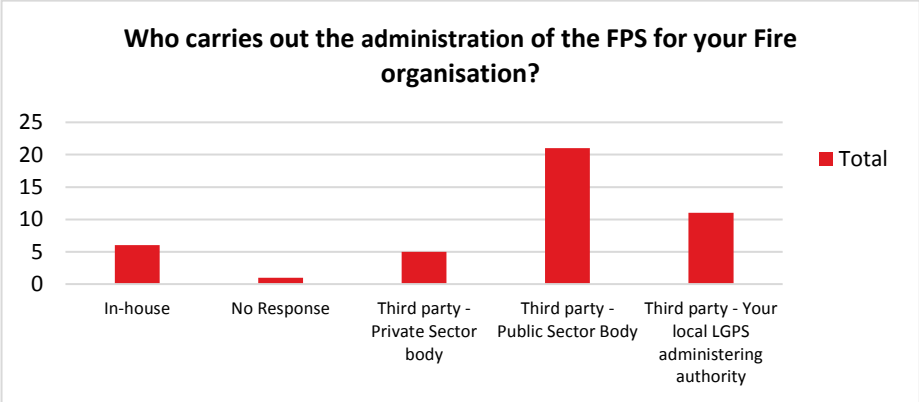
Scheme Managers are ultimately responsible for the administration and management of the Scheme at a local level. The responses to the employers' survey provide insights into resource levels, costs, understanding of responsibilities and other areas.

Structure / information in place

Who carries out administration

The administration services for FRAs vary. The majority are provided by a third-party, then a public sector body, then a third-party via a Local Government Pension Scheme (LGPS) administering authority followed by a third-party private sector provider. The lowest response was for in-house provision which was 6 respondents. However, our understanding is that there are only 2 FRAs whose administration is genuinely in-house. 1 FRA did not provide a response to this question.

The trend in using a third-party may be due to the complexity of the Scheme and a perception that administration can be carried out more effectively by an organisation which administers the Scheme for multiple Scheme Managers.



Have administrators changed in last three years?

32% of FRAs have changed administrator in the last 3 years (or are planning to change).

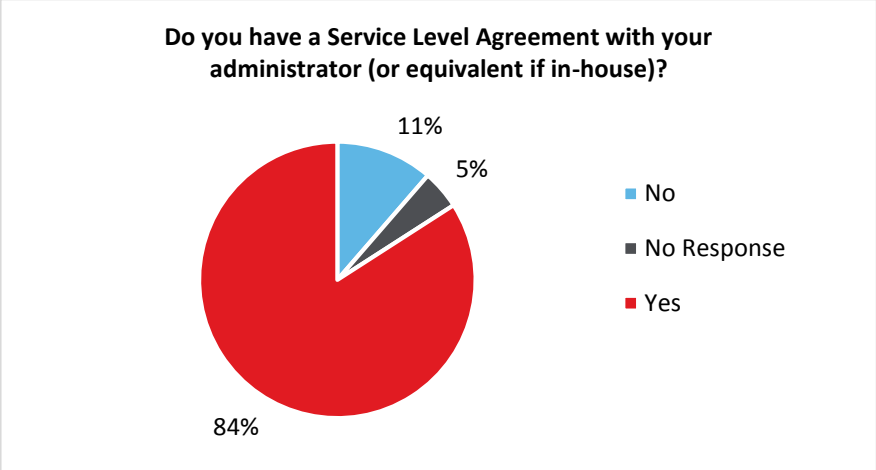
Reasons for any change (or future change)

Reasons provided for changing administrator include:

- Cost effectiveness
- Unsatisfactory service levels
- End of contract/previous administrator did not retender
- Lack of necessary resources or expertise
- Other reason (these referred to structural changes elsewhere impacting on the administration of the Scheme)

Service level agreement (SLA) in place with administrator

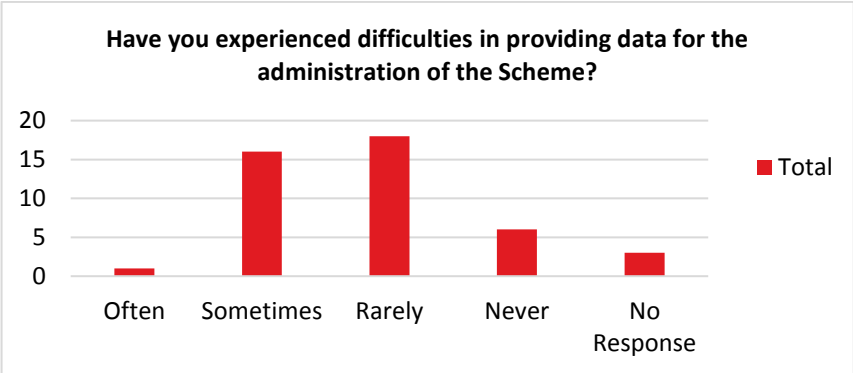
84% of FRAs said they have an SLA in place with their administrator. 89% of administrators (or 39) indicated that they have an SLA.



Data

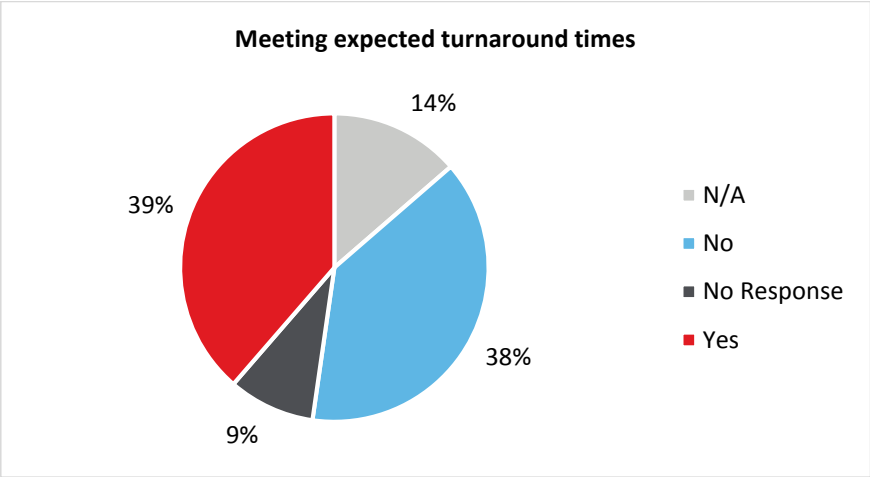
Difficulty providing data to administrator

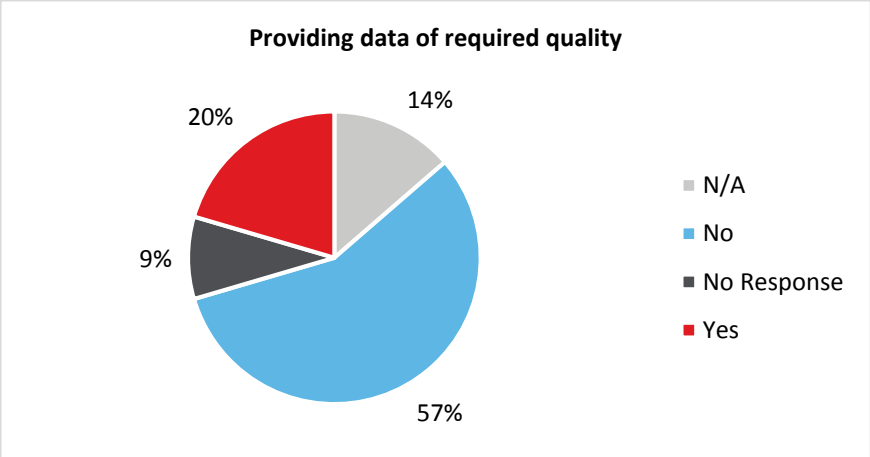
FRAs were asked if they experienced difficulties in providing data for the administration of the Scheme. The majority indicated that they rarely or never do, but a significant number sometimes experience difficulties, with a small number often experiencing difficulties.

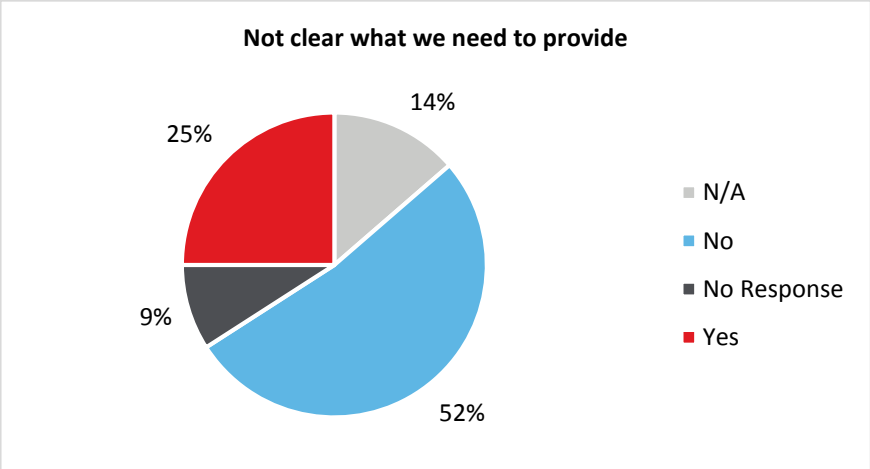


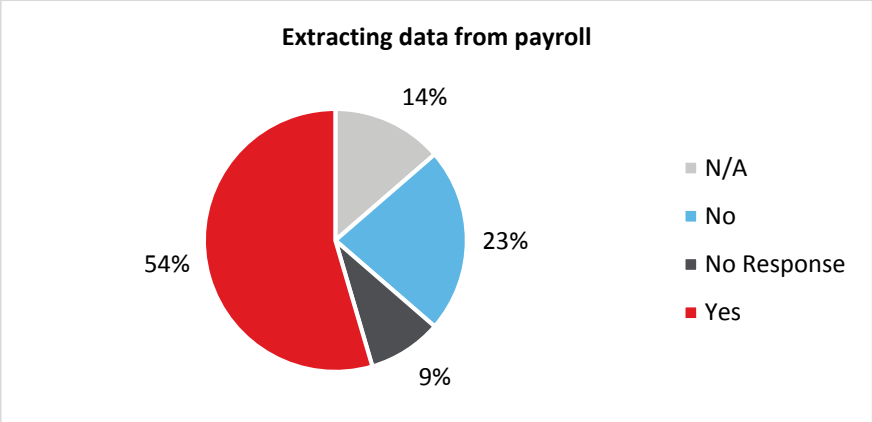
Where are those difficulties presenting themselves?

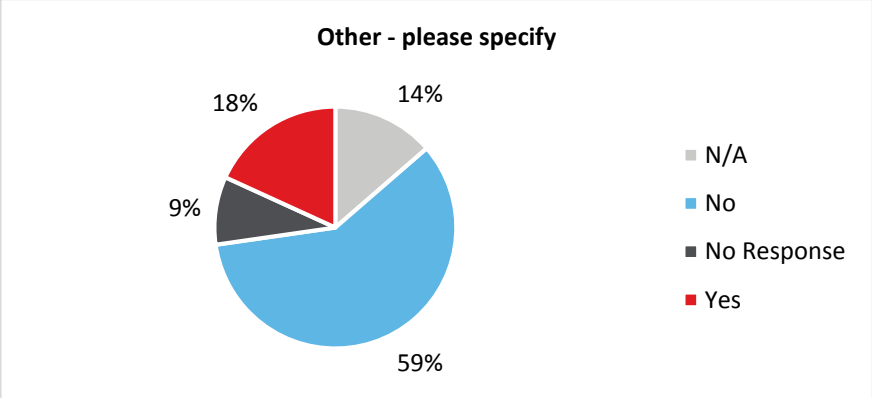
The charts below set out where FRAs indicated they were experiencing difficulties.











"Other" responses included difficulties due to externally administered payroll and pensions where the FRA is unsure of level of communication between two services. Challenges were also noted in extracting information from payroll to pensions systems and in relation to the 2006 scheme for special members.

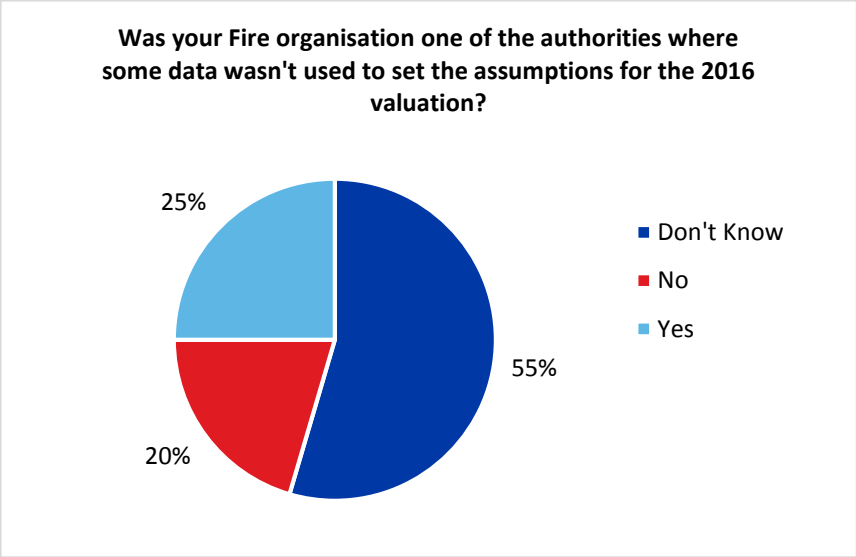
2016 valuation data issues

The Government Actuary's Department (GAD) excluded data from a number of FRAs when carrying out an analysis of membership movements for the purpose of the 2016 valuation of the Scheme:

- 17 FRAs' data was excluded from the mortality experience
- 18 FRAs' data was excluded from the age retirement experience
- 15 FRAs' data was excluded from the ill health experience
- 15 FRAs' data was excluded from the death-in-service experience
- The data on family statistics was only deemed to be credible for 10 FRAs.

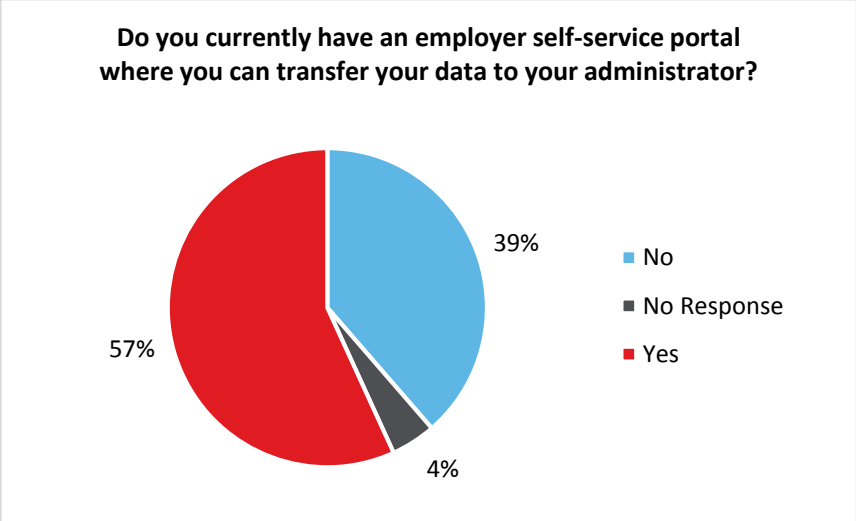
FRAs were asked if they were one of the authorities where some data wasn't used to set the assumptions for the 2016 valuation. Most do not know if that is the case. However, we understand that all Scheme Managers were told if their data was excluded and were provided with information by GAD. It is possible that it is simply a function of the person completing the survey on behalf of the FRA not being aware of it. Yet, on the face of it, it is not clear how FRAs can be confident that their data is

accurate if they do not know if any of their data was excluded from the 2016 valuation experience analysis.



Employer self-service

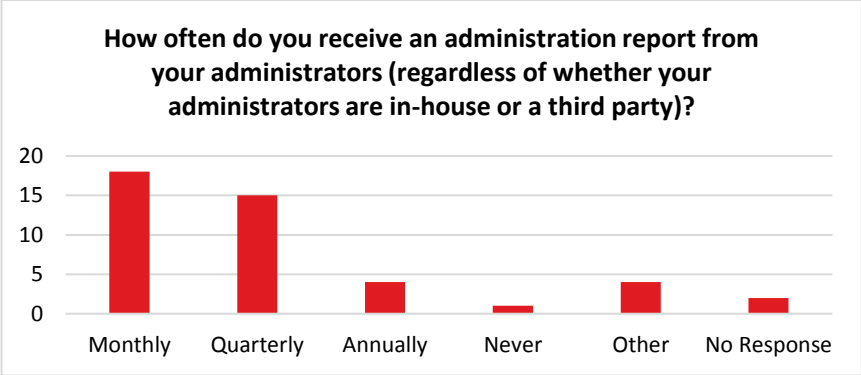
Only 55% (or 25) of FRAs indicated that they have an employer self-service portal where they can transfer data to their administrator. 57% (or 26) administrators indicated such facilities exist, highlighting a slight inconsistency between survey responses.



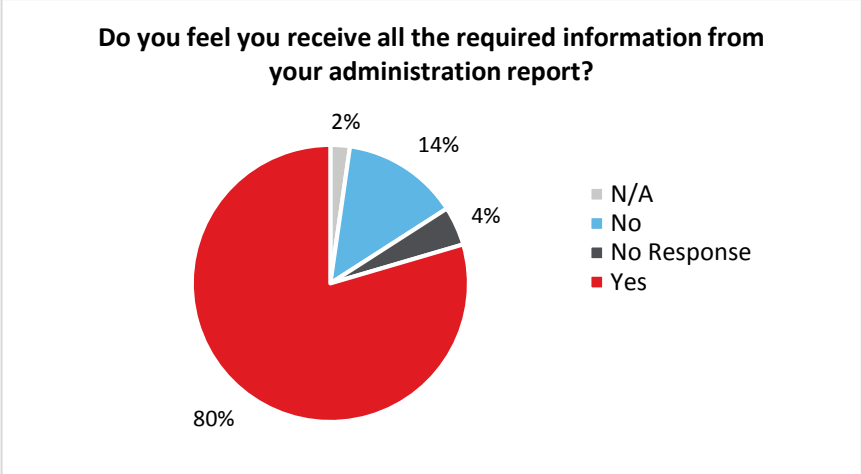
Reporting

Administration reports

FRAs were asked how often they receive administration reports from their administrators. Many receive them monthly but there is a range of timeframes in operation.

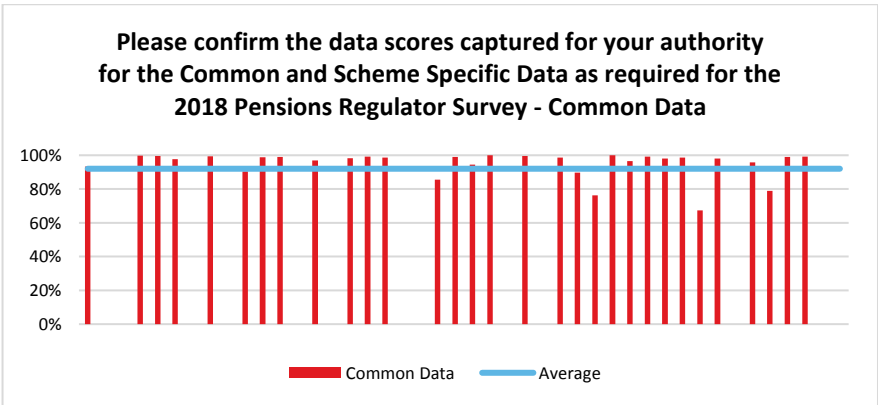


Almost all FRAs (80%) feel they receive the required information from the administration report.

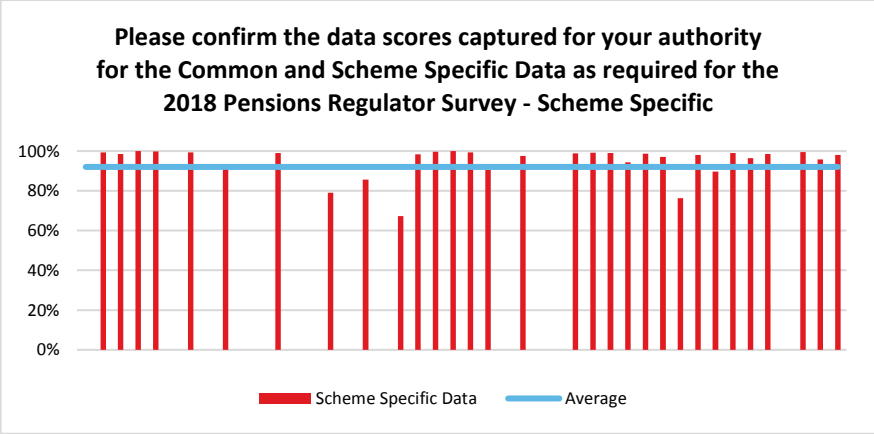


Scheme level reporting information to TPR (Inc. common and scheme specific data)

As noted above in the administrator survey findings, FRAs (in conjunction with their administrators) were asked if they had provided TPR with data scores for Common and Scheme Specific data in the 2018 return. 31 FRAs provided data scores for common data (compared to 38 administrators) and 31 provided scheme specific data (compared to 34 administrators).



**Averages in above chart exclude nil responses*

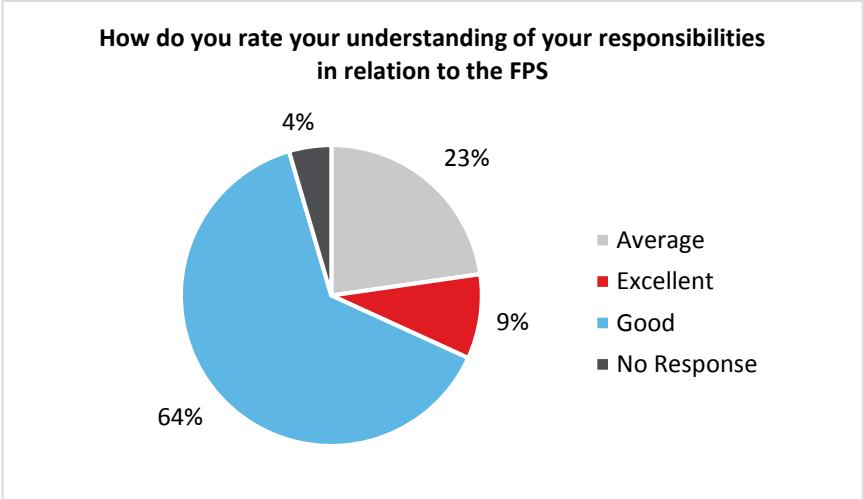


**Averages in above chart exclude nil responses*

Roles and responsibilities

Understanding roles and responsibilities

The majority of FRAs rated their understanding of their responsibilities in relation to the Scheme as good or excellent. Almost a quarter of respondents consider their understanding levels to be average.



How easy is it to make decisions re discretions?

The Scheme rules set out areas where FRAs have to make a decision which affects a member's benefits, such as what constitutes pensionable pay. Most (66% of FRAs) find making decisions regarding discretions difficult and the reasons seem to mainly stem from the complexity of benefits (64% of FRAs) and the frequency of changes in legislation and case law impacting on benefits (64% of FRAs).

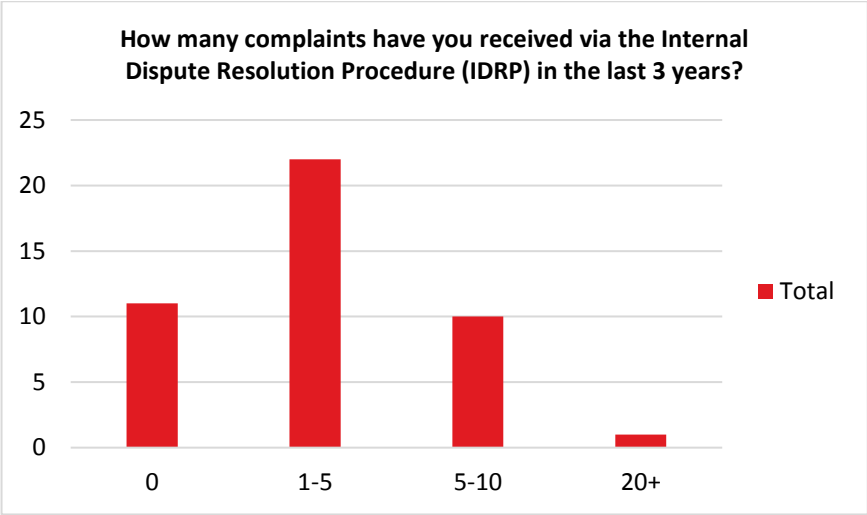
Unlike administrators, FRAs didn't think scheme members had high expectations with only a quarter (27%) indicating they thought that was the case. Only 16% indicated that lack of support nationally was a concern. All felt that locally they were supported in undertaking their role.

Complaints

IDRP

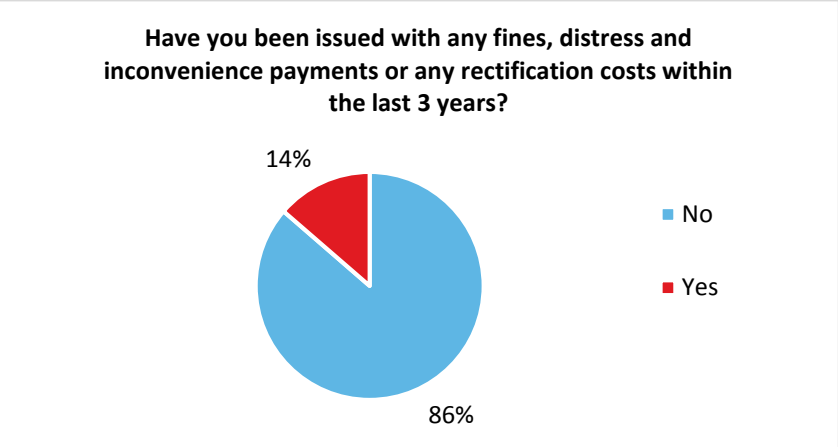
FRAs were asked to set out how many complaints were received via the Internal Dispute Resolution Procedure (IDRP) in the last 3 years. Most

had between 1 and 5, with one having more than 20. Many of the comments referred to the challenges relating to the 2006 scheme for special members.



Fines/distress/inconvenience payments

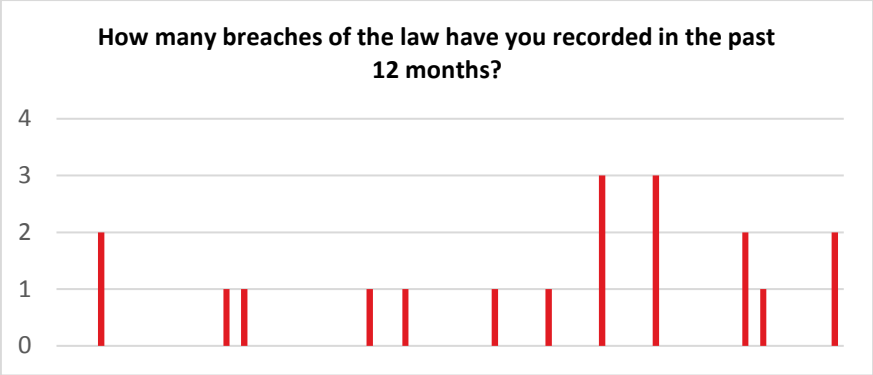
Very few FRAs (5) have been issued with a fine, distress or inconvenience payment or rectification costs in last three years, with costs ranging from £1,000-5,000.



Breaches

Quantity and materiality

The number of breaches recorded ranged from 0 to 3, with 31 FRAs recording no breaches of the law. Fewer were reported to the Regulator as material breaches.



Costs

Costing information was obtained across 3 distinct categories including:

1. Internal FRA staffing
2. External Administration fees and software costs and
3. Special projects and other costs

In general, we have assumed that the cost information submitted by FRAs is complete and accurate. We are unable to test data accuracy as there are no apparent patterns/trends. We have also assumed that staffing costs reflect the position from 2017/18. Where data was not submitted the FRA has been excluded from the analysis. In addition, when calculating costs per member for individual cost items we have taken the membership only from the FRAs which provided a non-zero cost for that particular item.

Costs - staffing

Staffing cost questions in the survey centred on Finance (33 respondents), Payroll (28 respondents), HR (30 respondents) and other departments (14 respondents). 4 FRAs provided no responses and these FRAs have been excluded from the analysis of staff costs.

We have provided a summary of the average of Full Time Equivalent (FTE) posts broken down per department based on the responses received (note that not all FRAs who responded to this question provided costs), along with the average cost based on cost information provided. This question asked respondents to quantify the time spent on Scheme related matters.

Cost Type	Total Costs provided by FRAs	Average per responding FRA	Average per member (only FRAs who provided a cost figure)
Finance	£479,463.00	£14,529.18	£7.03
Payroll	£472,855.96	£16,887.71	£7.71
HR	£602,436.40	£20,081.21	£9.33
Other	£240,915.00	£17,208.21	£10.03
Total	**£1,795,670.36**	**£68,706.32**	**£34.11***

*This varied from £24.51 for FRAs with over 2,000 total active members (as supplied by GAD as at 31 March 2016) to £47.26 for FRAs with between 500 and 1,000 total members.

FTE Type	Total FTEs provided by FRAs	Number of FRA responses
Finance	15.51	36
Payroll	17.84	31
HR	19.33	34
Other	5.27	13

Costs – external administration fees and software costs

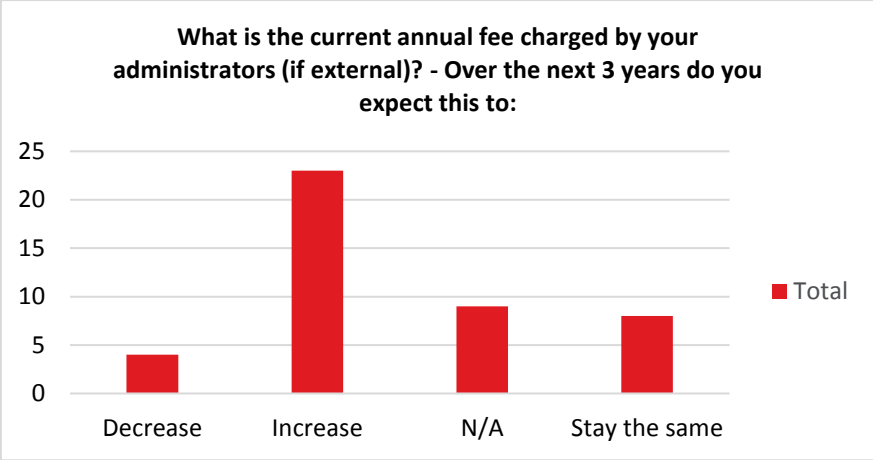
External administration fees

FRAs were asked for details of the fee charged by any external administrator in respect of 2016/17, 2017/18 and whether that fee was likely to increase/decrease/stay the same in the near future. 35 responses were received but 7 FRAs either did not respond or supplied incomplete/inaccurate data. Those 7 have been excluded from this data analysis. Anecdotal evidence suggests the reasons for missing/incomplete data are that if FRAs do not hold that data they cannot split it out or they simply do not know.

Year	External Administration Fees	Number of FRAs which provided costs	Average per responding FRA
2016/17	£1.711M	30	£57,047.30
2017/18	£1,855M	35	£53,003.43

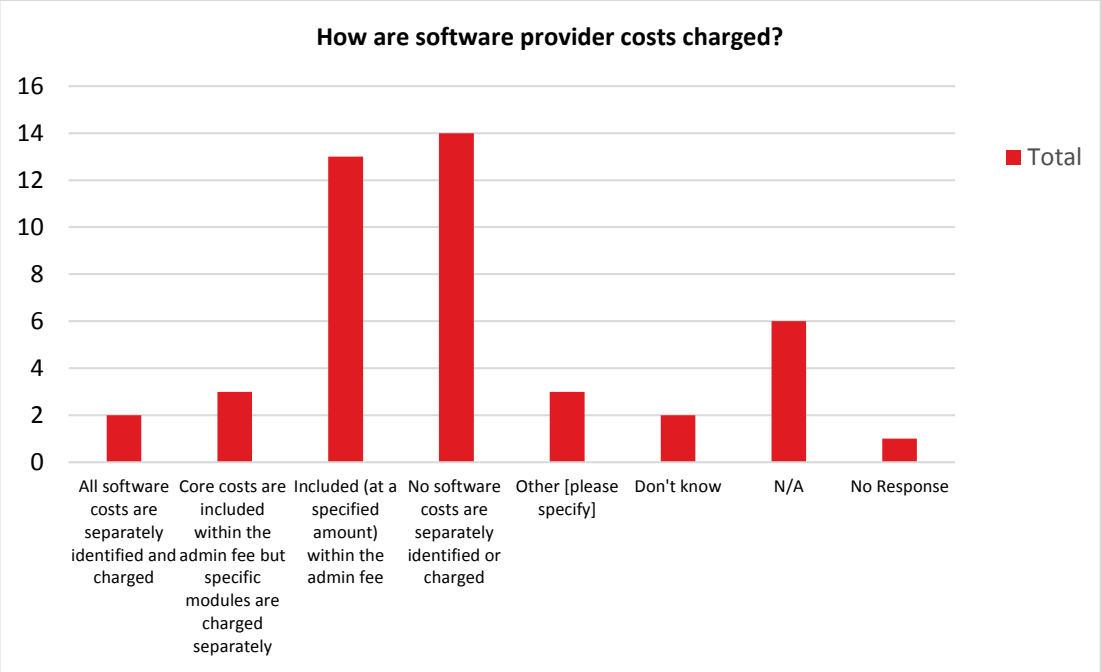
** In 2016/17 this varied from £25.16 for FRAs with above 2,000 members to £37.63 for FRAs with between 500 and 1,000 members.*
*** In 2017/18 this varied from £25.09 for FRAs with between 1,000 and 2,000 members to £38.51 for FRAs with between 500 and 1,000 members.*

In most cases the costs provided in 2017/18 were higher than in 2016/17, but the overall average per FRA has fallen. This may be due to a number of smaller FRAs outsourcing administration between 2016/17 and 2017/18 but there may be other factors too, noting that the average cost per member actually increased slightly. 31 FRAs said future administration costs are likely to stay the same or increase whereas 4 FRAs have said they are likely to decrease.



Software supplier costs

We asked how software costs are charged and what the costs were for 2016/17 and 2017/18. We expected to receive software costs for 24 FRAs based on how they answered the question on how costs are charged and/or the costs that have been provided. We actually received 15 responses and 6 of those respondents were unable to confirm how those costs are charged.



Year	Software supplier costs	Number of FRAs which provided costs	Average per responding FRA
2016/17	£273,920,	14	£19,565.71
2017/18	£320,925	15	£21,395.00

** In 2016/17 this varied from £5.33 for FRAs with more than 2,000 members to £21.21 for FRAs with between 500 and 1,000 members.*

***In 2017/18 this varied from £9.18 for FRAs with more than 2,000 members to £16.41 for FRAs with between 500 and 1,000 members.*

Costs – special projects

Special Projects

We asked FRAs to provide additional (estimated) costs that they incurred for implementing/rectifying cases for 8 special projects listed in the table below. We asked FRAs to include internal and external costs.

Special Case	Costs provided*	Number of FRAs which provided costs	Average per responding FRA	Average per member
Implementation of the 2015 Scheme	£288,354	14	£20,596.71	£10.91
GAD v Milne	£67,195	12	£5,599.58	£3.23
18-20 contribution holiday	£22,394	13	£1,722.62	£0.93
Retrospective pensionable pay issues including Norman v Cheshire	£194,520	14	£13,894.29	£7.31
GMP reconciliation	£193,260	16	£12,078.75	£4.72
APB discretions	£43,821	7	£6,260.14	£2.91
TPR data reporting requirement	£45,306	8	£5,663.25	£3.89
Special members of 2006 scheme	£236,319	15	£15,754.60	£9.63
Total	**£1,091,169**		**£81,569.94**	**£43.53**

** We have excluded data which appeared to be unreliable, covering GAD v Milne costs (which may have included payments to members) for 2 FRAs and 18-20 contribution holiday costs for 1 FRA.*

What is included in costs

In response to the question, what is included within your (estimated) costs [for special projects], answers were as follows:

- Legal advice included by 9 FRAs
- Extra in-house staff time included by 16 FRAs
- Administrator fees included by 19 FRAs
- Other advisory fees included by 2 FRAs
- Other (including systems/payroll/resources costs, software development or explanation about how costs absorbed) provided by 9 FRAs

Other annual costs

We asked FRAs what the annual costs for other FPS related activities were. Not all FRAs provided these costs. The 6 FRAs who provided "other" costs indicated that these related to actuarial costs, year-end returns, lump sum payment costs, pensioner payroll checking costs and attendance at various meetings and committees.

Special Case	Costs provided	Number of FRAs which responded	Average per responding FRA	Average per member
IAS19 advice and reporting	£216,219,21	29	£7,455.83	£3.73
Cashflow forecasts to Home Office	£29,715.57	12	£2,476.30	£1.82
Other	£23,445.00	6	£3,907.50	£2.32
Total	**£269,379.78**		**£13,839.63**	**£7.86**

Cost of admin in the context of member benefits being paid at right time

We asked how FRAs rated the costs for administering the Scheme in the context of ensuring members receive the right benefits at the right time. This was not in relation to employer contribution rates but rather about the provision of the administration of the Scheme.

All FRAs responded to this question:

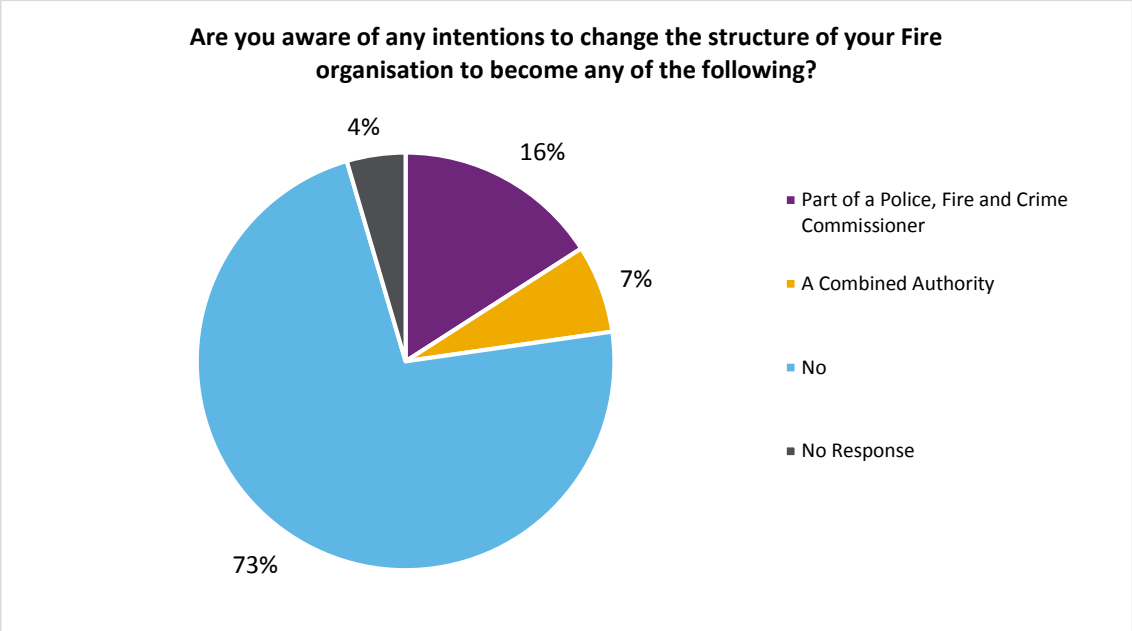
Rating	Number of FRAs
Too costly	7
About right	33
Not enough	2
Indicated they offer value for money	1
No response	1

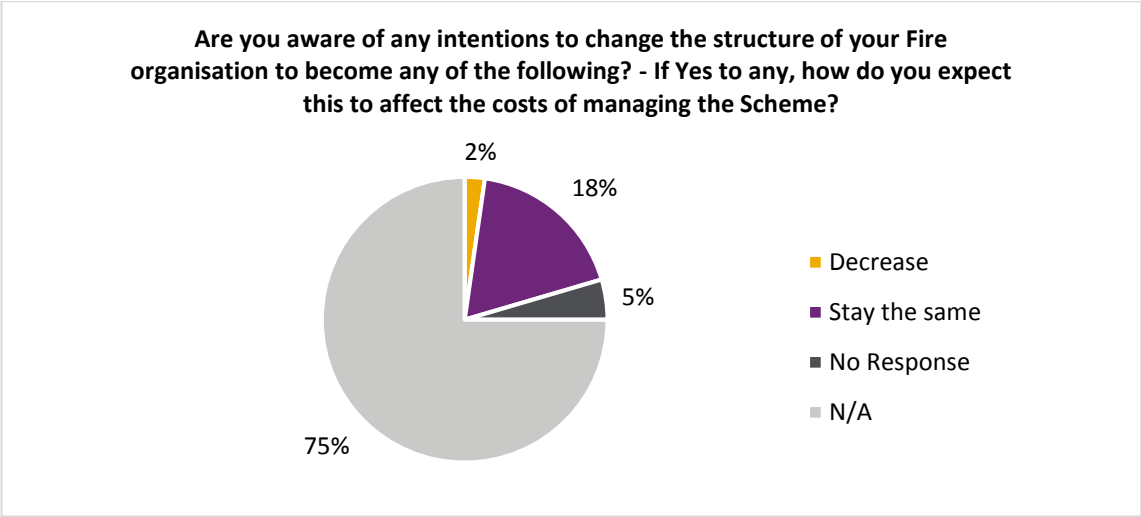
The total costs over 2017/18 as per the above analysis was then £5.33M, of which £1.09M was in relation to special projects. This is equivalent to £120.33 and £43.53 per member respectively. The total costs by size of FRA (by total membership) ranged from £260.78 for those with between 500 and 1,000 members to £84.72 for those with over 2,000 members. Excluding special projects, the range was £120.40 to £60.89 per member.

Future look

Potential changes to FRAs (i.e. employers)

FRAs were asked if they are aware of any intentions to change the structure of the FRA and where the answer was "yes" they were also asked how that might affect cost of managing the Scheme.





Suggested changes to Scheme

Asked if there was one thing they could change about the Scheme, FRAs (and administrators) provided a range of suggestions. The responses were similar across both groups. Many focused on the need to reduce the complexity of the Scheme, suggesting greater simplicity across the range of benefits offered and consistency across the different tranches within the Scheme.

Other suggestions included:

- simplifying the tax issues
- removal of the confusion around to which scheme new/additional contracts should apply
- removal of the modified scheme and discretions.
- More use of joint Local Pension Boards and national guidance.

Further detail is set out in the summary of findings section.

5. Members findings

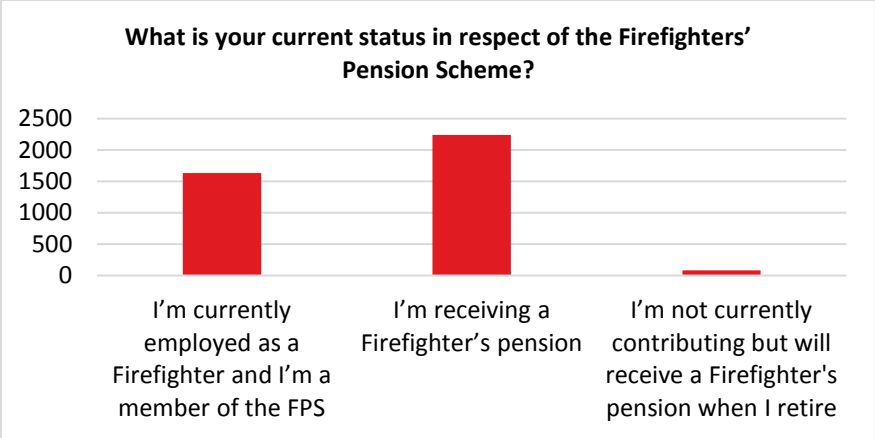
Introduction

A key objective of the report was to capture views across stakeholders. Ultimately, the Scheme is administered for the benefit of members, so we sought to capture members' views on the effectiveness of the administration of the Scheme. While only a small proportion of the total membership responded, the views provided are still very valuable and have been taken into account in framing our recommendations.

Our thanks goes to all those who publicised this survey.

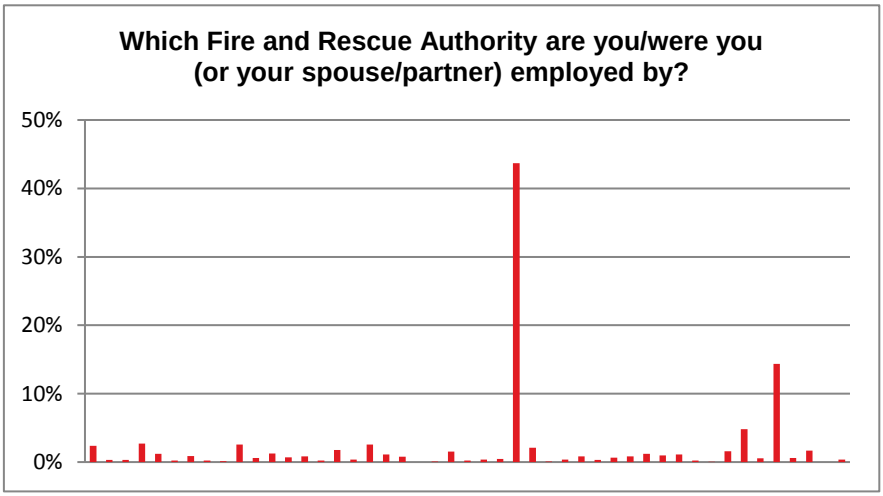
Responses

3,958 responses (or 4.40% of the Scheme's membership) were received from scheme members to our member survey comprising 1,634 active members, 2,240 in receipt of a pension and 84 deferred members of the Scheme.



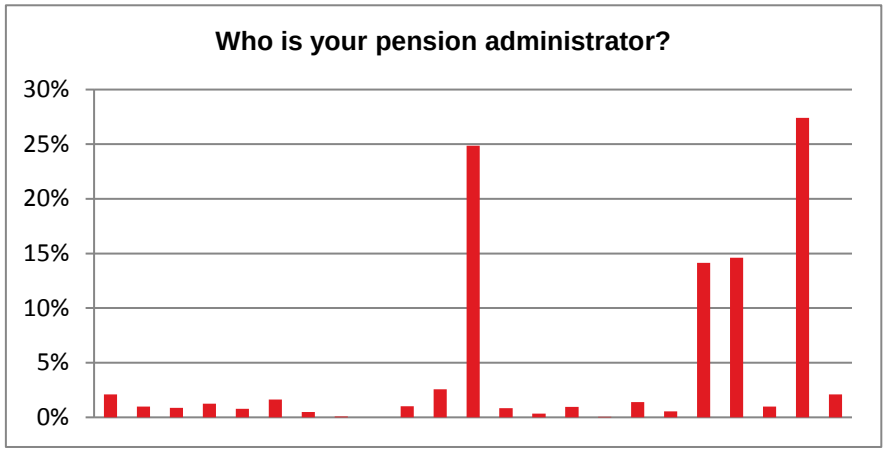
Fire authority

All but 1 FRA are represented in the members responses with 2 FRAs having significantly greater representation from those members who responded.



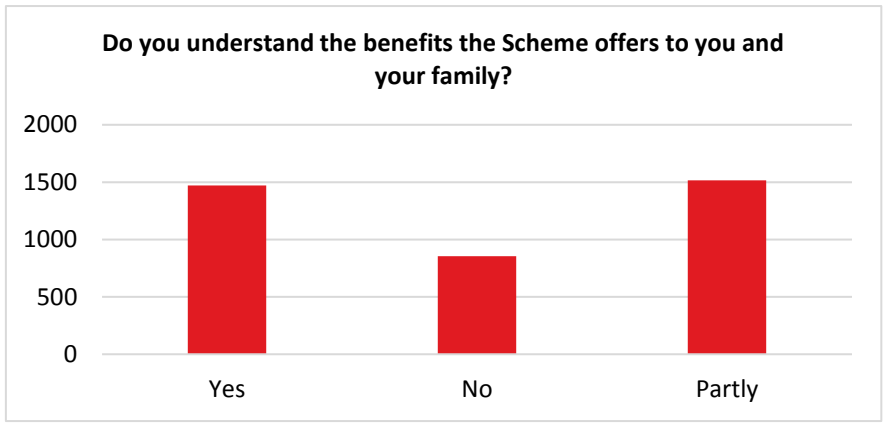
Pension Administrator

27% of members who responded to the survey (and one might assume therefore are engaged on pensions matters) do not know who their administrator is.



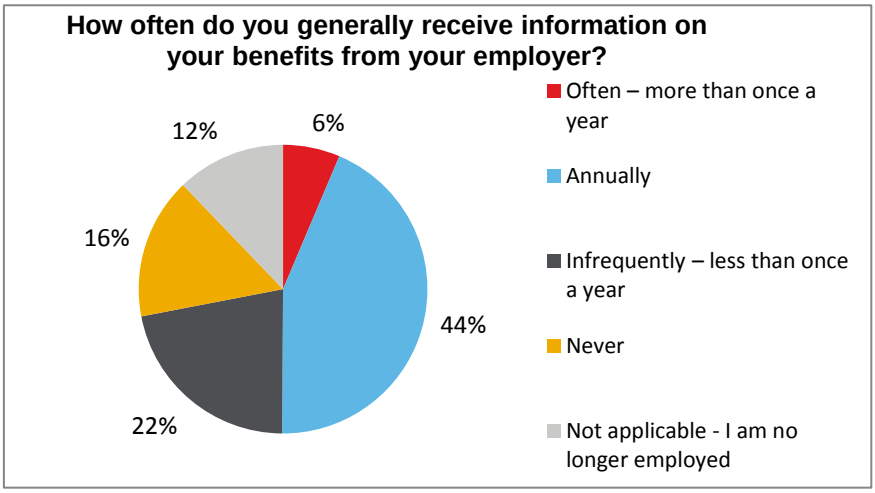
Understanding

Over 1,500 members partly understand their benefits and 855 do not understand their benefits, meaning less than half of those responding understand the benefits.



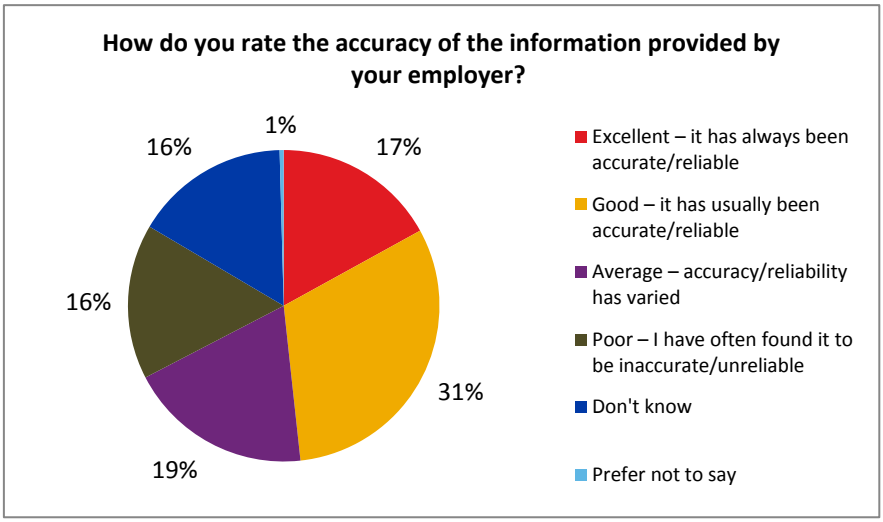
Frequency of information

16% of respondents never receive information from their employer (the FRA). Supplementary comments suggests these are largely members in receipt of a pension.



Accuracy of information

Almost half of respondents indicated that information received is excellent or good in terms of reliability. More information may be needed to understand why nearly a third (32%) either don't know or believe the accuracy of information to be poor.



View on information from FRA

We asked for the views of Scheme members (and their dependants) on the information they get from their FRA and whether the FRA answers questions/requests in a timely, clear and helpful manner and through the appropriate method of communication. Responses also set out views on whether communication is clear and concise, whether the FRA provides regular updates on Scheme changes and provides documents and guidance in a timely manner.

Across the latter 3 questions a sizable minority (around 33%) indicated that they disagreed or strongly disagreed with the statements that their FRA provided clear and concise information, documentation and guidance in a timely manner and regular updates on scheme changes. It is not clear whether this is because such communication is viewed as being the role of the administrator or because some FRAs are falling short of members' expectations in these areas.

Comments

The survey also provided the opportunity for members to provide comments on the service they receive.

There were several positive themes emerging from responses including praise for newly introduced self service functions, confirmation that pensions paid are generally paid on time (although several delays were noted in widow(ers) first pension payment being made), and testimonials to several Scheme staff at various FRAs. Pension seminars and roadshows that are held also drew praise and appeared welcomed by active members.

Despite the positive comments, there were also negative trends with suggestions that some members feel like they are causing problems when raising questions and some state that unless they are nearing retirement their case is treated as insignificant by FRAs/administrators. Comments were also made suggesting that a key person risk exists following several indications that only 1 individual (from the FRA/administrator) is able/capable of answering particular queries.

Although the responses to questions above suggests that the communications received are fairly well understood, a high volume of comments indicates that there is confusion around ABSs.

It was evident that there is a clear appetite for electronic communications and further self service capability. There were also several suggestions for Scheme materials to be available online such as calculators, models and the use of videos to explain certain topics.

Suggested changes to Scheme

Asked if there was one thing they could change about the Scheme, members provided a range of suggestions. Many focused on communication, with calls for clearer documentation of the Scheme's benefits written in plain English with little or no jargon. Retired members indicated that they would like to receive more pensions-related communications, such as confirmation of the annual Pensions Increase amount and an annual newsletter in paper format. There were also suggestions that the Scheme should embrace technology as a communication tool including online self-service facilities, online calculators, videos to supplement documentation and an application that could be accessed via smart phones and devices.

Members would also appreciate greater transparency on how certain aspects of members' benefits are calculated, including CPD payments and what pay elements are pensionable.

Members also referred to tax issues with suggestions for guidance to be provided on potential impacts if a member is promoted.

Other suggestions included

- calls for the current abatement rules to be relaxed
- a plea for stability in member contribution rates to stop members feeling like there is no other alternative but to opt out of the Scheme
- documenting the required process when a pensioner dies to ensure a survivor's pension is paid as quickly as possible
- extending Scheme knowledge across organisations to reduce a key person risk.

It should be noted that whilst there were a number of comments suggesting change, there were a number of responses stating that they would not change anything about the Scheme.

6. National support and advice

Introduction

In both the administrator and FRA surveys questions were asked about how respondents rated the guidance and support provided by the LGA, the Home Office and Regional Fire Pension Officers' Groups. Views were also sought on respondents' awareness of the new Firefighters' Pension Schemes Regulations and Guidance website. Understanding how both sets of stakeholders view the guidance provided should assist the Board in understanding what is currently working well and where there may be opportunities to provide further advice and information to assist FRAs and administrators. This does however need to be viewed within the context of whether or not existing guidance is being used.

Support from national and regional bodies

In the survey respondents were asked to rate how good the guidance and support from the LGA, Home Office and Regional Fire Pension Officer Group was on a scale of 1 (very poor) to 4 (very good).

The LGA received very positive responses with 24 FRAs scoring them as very good and a further 18 scoring them as good. From administrators 35 rated LGA as very good and 4 rated them as good.

The Home Office received a more variable response, 2 FRAs scored their guidance and support as very good, 11 as good, 23 as poor and 6 as very poor. Two did not provide a rating with one FRA indicating that they did not use information from the Home Office website. From administrators the responses correlated closely with those from the FRAs with 2 scoring them as very good, 12 as good, 24 as poor and 1 as very poor.

The views provided regarding the Regional Fire Pension Officer Groups were mixed and this appears to be based on the frequency of the meetings in each region. 10 FRAs indicated that they received very good support and advice from their group with 18 indicating a good rating,7 stating it was poor, and 3 indicating it was very poor. 6 provided no rating. The comments relating to those that didn't provide a rating seem to indicate that there has not been a meeting in the north west region during the past year. The scores from administrators for each FRA are more positive for these groups with 11 rating guidance and support as very good, 28 as good and 1 as poor.

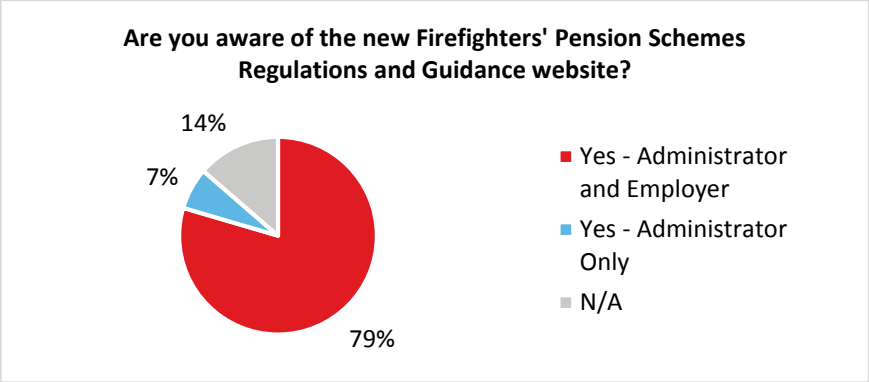
FRAs were also asked to indicate whether difficulties they have when making decisions are as a result of a lack of support nationally. Only 16% indicated that they felt that was a factor in making decisions relating to pensionable pay or ill-health early retirements. Comments provided suggest difficulties arise due to issues around pensionable pay as well as confusion around FRA responsibilities.

Reasons for the variability in responses could include personal experience for respondents and / or understanding and awareness of the information available. The Board should however consider what changes could be made to ensure that FRAs and administrators consistently feel they are being well supported by national and regional groups taking particular note of the complexity of the Scheme.

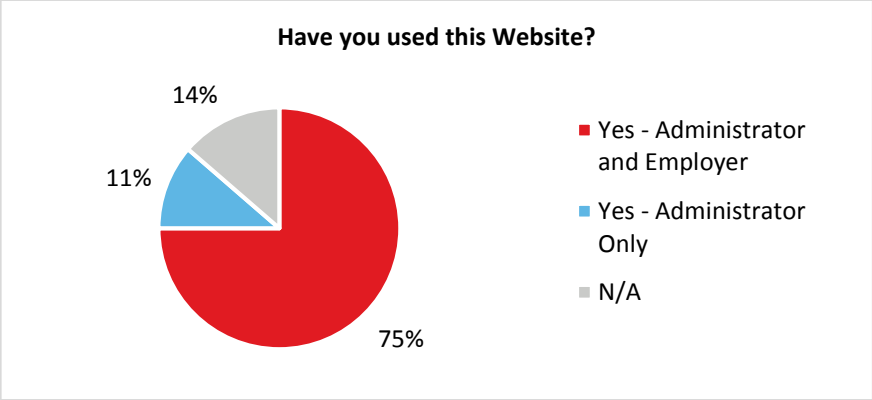
Views on new Firefighters' Pension Schemes Regulations and Guidance website

Views were sought on whether respondents are aware of the new Regulations and Guidance website (http://www.fpsregs.org) if they had used it and how they rated the content and ease of finding information.

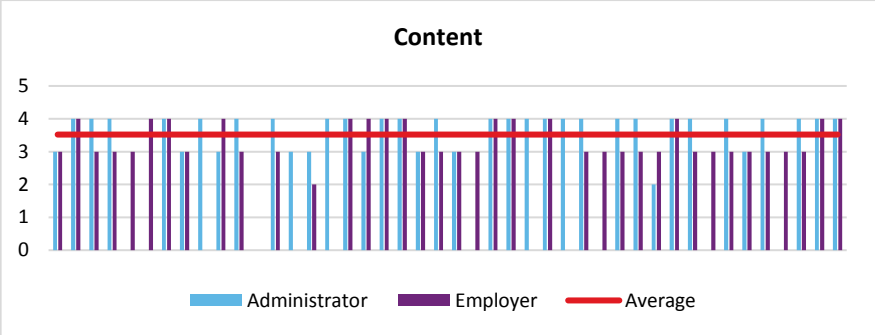
Most administrators (86%) are aware of the new website. 21% of FRAs and 14% administrators did not indicate they were aware of the website. We understand that steps are already in place to promote this website but the Board may wish to reflect on what more could be done to ensure all stakeholders are aware of the website. Our assumption is that the Scheme would be more effectively managed and administered if support which is already available were universally used.

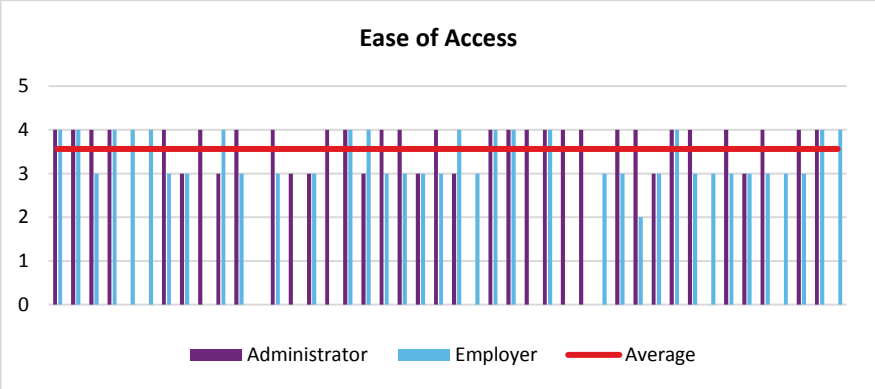


In terms of using the website, again the figures are higher for administrators than for FRAs. Across both groups three-quarters have used the site but consideration should be given as to if and how to extend its use to all FRAs and administrators given the breadth of information available via the site.



The ratings provided by both FRAs and administrators on the content and ease of access on the website were almost all positive, with a few comments provided which indicated that the site was in development.





Where additional support is required

Both FRA and administrators were asked to indicate where they felt additional support is required. Many provided details of topics on which they wanted more information and others requested support on the process and timeframe for receipt of information. A shortlist of responses from both surveys is added below for information.

FRA responses:

- Pensionable pay – clarification on the definition of pensionable pay to achieve a nationally consistent approach (including assumed pensionable pay guide)
- Pension abatement – how to calculate this, especially for retained firefighters
- Protected status – clarification on this in cases where a member takes on additional role(s) or returns within 5 years
- Annual allowance guidance
- Re-engagement and protected pension age
- Ill-health retirement – the role of HR and Occupational Health
- A modeller for 2015 scheme
- Simplified fact sheets and communication for FRAs to use for staff awareness e.g. HR administrators
- Reduction in discretions or an agreed national approach to discretions
- Information to be signposted more clearly and presented in a straightforward way to aid understanding at a transactional level

- More timely information, i.e. taking less time to share guidance on national issues/changes

Administrator response:

- Training available on all areas of scheme administration
- Scheme specific adapted version of the LGA's Annual Allowance factsheet for members of the LGPS
- Annual Allowance and tax information for members
- Timeline regulations for administrators
- Support with accessing information where there are historical, unusual and unique issues/enquiries
- National workshops days
- Information regarding transitional benefits for re-joiners
- Updates regarding court rulings and their effect on administration
- Compensation only scheme and added years help
- Pensionable pay guidance and information
- Further advice regarding submitting tax returns to HMRC

We understand that support and guidance in many of the areas listed above are already provided or are being developed by the LGA. We recommend that the Board considers these comments and what additional steps could be taken to enhance the use of existing support. In relation to administrators' requests for additional support, it is worth noting that administrators do not currently contribute towards the Board levy.

These comments also raise the question of the structure of the Scheme itself in relation to how it is managed and administered and in particular, whether 45 FRAs and 19 administrators is the most cost effective and efficient approach.

7. Summary of Findings

Introduction

The survey responses (and non-responses) highlight areas and themes which may require attention by the Board, FRAs, administrators and Local Pension Boards in order to ensure an effective and efficient administration service is being delivered to Scheme members.

This section seeks to summarise answers to the questions we highlighted in the introduction of this report including:

- Do members receive a good service and are the right benefits paid at the right time?
- What is the administration cost per member?
- What themes and patterns emerge from the evidence?
- Could anything be done differently or better (i.e. recommendations)?

Do members receive a good service?

Are the right benefits paid at the right time?

Interpretations of a good service may vary but as minimum a good service should be in line with what is legally required. We therefore start with assessing the extent to which this is the case.

There are various items of legislation[11] which set out the time limits for the provision of information to scheme members. A member of a pension scheme has rights to receive certain information without needing to request that information and within a time limit set out in legislation.

For example, a member should receive a notification of joining the Scheme 2 months from date of joining, or within 1 month of receiving jobholder information where the individual is being automatically re-enrolled.

From the 44 responses received from the administrators 9 (or 20%) either did not provide this information or provided information that would indicate that they do not always meet the legal timeframe.

For retirement benefits, a member must receive notification 1 month from date of retirement if on or after Normal Pension Age and 2 months from date of retirement if before Normal Pension Age. Here the service provided appears much better as almost all administrators responded to indicate that the timeframe they worked to was shorter than the period set out in legislation.

It is clear that we cannot indicate that the right benefits are paid at the right time to all members given the lack of clarification in the survey responses. From the responses received it is also clear that not all administrators are working to legal timeframes.

Online communications

Good service is more than just meeting legal requirements. We are living in a time where digital developments are ever increasing and with that brings the expectation from members to have access to digitalised platforms.

[11] Regulations include the Occupational and Personal Pension Schemes Disclosure of Info) Regulations 2013, the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 and Occupational Pension Schemes (Transfer Value) Regulations 1996. In addition, the Pension Schemes Act 1993.

64% of administrators do not provide members with an online self-service facility, although over half have indicated that they plan to do so in the near future. Bringing more online capabilities forward for members could help provide a better administration service to firefighters.

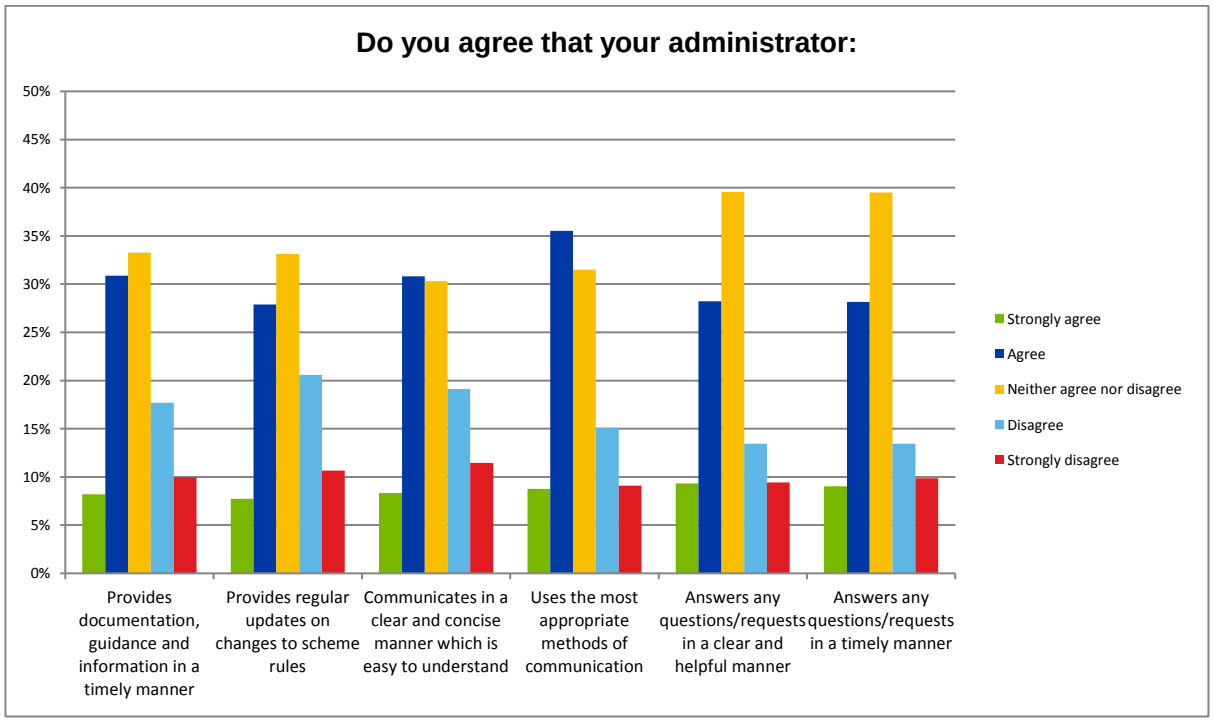
A good service to members also requires provision of information that is accurate and timely. 1 FRA indicated they often had difficulties in providing data for the administration of the Scheme and 16 FRAs sometimes had problems. Understanding how to reduce and remove challenges to the provision of data is key to provision of effective administration and ultimately a good service to members.

Complaints

The number of complaints through the Internal Dispute Resolution Procedure (IDRP) is a good barometer of whether members are receiving a good service. 11 administrators had no IDRP complaints, with 22 having between 1 and 5 in the last 3 years. 10 had 5-10 in the last 3 years while one administrator had over 20 in the last three years. While that final statistic is concerning the overall trend is positive regarding IDRP complaints.

Scheme member perspective

The views of scheme members are also paramount when evaluating the service they receive. The findings of that survey indicate that while many agree or strongly agree that they get information and that it is clear and concise, the majority didn't comment with more strongly disagreeing in all cases than strongly agreeing.



From the evidence available it would be difficult to say that administration is effective and a good service is in place for all members. We have made recommendations in the next section about how improvements could be achieved.

What is the administration cost per member?

By taking annual costs of FRA staff, the administration costs paid by FRAs, additional cost for administration systems and other annual costs for the Scheme related activities we have worked to arrive at a cost per member for the Scheme. This has been challenging given that a number of FRAs did not provide complete information and we are unable to check the accuracy of all figures. We have also broken down the cost per member depending on the size of the FRA's total membership (based on data provided by GAD) to demonstrate differences that arise in different size FRAs.

The information provided is summarised in Appendix 1. Our analysis of the data provided by FRAs indicates that the cost of administering the Scheme was £76.80 per member in 2018 (taking into account internal FRA staffing costs and external administration and software costs but excluding the cost of special projects). This rose to £120.33 once the costs of special projects were taken into account.

Average cost per member – across Scheme (based on FRAs who responded)	Average cost per member for FRAs with 500-1,000 members	Average cost per member for FRAs with 1,000 to 2,000 members	Average cost per member for FRAs with more than 2000 members
£76.80	£120.40	£89.32	£60.89

These figures exclude costs for special projects. Including them gives the following total costs:

Average cost per member – across Scheme (based on FRAs who responded)	Average cost per member for FRAs with 500-1,000 members	Average cost per member for FRAs with 1,000 to 2,000 members	Average cost per member for FRAs with more than 2000 members
£120.33	£260.78	£134.99	£84.72

We consider below how these costs compare to other UK pension schemes.

Themes

From the evidence across the three surveys there are a number of themes that have emerged across the following areas:

- Complexity of the Scheme
- Relationships – interaction and perception
- Reporting – including what is reported between key stakeholders and how effective does that appear
- Data – including quality, timeliness and understanding requirements
- Engagement and communication – current provision and perception
- Breaches of the law – what is reported and completeness of reporting.

Complexity of the Scheme

Across each of the surveys, Scheme members, administrators and FRAs are clear in their concern about the complexity of the Scheme benefits and the challenges that creates.

Almost a quarter of FRAs believe they have an average understanding of the Scheme (rather than good or excellent). In addition, 66% of FRAs find it difficult to make decisions in relation to the Scheme where there are discretions such as in relation to pensionable pay or ill-health early retirement, due to the complexity involved.

Of the Scheme members who responded to the survey 855 members (or 22.25%) indicated they do not understand the benefits the Scheme offers with 1,515 members (39.43%) unsure.

When FRAs were asked if they could change one thing about the scheme 37 provided comments and of those 32 referred to the need to reduce complexity or increase clarity and simplicity around various aspects of the scheme.

Relationships – interaction and perception

The majority of administrators (30) rated the service levels they offer in relation to the income they receive as excellent. There were some FRAs who either identified problems with the current service levels so there are different experiences for the relationship between administrators and FRAs.

86% of administrators also feel that the FRAs are appropriately resourced to provide them with the required information/data to perform their duties in relation to the Scheme.

For FRAs who had changed their pensions administrator in the last 3 years or were planning to do so, the primary reason given was the end of contract/previous administrator not retendering while only 18% set out reasons of cost effectiveness and unsatisfactory service.

These findings when taken together appear to signify that the interactions between both parties and the perception of the relationship is in the main reasonably positive. Some FRAs identified frustrations with separate payroll and pensions systems.

Reporting

Reporting activity both in terms of what is reported, and its frequency, appears to be very variable across the Scheme.

59% of administrators do not report back to the FRA on the FRA's performance and 11% indicated they do not report on their own performance to the relevant FRA. The Local Pension Board has a legal responsibility to assist the Scheme Manager in securing compliance with the Scheme regulations and guidance and ensure efficient administration, so it is a concern that 43% of administrators indicated that they did not report to the Local Pension Board.

The survey also included questions regarding special projects and the additional resources and costs required for these projects. Administrators' responses on these questions were variable and not complete which may signify a lack of reporting available internally at project level.

The FRA's responses also demonstrate the variability of the timing of reports, for example when asked how often FRAs receive an administration

report from their administrator a range of answers were provided: 18 received it monthly, 15 quarterly, 4 annually, 4 over a different (non-specified) period, 2 failed to respond and 1 never received such a report. These findings provide strong evidence to suggest that greater prescription in relation to reporting requirements may be needed between the administrator and the FRA.

Data

The findings from the administrator and FRA survey suggest similar issues regarding data quality, timeliness and overall understanding of what is required. Given that the Scheme is a single employer scheme, one might expect reasonably higher levels of data quality compared to a multi-employer scheme.

Administrators in the main did not appear overly concerned with the timeliness of information received from FRAs with only 18% indicating that as a concern. Quality wise too they indicated contentment with data quality, only 9% indicated this was an issue. However, 16 FRAs sometimes have difficulties providing data to the administrator due to quality of data issues or where there is a lack of clarity around what is actually required by the administrator. There appears to be a need to consider improving how data is transferred for some administrators and FRAs given that 38% of FRAs and 32% of administrators indicated that they do not currently operate an employer self-service facility. Clearly data is not the only factor, but it may be impacting on why a third of members did not agree that they received timely responses to queries and requests.

Engagement and communication

More than two-thirds of administrators (68%) indicated that they felt that Scheme members have greater expectations than members of other schemes they administer. 22 administrators also felt unsure about whether members actually understood what they received with only 3 feeling completely confident members understand the information they receive.

27% of members don't know who their administrator is, and there are also 61% of members who partly understand or don't understand the Scheme. In addition, over 500 comments were made regarding the service and communication provided. They varied with many positive comments but equally many set out concerns regarding the level of customer service they have received.

In addition, 18% of administrators do not have a dedicated Scheme website and 64% do not have any online self-service capabilities for scheme members at present.

Breaches of the law

The survey responses seem to indicate that there are very few breaches of the law in the Scheme. Just 1 administrator indicated that they had 2 breaches over the past 3 years (both of which were reported to the Pensions Regulator). 4 FRAs indicated they had breaches (3 with 1 breach and 1 with 2 breaches) over the past 3 years, but we do not know if these were reported to the Regulator. For a scheme the size of the Firefighters' Pension Scheme these statistics are surprisingly low and do not appear to

align with the information TPR have recently reported from its 2018 Governance and Administration Survey.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, issuing annual benefit statement and calculating benefits. FRAs and administrators should be recording all breaches, even those not reported, this can help in determining the materiality of a breach for example where there have been numerous similar cases over a period of time. This is an area that should be addressed, see recommendations set out below.

Costs

As indicated above, our analysis of the data provided by FRAs indicates that the cost of administering the Scheme was £76.80 per member in 2018 (taking into account internal FRA staffing costs and external administration and software costs but excluding the cost of special projects). This rose to £120.33 once the costs of special projects were taken into account.

In order to assess whether this represents value of money, and hence whether the administration of the Scheme can be considered cost effective, it is necessary to compare these costs to other UK pension schemes. Care needs to be taken when drawing conclusions from any comparisons since the Scheme is unique amongst public service pension schemes in that it is a national, unfunded scheme but is administered and managed locally. It is also very different from private sector schemes because of its statutory, unfunded nature. We have considered publicly available information on the administration costs of other schemes to provide some context in which the Board may be able to assess whether changes could be made to drive greater efficiency and cost savings in the management and administration of the Scheme.

LGPS costs

Publicly available information indicates that the costs of administration, oversight and governance of the LGPS in England and Wales was £30 per member in 2017/18[12]. Whilst also locally managed, the LGPS is a materially larger scheme and hence it may not be realistic to assume that the Scheme could be administered for a similar cost. Conversely, the LGPS is a multi-employer and funded scheme so some of its costs will relate to advice and administration work associated with the notional allocation of assets to employers and other funding arrangements which do not apply to the Scheme.

Private sector schemes

The most recently available data for private sector schemes was published by the Pensions Regulator (TPR) in 2014[13]. TPR's analysis covered seven cost areas including administration, independent trustee fees, actuarial, legal, covenant, investment and other external costs.

[12] From data published by MHCLG: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748759/LGPS_England_and_Wales_2017-18.pdf including administration and oversight and governance costs.

[13]: https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/db-scheme-costs-research-2014.ashx

The data considered costs in 2012 and found that the average per member costs were as follows:

- £182 for schemes above 5,000 members based on 24 schemes,
- £281 for schemes with between 1,000 and 4,999 members, based on 75 schemes,
- £505 for schemes with between 100 and 999 members based on 106 schemes.

We would expect that the costs of managing the Scheme should be materially lower than for private sector schemes because:

- private sector schemes are funded so their costs will include the monitoring of investments and asset managers and actuarial valuations as well as covenant assessments and monitoring of the sponsoring employer(s),
- there are additional compliance requirements for private sector schemes, including provision of information to the Pensions Protection Fund and to TPR and annual funding statements to members.

TPR's report shows that allowing only for administration costs, the average per member costs were:

- £53 per member for schemes above 5,000 members (25 schemes);
- £89 per member for schemes with between 1,000 and 4,999 members; (77 schemes); and
- £172 per member for schemes with between 100 and 999 members (110 schemes).

It is difficult to draw too many conclusions from the data as we cannot guarantee a like-for-like comparison and the administration costs for private sector schemes above exclude legal and actuarial fees. However, on the face of it, the cost of administering the Scheme does seem quite high relative to both the LGPS and largest private sector schemes (although TPR's data set for the largest schemes was very small). Ensuring complete and accurate data on costs which is monitored year-on-year should assist the Board in determining whether the Scheme is being administered cost effectively. It may be premature to conclude that cost savings can be easily delivered noting the complexity of the Scheme and the fact that we have had to make a number of assumptions in analysing the data provided by the FRAs due to it not being fully complete.

We also note that there may be further "special projects" in future, including implementation of any benefit changes following the cost management process, indexation and equalisation of GMP and of course the possibility of a remedy being required in relation to the McCloud/Sargeant case.

8. Recommendations

Introduction

Based on the findings of the surveys of administrators, FRAs and scheme members we have made practical recommendations in 7 areas for the Board to consider in the aim of improving the effectiveness and efficiency of the administration of the Scheme.

These include:

1. Address complexity in the Scheme through:
    a. Scheme changes and structure: Including reduction in local decision making, greater regard to administrative implications of legislative changes and review of current structure to ensure model of delivery is fit for purpose.
    b. Improving monitoring: Both at local and national level to enable greater clarity on the areas of complexity impacting standards
    c. Further engagement and communication: Greater use of technology to enhance member experience and encourage greater engagement from FRAs and administrators to use information and communication already centrally available.
2. Encourage greater collaboration across the Scheme and introduce consistent standards to address data issues and ensure members receive a consistently good service regardless of location.
3. Ensure there is clarity on timescales for key administrative processes e.g. through a requirement to publish a locally developed Administration Strategy
4. Encourage greater engagement between administrators and FRAs including stronger links between them on performance monitoring as well as a greater role for Local Pension Boards
5. Reduce key person risk and ensure resource plans are in place
6. Better understanding and recording of breaches of the law
7. Develop a template for collection of administration and associated costs on an annual basis, with the information on costs then being published, enhancing transparency and understanding of the costs of running the Scheme in support of the Board's functions.

Reduce complexity in the scheme

(across 3 areas)

All three sets of stakeholders responded overwhelmingly that the complexity of the Scheme is a significant challenge. When asked for preferences for change many focused on the need to reduce the complexity of the Scheme and sought greater simplicity across the range of benefits offered. The unique nature of the Scheme in relation to different tranches of members in the 1992, 2006 (both special and standard members) and 2015 schemes is likely to lead to higher administration costs as well as higher risks of mistakes being made in benefit payments, although we found little evidence of the latter other than member perceptions in relation to the accuracy of data provided.

Despite potential legal limitations in simplifying benefits there are options available to benefit all stakeholders and reduce current levels of complexity going forward.

The Board could consider the following routes including (1) scheme changes/structure, (2) improving monitoring, (3) engagement and communication.

(1) Scheme Changes and Structure

- Reduction in local decision making – While many would consider the ability to make decisions locally (in line with specific circumstances) essential it appears that on the issue of pensions this is not considered helpful by all respondents. Many indicate that a reassessment of the areas of the Scheme where local discretions exist could help reduce complexity.
- We understand that a simplification project (relating to scheme regulations etc) is being undertaken for the LGPS by its SAB and perhaps a similar project could be undertaken by the Firefighters' SAB in relation to FRA discretions and other areas of legislative complexity.
- Greater regard to the administration implications of legislative changes – major developments in pensions policy over recent years for public service pension schemes specifically and more widely across the pensions sector have led to an increasingly complex landscape. The Board may wish to consider if and how any future changes (e.g. following the conclusion of the McCloud/ Sargeant case and cost management process) are implemented with reasonable lead-in times for FRAs and administrators and central guidance for all stakeholders including members which ensures transparency and clarity on the relevant changes. We recognise that administration should not drive policy however we do think that greater attention could be paid to the administrative implications of future changes particularly taking into account the unique nature of the Scheme.
- Review the current overall structure of the Scheme to ensure the model of delivery is fit for purpose. It could be argued from the data emerging that some elements of the complexity in the Scheme arise from the current structure of 45 scheme managers and 19 administrators. Responsibility to comply with over-riding pension legislation sits with each Scheme Manager, which are differently constituted. They can be a combined authority, or the FRA function can sit within a Police Fire and Crime Commissioner, the Mayor's office or a County Council. Each Scheme Manager is required to administer the Scheme either in-house or through the appointment of a third-party administrator. There are currently 19 different pension administrators across the Scheme. The findings from the surveys does pose the question "is that structure a barrier to consistency (and by extension, greater efficiency of administration and management) across the Scheme?". For example, there is a lack of clarity on costs and resources across the Scheme as well as how projects are addressed and dealt

with. It is also not clear that, with a clean sheet of paper, you would design a Scheme with 45 Scheme Managers and 19 administrators for an overall membership of less than 100,000 (noting that some LGPS funds have more than 100,000 members).

There is currently no visibility at all on how much it costs to manage the Scheme. There is no administration levy in place for the Scheme unlike centrally administered unfunded public service schemes. Scheme managers have to fund pension costs arising from the administration and management of the Scheme from their operating accounts. The top-up grant provided from central government covers pension payments only rather than administration costs. It is possible that there would be more imperative for Government to limit complexity if those costs were more visible.

The level of complexity is partially driven by the structure itself, making comparison difficult and delivery of support more disjointed. Greater collaboration between FRAs and administrators may help, but the latter are in competition to a large extent and we believe a root and branch approach to reviewing the appropriateness of the current structure should be considered. It could also consider:

- how costs relating to administration services at local level are provided for; and;
- who should contribute to the Scheme Advisory Board levy and LGA costs for the provision of information, training etc given that the analysis suggests there is an appetite for the Board to provide greater support across a wider range of areas.

Any changes in structure could be optional or could be mandated from central government. In 2011 Lord Hutton set out in his report on public service pension schemes that the Government should "examine closely the potential for the unfunded public service schemes to realise greater efficiencies in the administration of pensions by sharing contracts and combining support services, including considering outsourcing"[14]. Some of this has already taken place in the Scheme but a structure of 45 Scheme Managers remains in place. Greater focus should now be placed on achieving an optimal structure to deliver an increasingly complex scheme which faces further requirements post Cost Cap and potentially from the Sargeant and McCloud judgements along with the incoming industry developments such as Pensions Dashboards. Coupled with resource challenges a focus should be on understanding the cost and benefits of any review of the structure of the scheme. We recognise that this recommendation

[14] Source: Independent Public Service Pensions Commission: Final Report (March 2011) recommendation 23 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/207720/hutton_final_100311.pdf

is more long-term in nature given the work that would be required to achieve changes in the Scheme's structure.

(**2) Improve Monitoring** – better monitoring both at local level and nationally will enable greater clarity on the areas of complexity impacting standards and the overall service to scheme members. The Board could consider:

- Improving local monitoring – performance is measured against statutory deadlines by the majority of administrators but not all administrators report their performance to the FRA. We recommend that all administrators provide regular (at least quarterly) information to the Scheme Manager against a set of nationally recommended performance measures which align at least with statutory requirements and where possible strive for improved performance against wider best practice in the pensions industry.
- Making better use of the scrutiny system that exists through each Local Pension Board – almost half of administrators indicated they did not report their performance to the Local Pension Board. We recommend that all Local Pension Boards are in receipt of performance statistics on a regular basis (normally in line with meeting cycles) to enable them to monitor standards and ensure compliance in relation to the administration of the Scheme
- National collation of data – a regular exercise (e.g. annually) where information such as that collated in this project should be considered. This would build a national picture on an ongoing basis to support the monitoring of the Scheme's administration and management and facilitate comparisons. Greater cross scheme information allows for improved understanding of challenges facing scheme managers/FRAs and administrators which can in turn allow for appropriate policy decisions regarding the approach to administration across the Scheme. The LGPS Scheme Advisory Board publishes an annual scheme report collated from the reports across LGPS funds in England and Wales and perhaps a similar approach could work for the Scheme (albeit the underlying information would of course have to be available). See recommendation 7 below.

(3) Engagement and Communication

- Greater use of technology to enhance member experience – there is use of technology across some administrators/ scheme managers but there is clearly an opportunity for greater use of member self-service facilities. Making access to information easier could offer some reassurance to members about their benefits but it would also need to be accompanied by clear communication to explain benefits either in writing or through member engagement events. This approach will also see the Scheme keep pace with the modern-day communication expectations held by members.
- We believe there is already a range of information available centrally, but it is not always clear from the evidence collected

as part of this project that all stakeholders are aware of that information. The Board should consider how they can encourage greater engagement from FRAs and administrators to use information and communications that are already provided centrally. Some areas of concern raised in the survey responses include annual and lifetime allowance calculations and pensionable pay where many respondents highlighted complexity. In the very short term more could be done to ensure information available is highlighted to key stakeholders and we understand that actions are already being taken to highlight centrally provided information.

Collaborative approach to address data issues

As noted above there are issues for some administrators and FRAs relating to data quality and timeliness and overall understanding of what is required. There is also a much greater focus on data quality from TPR recently and this should also drive improvements in the Scheme's data.

We understand the Board's Administration and Benchmarking Committee is now working to review terminology used in the annual return to TPR which we believe will be helpful to ensure a consistent approach across the information provided by the scheme's administrators and FRAs.

We also recommend that the Board considers encouraging administrators (in all cases) to provide timely reports to FRAs on data issues. This reporting should be considering in line with a Data Improvement Plan (as required) to provide a clear framework. Consideration should also be given to seeking greater involvement from Local Pension Boards on this issue.

Greater electronic provision of information between FRAs and administrators should be pursued to assist in the timely provision of information and encourage regular collection of data which will hopefully drive the accuracy of data.

Further training requirements and information could be made available centrally and well as suggested frameworks for performance metrics and where not achieved, the use of penalties.

Provide clarity on timescales for key processes through a locally developed Administration Strategy

There are various areas of legislation which set out the time limits for the provision of information to scheme members. A member of a pension scheme has rights to receive certain information without needing to request that information and within a time limit set out in legislation. The evidence from the surveys suggests that legal timeframes are not always being achieved.

We suggest that the Board considers recommending regulatory changes to encourage best practice among all scheme managers/FRAs and administrators across the Scheme. This could be achieved by setting out requirements for each Scheme Manager to have a locally developed pensions administration strategy in place. This could be mandated but as a minimum it could set out the need to have one to demonstrate best practice (as is the case in other schemes such as the LGPS). An administration strategy should set out the scheme manager's aims and

objectives and how those are going to be achieved in conjunction with the administrator. Performance against those aims, and objectives, must then be appropriately measured and monitored and where administration levels are not to the required standard, plans should be in place to address those areas of concern. An administration strategy should be determined locally (with support in doing so made available from centrally prepared guidance).

A range of target timescales should be determined by each FRA and it is good practice for them to be included in an administration strategy. Scheme managers may wish to set shorter timescales or other targets for specific processes rather than relying on legal timescales in all cases. The administration strategy should be publicly available for all stakeholders (including members). It could also set out the consequences of what not achieving those targets would be.

We recommend that the Board assists scheme managers by providing guidance on setting expected timescales or key performance indicators which could be aligned with the provision of an effective and efficient administration service.

This should help address the issue of the lack of consistency across the Scheme at present when processing key benefit calculations and providing required information to scheme members.

Greater engagement between administrators and FRAs required

There is greater scrutiny on public service pension schemes following the introduction of the Public Service Pensions Act 2013 as well as the numerous changes to the scheme benefits over the past 15 years. More than ever administrators and scheme managers need to work together with greater collaboration to ensure an excellent service is being provided to scheme members. The data supplied by both administrators and FRAs on certain items in the survey (e.g. breaches) is not consistent, perhaps demonstrating a lack of collaboration between the parties.

We recommend that stronger links are forged between the administrator and FRA to the Local Pension Board to ensure performance is being monitored locally so that issues can be identified. Local Pension Boards should play a key role in improving the administration of the Scheme and in promoting the existing range of LGA training materials and signposting information which is already available centrally to stakeholders (including members).

Reduce key person risk and ensure resource plans in place

There are clear resourcing differences across the Scheme and we recommend the continued use of national groups and collaboration across the Scheme to help those with resource challenges.

There was a lack of clarity in responses on the resources needed for recent special projects. We recommend that FRAs in conjunction with their administrators have clear business plans in place which are regularly reviewed and monitored and that more precise reporting is undertaken to allow comparison and review of one-off activities.

Regular assessment of resources and capacity at a national level would also help ensure a clearer view of the Scheme's landscape and inform policy makers.

Better understanding and recording of breaches

We understand that centrally provided guidance on breaches is already available and that training for scheme managers and Local Pension Boards provided from national bodies (with slides stored on the national Scheme Advisory Board website) sets out how to report breaches to TPR. Despite this it appears that there is a lack of clarity in terms of the accountability of recording and reporting breaches (the number reported in survey responses was very low). We recognise that breaches in a single employer scheme will be lower than other public service schemes but given that FRAs have reported different information from administrators, this also demonstrates discrepancies here.

FRAs, administrators and Local Pension Boards should familiarise themselves with existing resources on how to record and report breaches of the law. We also suggest that each FRA, in conjunction with their administrator is required to revise its local policy and procedure on reporting breaches including details of where the information is logged, who should be consulted (in line with recommendation for greater engagement) and to whom and how it is reported.

Annual central data collection exercise

This is the first time that an exercise to gather cost data across the Scheme has been undertaken. This work should therefore be seen as the first step towards using an evidence-based approach to ensure the effective and efficient administration and management of the Scheme.

We recommend that the Board develops a template for collection of administration and associated costs on an annual basis, with the information on costs then being published on the Board's website, enhancing transparency and understanding of the costs of running the Scheme for all the Scheme's key stakeholders. This activity would also be in support of the Board's functions.

Comparison with other schemes can be helpful but the unique nature of the Scheme makes it difficult to draw too many conclusions on the absolute level of costs. However, enabling FRAs to compare their costs against a national average may assist in identifying areas where cost savings can be made. Further, if the Board is able to monitor costs over time, it may be able to ascertain whether special projects are continuing to lead to additional costs and work for FRAs and administrators and whether administration business as usual is becoming more or less costly. Once those trends are identified it should be easier to identify what action can be taken, if needed, to achieve greater cost efficiency in the delivery of Scheme benefits without compromising the quality of service to members.

Appendix 1: Cost Data

Cost type / survey question	Total costs	Number of FRAs responding*	Average per responding FRAs	Average per responding FRAs split by size				Average per member of responding FRAs	Average per member of responding FRAs split by size			
				100-500	*500-1,000*	*1,000-2,000*	*2,000 and above*		*100-500*	*500-1,000*	*1,000-2,000*	*2,000 and above*
What is the total (actual not FTE) salary for all staff working on FPS related tasks in the following departments in £s? (Only count the proportion of time staff are working solely on FPS related matters.)	**£1,795,670.36**		**£68,706.32**	**£2,650.00**	**£40,841.00**	**£58,322.26**	**£101,752.20**	**£34.11**	**£5.69**	**£47.26**	**£41.27**	**£24.51**
Finance	£479,463.00	33	£14,529.18	£2,650.00	£8,285.25	£13,358.60	£22,062.50	£7.03	£5.69	£9.46	£9.12	£5.06
Payroll	£472,855.96	28	£16,887.71	£0.00	£11,266.25	£10,731.56	£32,010.75	£7.71	£0.00	£12.83	£7.50	£7.34
HR	£602,436.40	30	£20,081.21	£0.00	£18,839.50	£15,150.30	£31,796.63	£9.33	£0.00	£21.75	£10.67	£7.16
Other (please specify)	£240,915.00	14	£17,208.21	£0.00	£2,450.00	£19,081.80	£15,882.33	£10.03	£0.00	£3.22	£13.98	£4.96
What is the current annual fee charged by your administrators (if external)? (2017-18 figures)	**£1,855,120.00**	**35**	**£53,003.43**	**£0.00**	**£34,111.60**	**£36,363.86**	**£110,569.63**	**£26.28**	**£0.00**	**£38.51**	**£25.09**	**£25.80**
What is the current annual fee charged by your software provider? (2017-18 figures)	**£320,925.00**	**15**	**£21,395.00**	**£13,000.00**	**£19,521.50**	**£16,751.38**	**£33,717.75**	**£8.55**	**£27.90**	**£21.21**	**£13.51**	**£5.33**
What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? (This should include internal and external costs) - (Special Projects, Estimated Costs)	**£1,091,169.00**		**£81,569.94**	**£17,600.00**	**£122,426.83**	**£61,152.65**	**£75,154.27**	**£43.53**	**£37.77**	**£140.37**	**£45.67**	**£23.84**
Implementation of the 2015 Scheme [£.....]	£288,354.00	14	£20,596.71	£0.00	£50,027.33	£12,522.50	£12,627.40	£10.91	£0.00	£57.70	£9.24	£4.02
GAD v Milne [£]	£67,195.00	12	£5,599.58	£0.00	£4,560.00	£6,385.71	£4,458.33	£3.23	£0.00	£4.95	£4.80	£1.39
18-20 contribution holiday [£]	£22,394.00	13	£1,722.62	£0.00	£2,180.00	£1,645.33	£1,632.40	£0.93	£0.00	£2.37	£1.23	£0.57
Retrospective pensionable pay issues including Norman v Cheshire [£]	£194,520.00	14	£13,894.29	£0.00	£7,735.50	£16,936.86	£12,098.20	£7.31	£0.00	£8.65	£12.17	£4.01
GMP reconciliation [£]	£193,260.00	16	£12,078.75	£0.00	£26,195.00	£6,891.75	£14,289.33	£4.72	£0.00	£31.09	£5.18	£3.00
APB discretions [£]	£43,821.00	7	£6,260.14	£0.00	£6,740.00	£2,907.50	£7,816.50	£2.91	£0.00	£7.29	£2.15	£2.73
TPR data reporting requirements [£]	£45,306.00	8	£5,663.25	£0.00	£13,539.67	£1,166.67	£593.50	£3.89	£0.00	£15.62	£0.96	£0.22
Special members of the 2006 scheme [£]	£236,319.00	15	£15,754.60	£17,600.00	£11,449.33	£12,696.33	£21,638.60	£9.63	£37.77	£12.70	£9.94	£7.89

Cost type / survey question	Total costs	Number of FRAs responding*	Average per responding FRAs	Average per responding FRAs split by size				Average per member of responding FRAs	Average per member of responding FRAs split by size			
				100-500	*500-1,000*	*1,000-2,000*	*2,000 and above*		*100-500*	*500-1,000*	*1,000-2,000*	*2,000 and above*
What are your annual costs for other FPS-related activities?	**£269,379.78**		**£13,839.63**	**£9,000.00**	**£12,010.00**	**£13,837.18**	**£16,816.67**	**£7.86**	**£19.31**	**£13.42**	**£9.45**	**£5.24**
IAS19 advice and reporting - £ (please provide 2018 costs)	£216,219.21	29	£7,455.83	£9,000.00	£7,300.00	£8,284.40	£4,816.67	£3.73	£19.31	£8.19	£5.93	£1.00
Provision of cashflow forecasts to home Office - £ (please provide 2018 costs)	£29,715.57	12	£2,476.30	£0.00	£2,560.00	£2,504.45	£2,000.00	£1.82	£0.00	£2.90	£1.85	£0.71
Other - £ per annum please specify activity	£23,445.00	6	£3,907.50	£0.00	£2,150.00	£3,048.33	£10,000.00	£2.32	£0.00	£2.34	£1.68	£3.53
Total costs	**£5,332,264.14**		**£238,514.32**	**£42,250.00**	**£228,910.93**	**£186,427.34**	**£338,010.51**	**£120.33**	**£90.67**	**£260.78**	**£134.99**	**£84.72**
Total costs excluding special projects	£4,241,095.14		£156,944.38	£24,650.00	£106,484.10	£125,274.68	£262,856.25	£76.80	£52.90	£120.40	£89.32	£60.89

* based on non-zero responses only for each element of the question

Appendix 2: Admin cost per number of functions

The table below shows the number of functions carried out by the administrators and compares it to the administration costs for that FRA divided by the total number of Scheme members for that FRA. The data has been sorted from the lowest cost per member to the highest cost per member. FRAs which did not provide administration costs have been excluded. In some cases this was because the administration is carried out in-house (our survey asked for administration costs where there was an external administrator). In other cases the information was simply not provided.

Issuing new starters with scheme information	Issuing members with information about regulatory amendments	Processing calculations such as retirements/ deferreds/ transfers/ divorces	Issuing calculation correspondence to the Fire organisation	Issuing calculation correspondence to the member/their representatives	Managing the IQMP process	Resolving and answering pension related queries from members and/or their representatives	Paying member pensions	Paying member lump sums	Paying refunds of contributions	Paying transfer values	Receiving transfer values	Collecting member contributions	Issuing Annual Benefit Statements to Active members	Issuing Annual Benefit Statements to Deferred Members	Issuing Pension Saving Statements	Providing reports to HMRC for Event Reports and Account for Tax returns	Address IDRP requests as the 'Appointed Person'	Attend Local Pension Board Meetings	Attend customer relationship /contract meetings	Total number of functions (out of 15)	Admin costs per member 2017/18 £
No	No	Yes	Yes	Yes	No	Yes	Yes	No	No	No	Yes	No	Yes	Yes	No	No	No	No	No	3	**2.78**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	12	**5.82**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	10*	**9.40**
Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes	8	**10.17**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	11*	**10.95**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	11	**14.84**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	Yes	10	**14.96**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	Yes	9	**15.43**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	12	**17.15**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	11*	**18.37**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	11*	**19.29**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	11*	**19.43**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	11	**19.59**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	11	**19.62**
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	13	**19.87**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	11	**21.66**
Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	No	No	Yes	Yes	Yes	No	No	No	Yes	5	**25.36**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	11	**25.64**
Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	8	**26.24**
Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	8	**29.92**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	11*	**30.70**
Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	10	**31.72**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	11*	**32.64**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	11	**33.09**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	Yes	10	**33.53**
No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	6*	**37.31**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	11	**37.79**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes	8*	**38.72**
Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	8	**39.30**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	11*	**39.71**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	11*	**40.43**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	13	**52.14**
No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes	7*	**52.54**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	12	**58.43**
Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	12	**61.21**

*indicates where "other" functions are also provided by the administrator

Appendix 3: Full list of FRAs and their Scheme Administrators

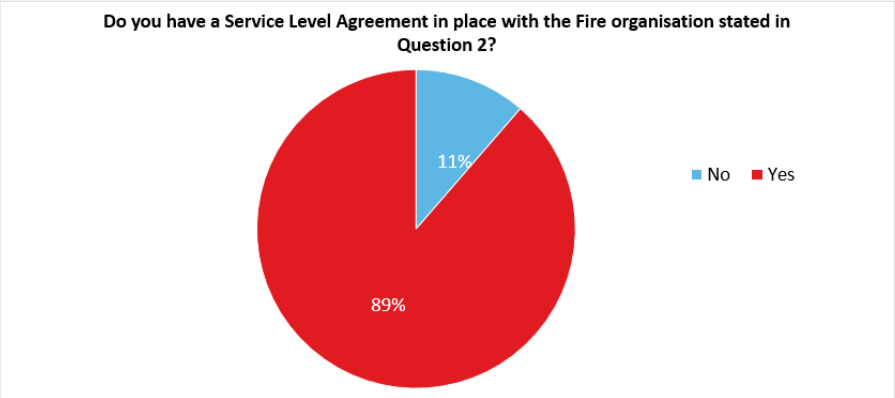
Name	Pensions Administrator
Avon Fire and Rescue Service	Bath and NE Somerset Council
West Sussex Fire and Rescue Service	CAPITA
Cornwall Fire and Rescue Service	Cornwall County Council
Isle of Scilly Fire Brigade	Cornwall County Council
Durham & Darlington Fire & Rescue Service	Durham County Council
Essex County Fire and Rescue Service	Essex County Council
Greater Manchester Fire and Rescue Service	Greater Manchester Fire and Rescue Service
Hampshire Fire and Rescue Service	Hampshire County Council
Isle of Wight Fire Brigade	Isle of Wight Council
Derbyshire Fire and Rescue Service	Leicestershire County Council
Leicestershire Fire and Rescue Service	Leicestershire County Council
Nottinghamshire Fire and Rescue Service	Leicestershire County Council
Cambridgshire Fire and Rescue Service	LGSS
Northamptonshire Fire and Rescue Service	LGSS
Bedfordshire & Luton Fire and Rescue Service	Local Pensions Partnership
Cumbria Fire and Rescue Service	Local Pensions Partnership
Hertfordshire Fire and Rescue Service	Local Pensions Partnership
Kent Fire Brigade	Local Pensions Partnership
Lancashire Fire and Rescue Service	Local Pensions Partnership
London Fire Brigade	Local Pensions Partnership
Merseyside Fire and Rescue Service	Local Pensions Partnership
Oxfordshire Fire and Rescue Service	Oxfordshire County Council
Gloucestershire Fire and Rescue Service	Pensinsula Pensions
Shropshire Fire and Rescue Service	Shropshire County Council
Suffolk Fire and Rescue Service	Suffolk County Council
East Sussex Fire and Rescue Service	Surrey County Council
Surrey Fire and Rescue Service	Surrey County Council
Warwickshire Fire and Rescue Service	Warwickshire County Council
West Midlands Fire Service	West Midlands Fire Service
Buckinghamshire& Milton Keynes Fire & Rescue Service	West Yorkshire Pension Fund
Devon & Somerset Fire and Rescue Service	West Yorkshire Pension Fund

Dorset & Wiltshire Fire and Rescue Service	West Yorkshire Pension Fund
Hereford & Worcester Fire and Rescue Service	West Yorkshire Pension Fund
Humberside Fire Brigade	West Yorkshire Pension Fund
Lincolnshire Fire and Rescue Service	West Yorkshire Pension Fund
Norfolk Fire and Rescue Service	West Yorkshire Pension Fund
North Yorkshire Fire and Rescue Service	West Yorkshire Pension Fund
Northumberland Fire and Rescue Service	West Yorkshire Pension Fund
Royal Berkshire Fire and Rescue Service	West Yorkshire Pension Fund
South Yorkshire Fire and Rescue Service	West Yorkshire Pension Fund
Staffordshire Fire and Rescue Service	West Yorkshire Pension Fund
Tyne & Wear Fire and Rescue Service	West Yorkshire Pension Fund
West Yorkshire Fire and Rescue Service	West Yorkshire Pension Fund
Cheshire Fire and Rescue Service	XPS
Cleveland Fire Brigade	XPS

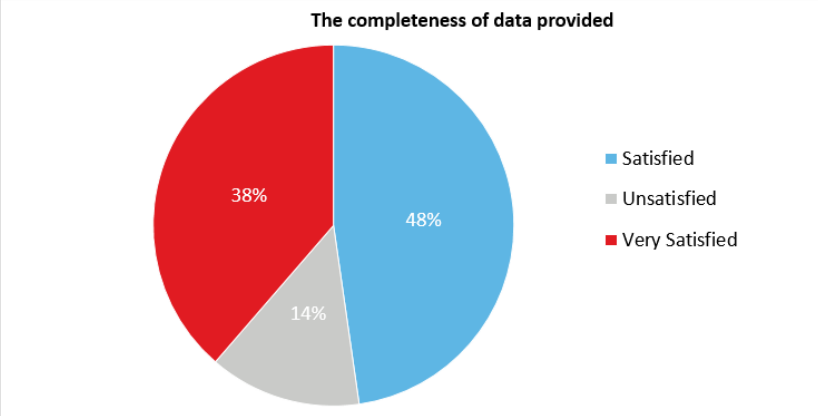
Appendix 4: Survey responses

Administration Survey

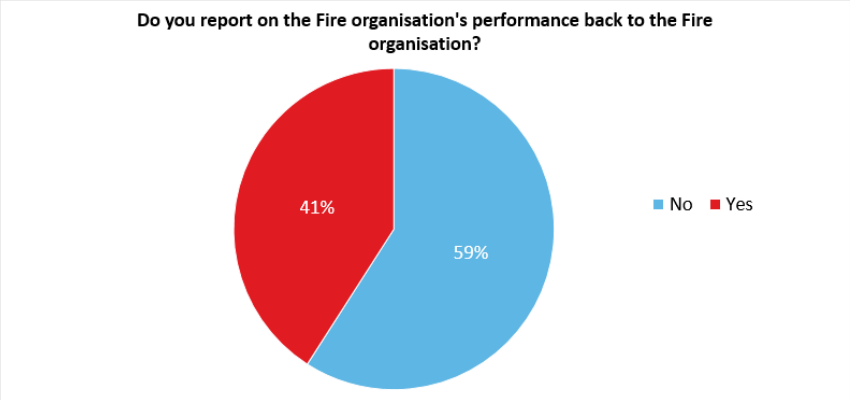
Administrator Survey - Question 5



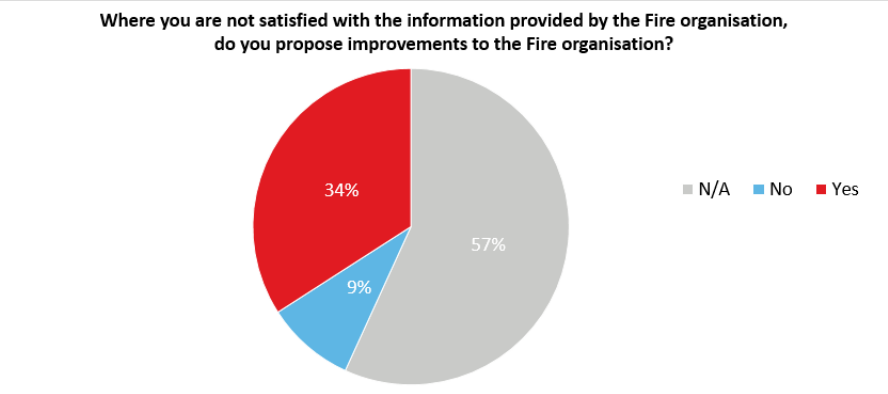
Administrator Survey - Question 6



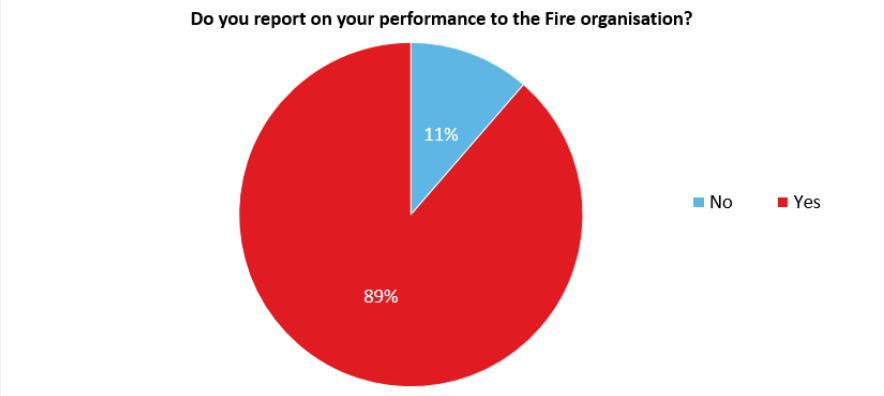
Administrator Survey - Question 7



Administrator Survey - Question 7a

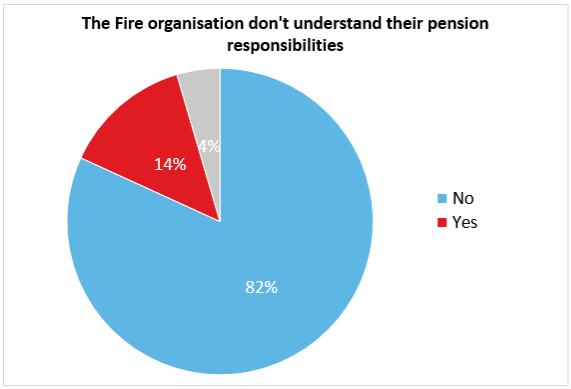


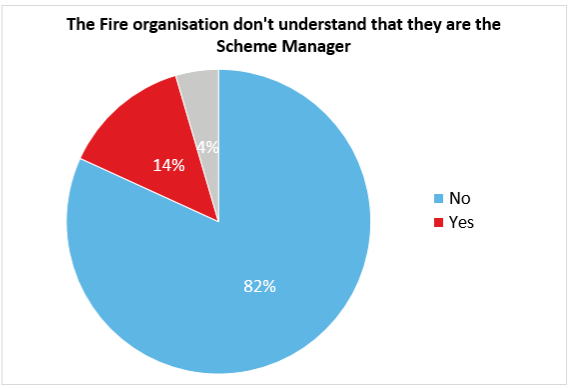
Administrator Survey - Question 8

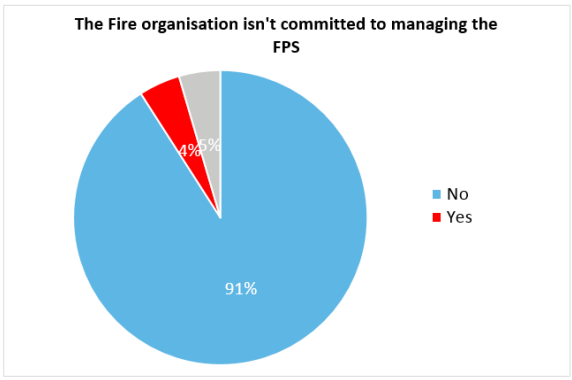


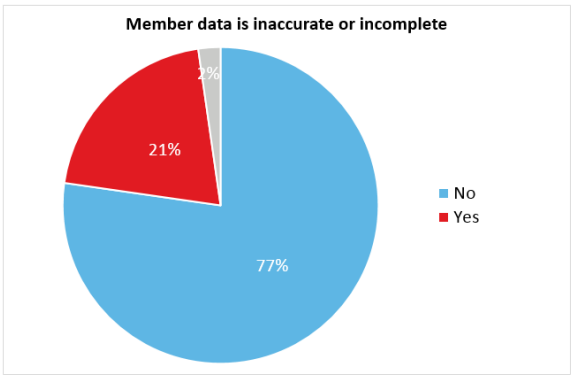
Please indicate whether any of the following potential concerns apply to the Fire organisation?

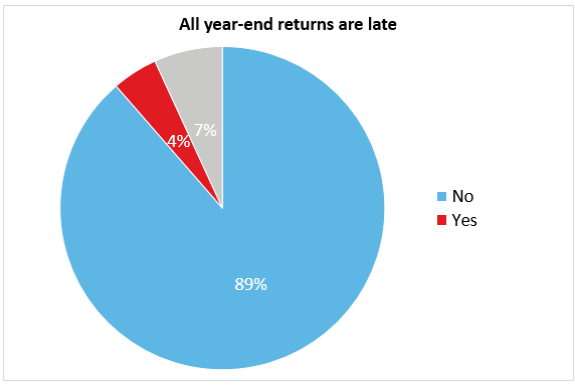
Administrator Survey - Question 9

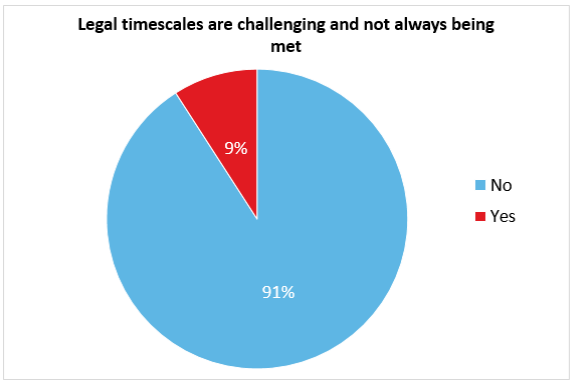


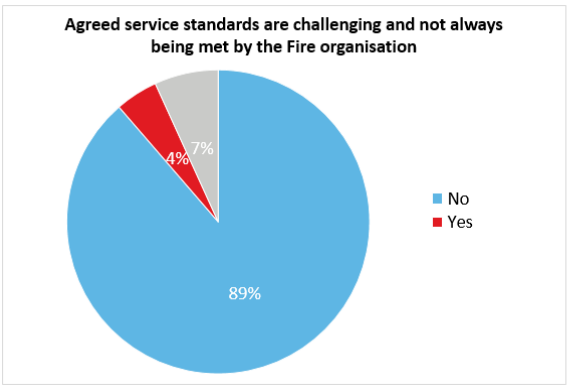


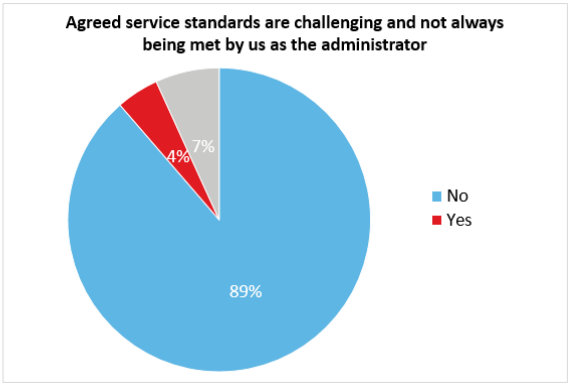




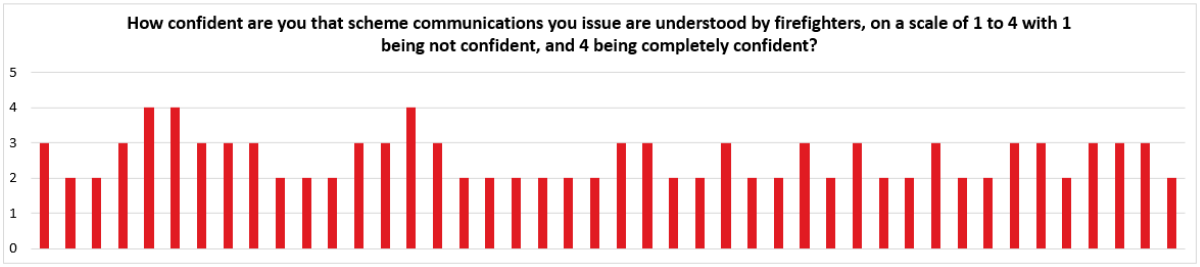




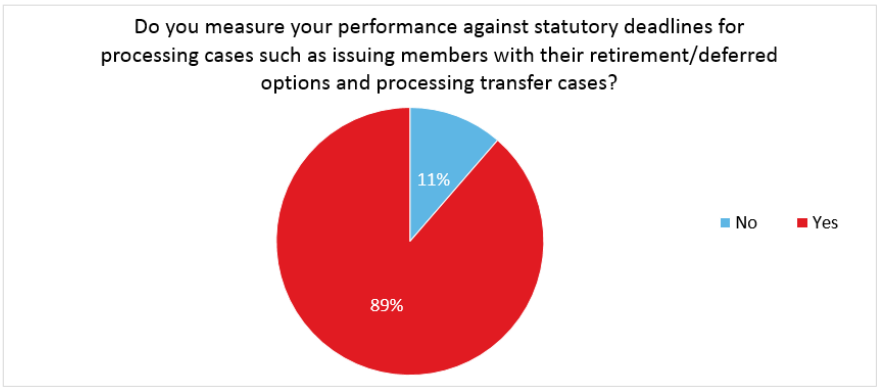




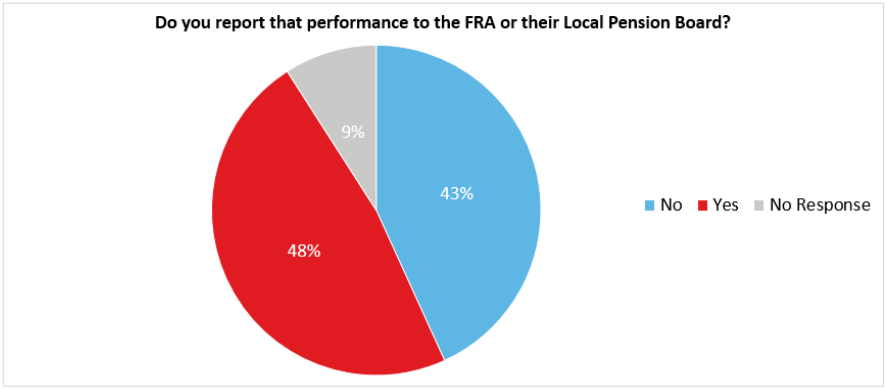
Administrator Survey - Question 10



Administrator Survey - Question 13

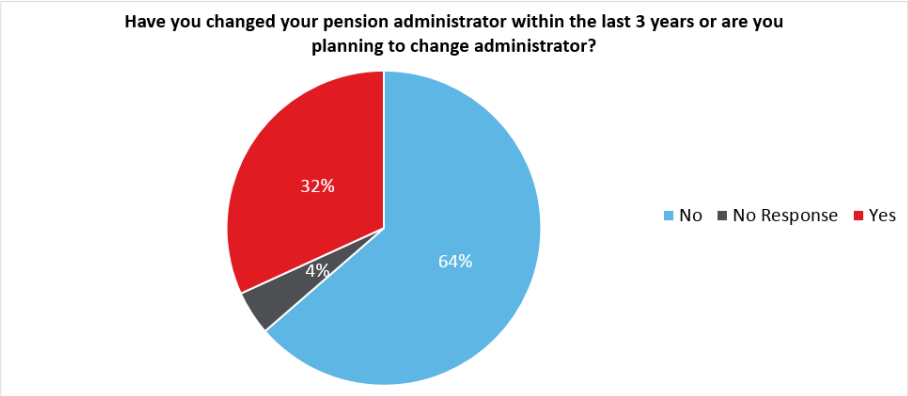


Administrator Survey - Question 13a



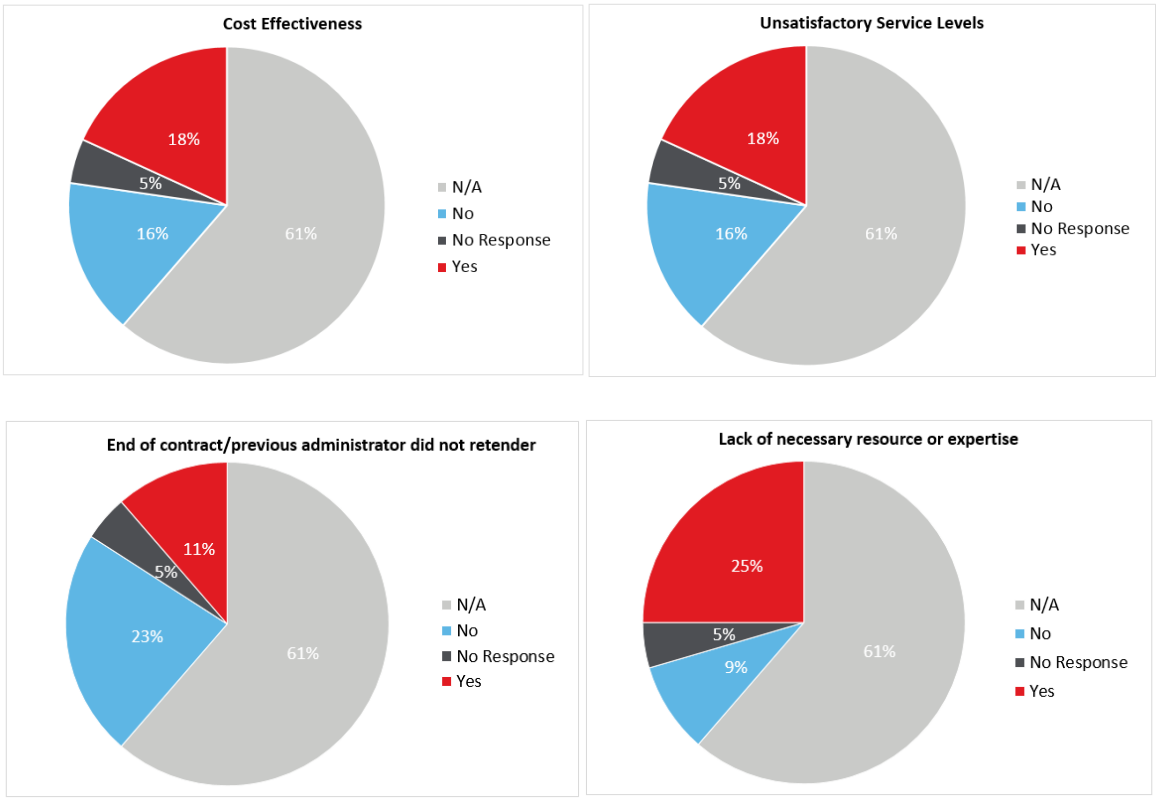
Employer Survey

Employer Survey - Question 4

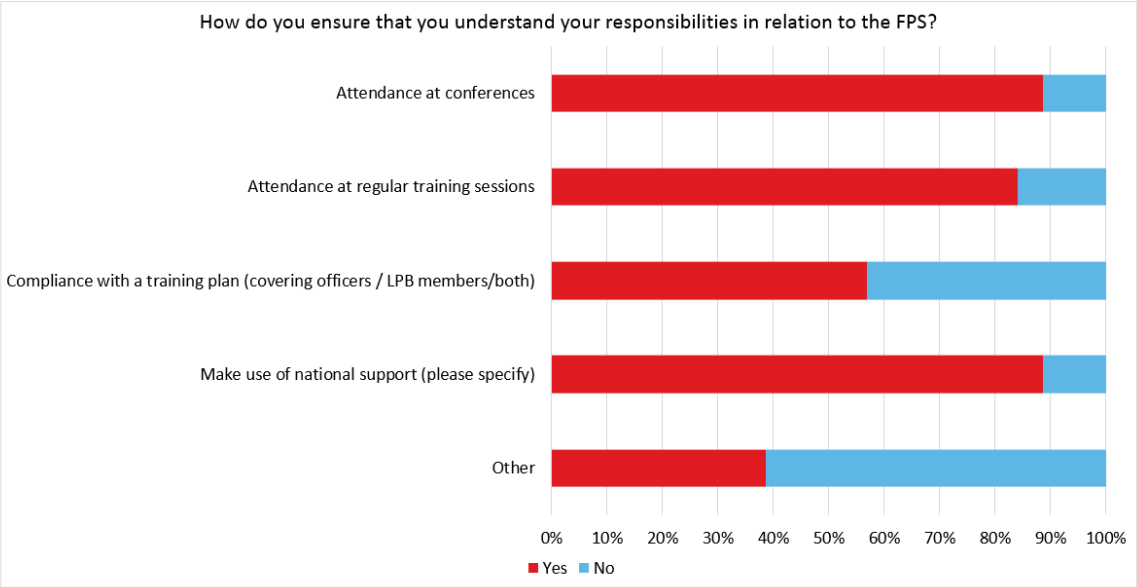


What were/are the reasons behind the change in administrator? (multiple selections allowed)

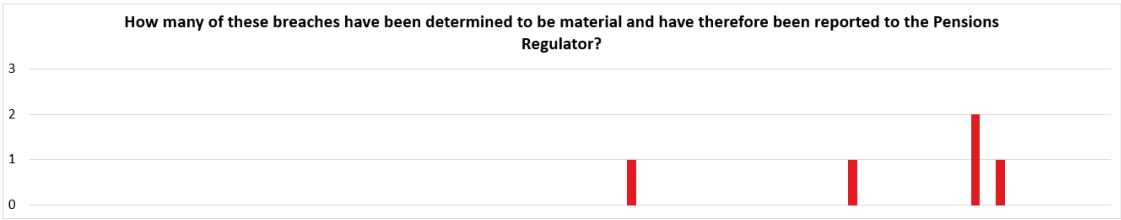
Employer Survey - Question 4a



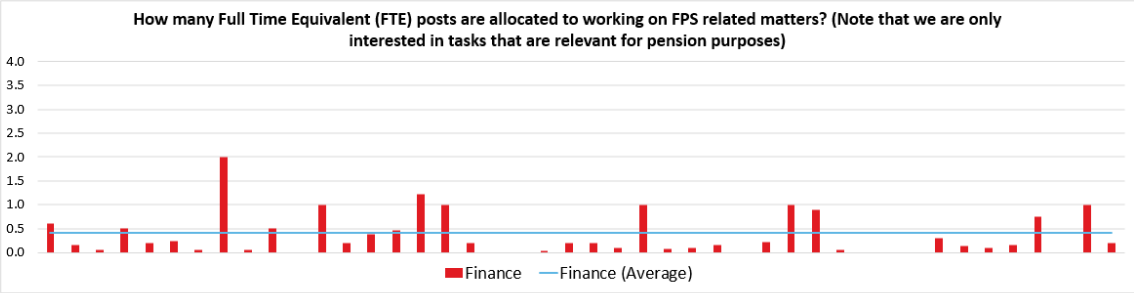
Employer Survey - Question 5a

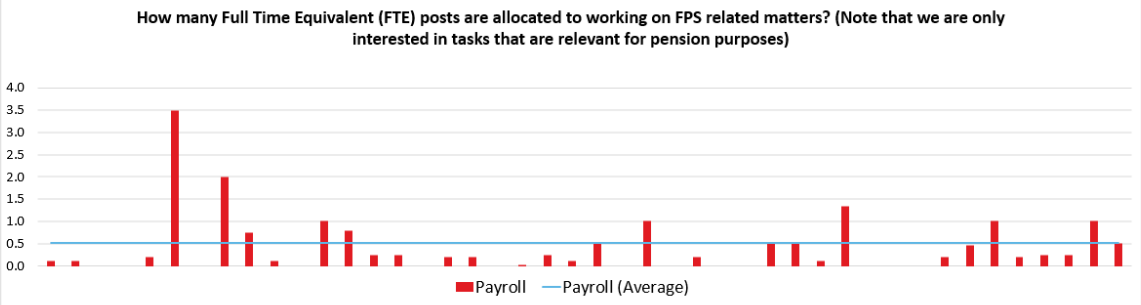


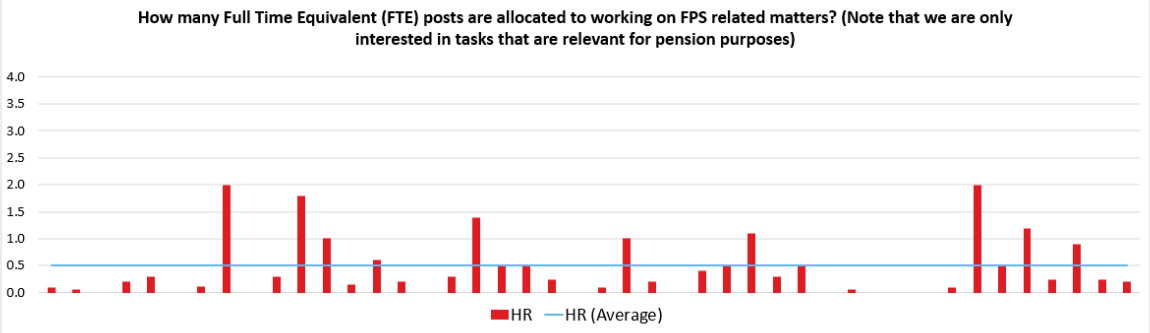
Employer Survey - Question 9a



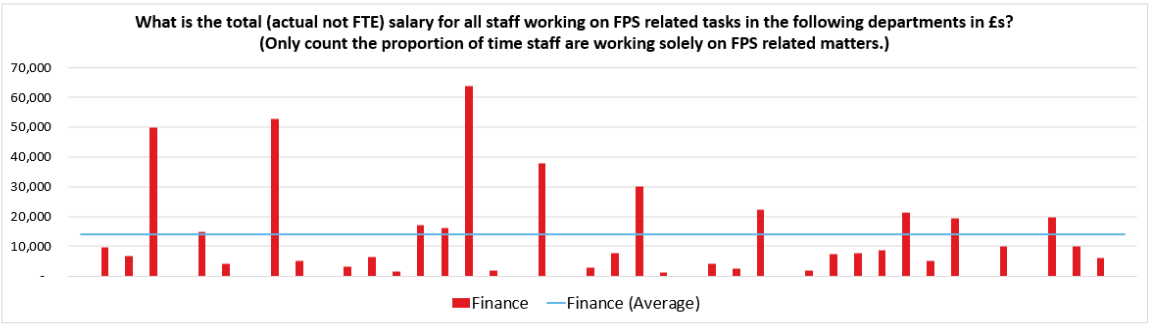
Employer Survey - Question 12

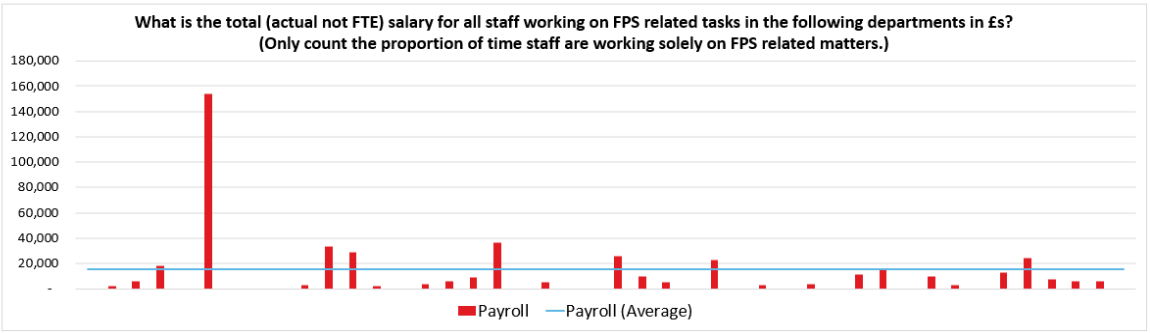


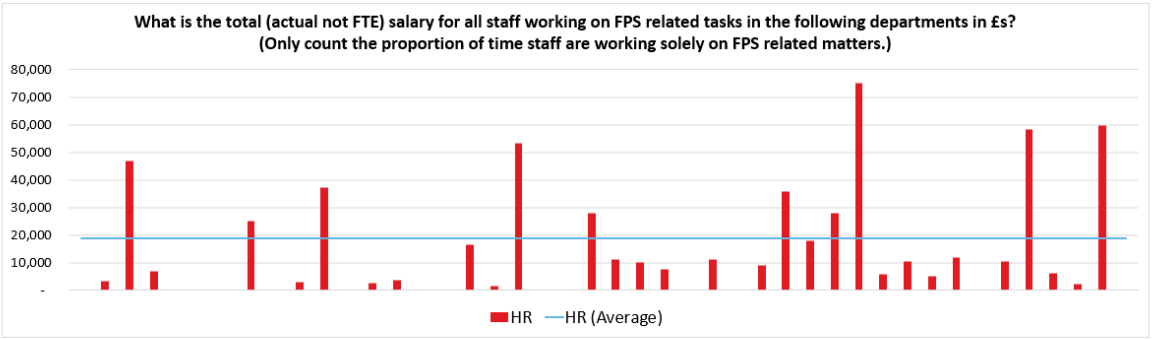


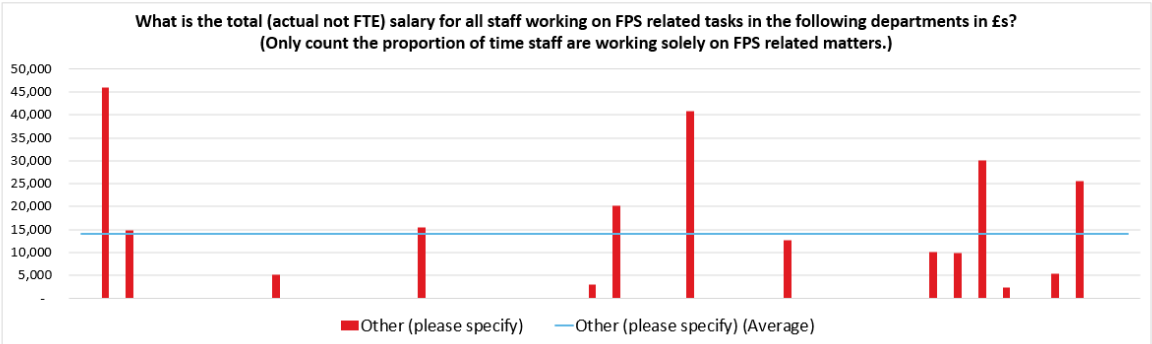


Employer Survey - Question 13

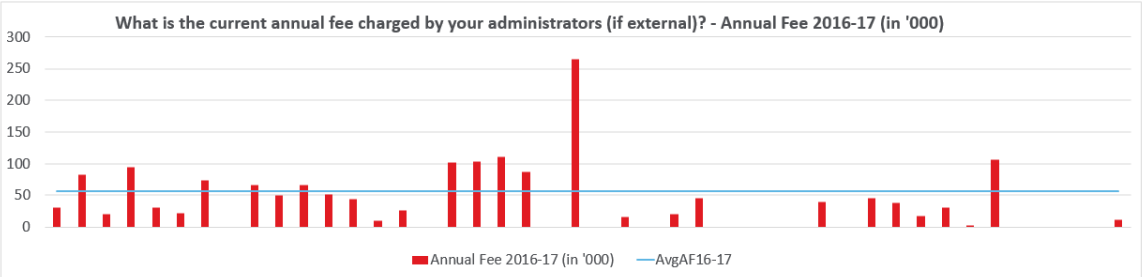


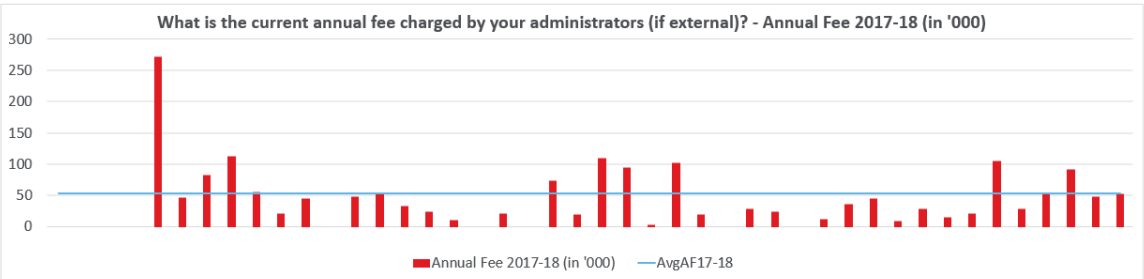


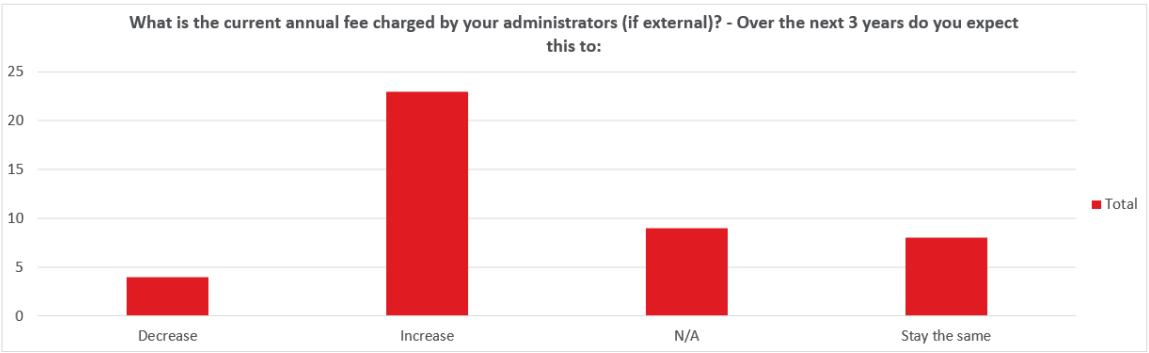




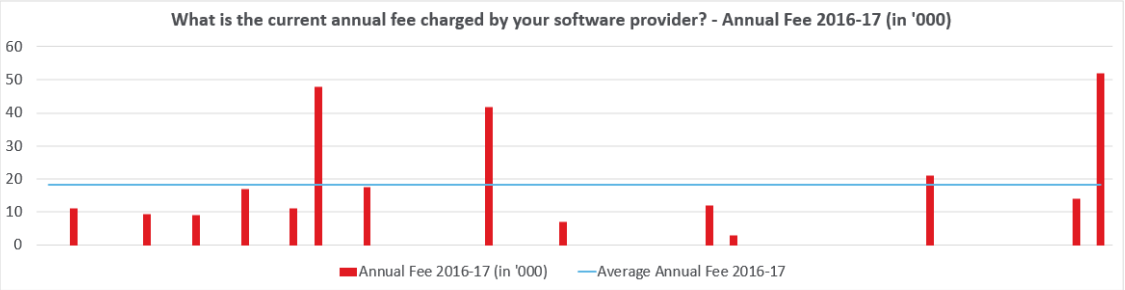
Employer Survey - Question 14

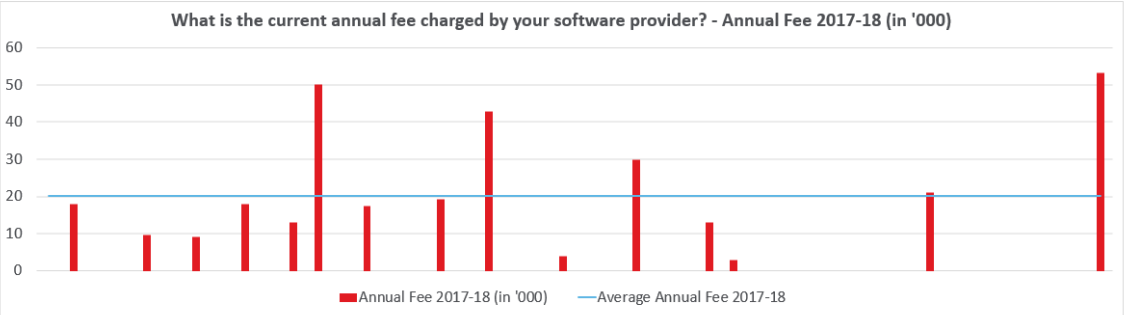


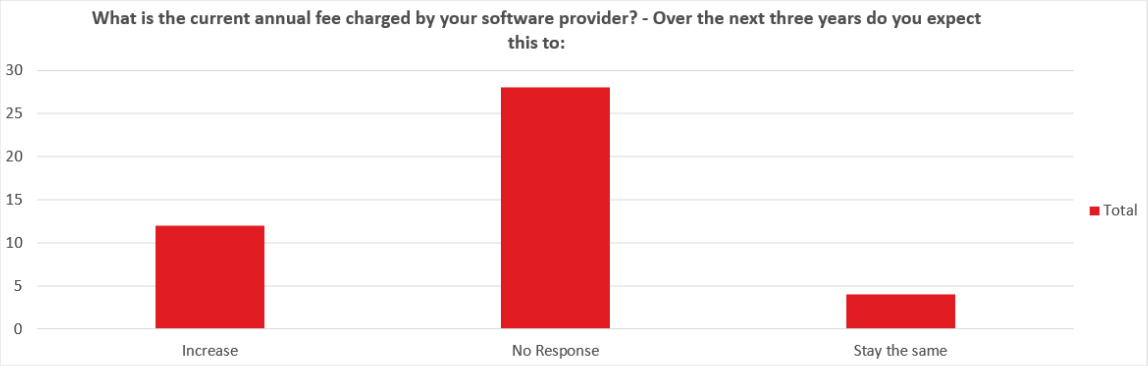




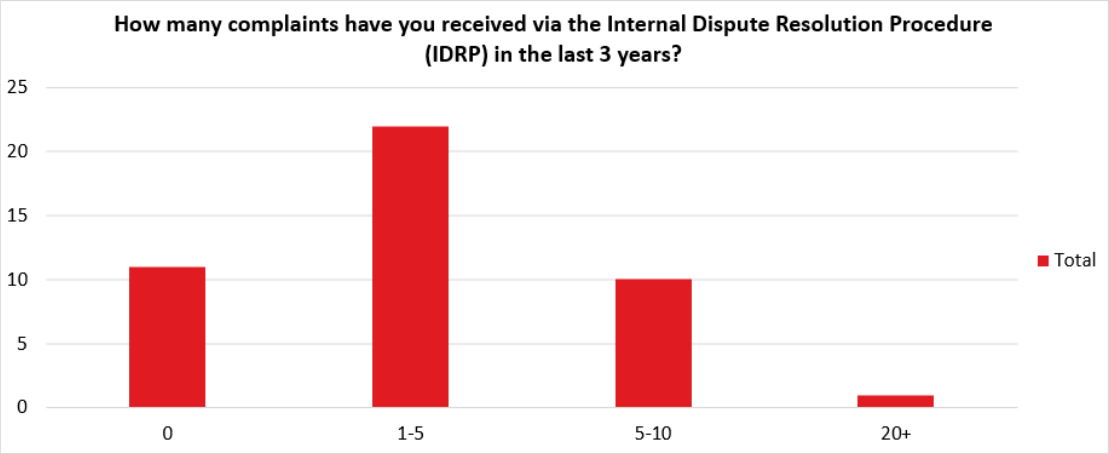
Employer Survey - Question 15



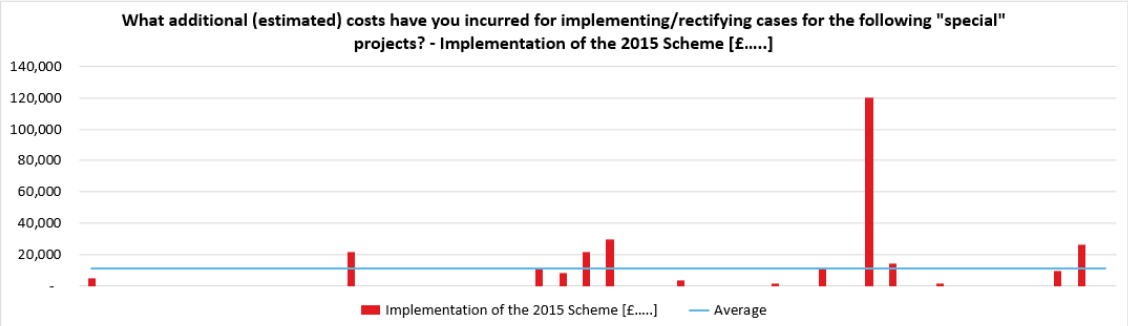


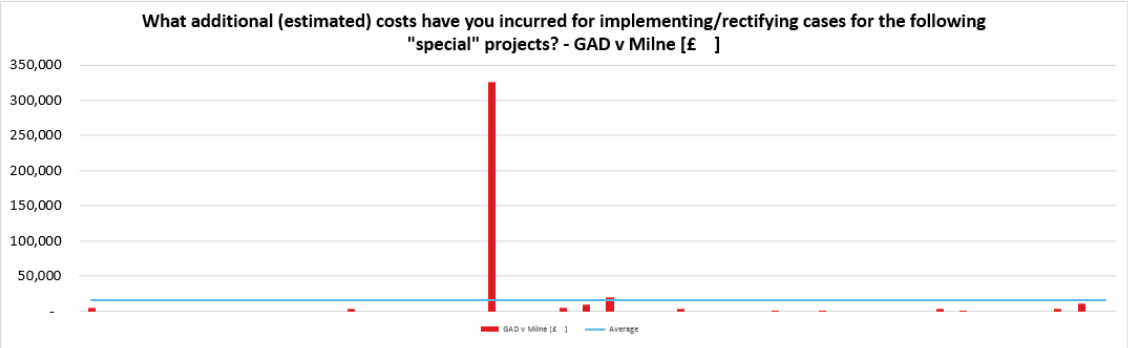


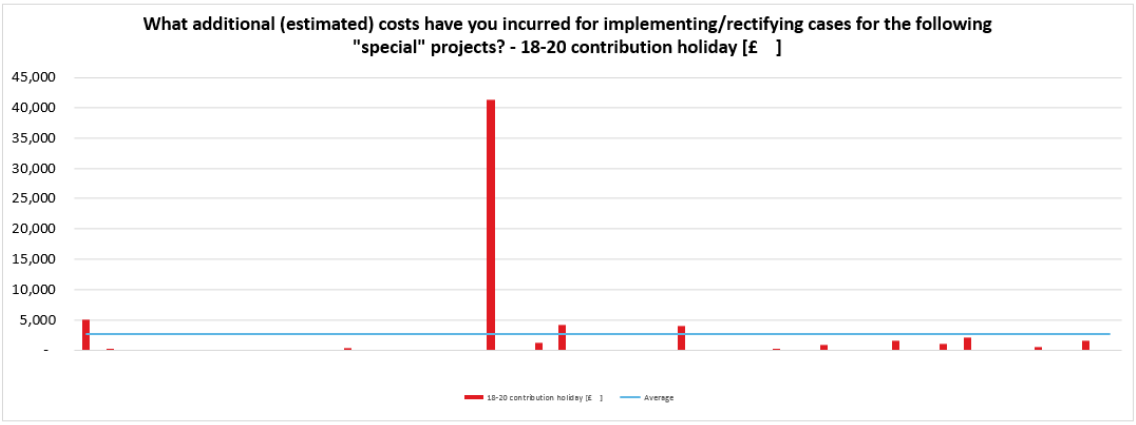
Employer Survey - Question 17

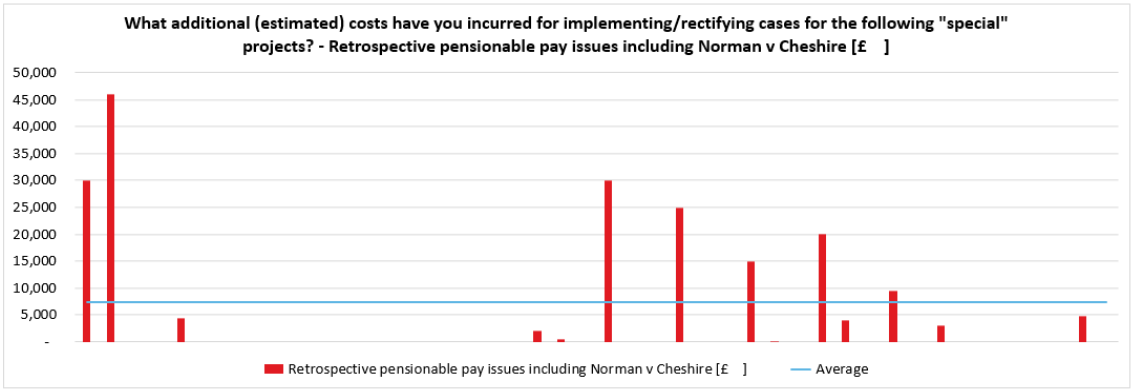


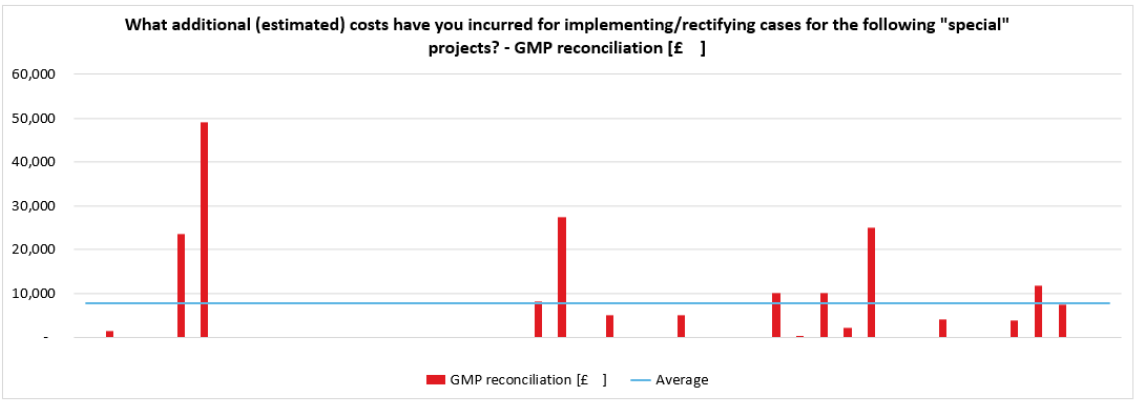
Employer Survey - Question 19

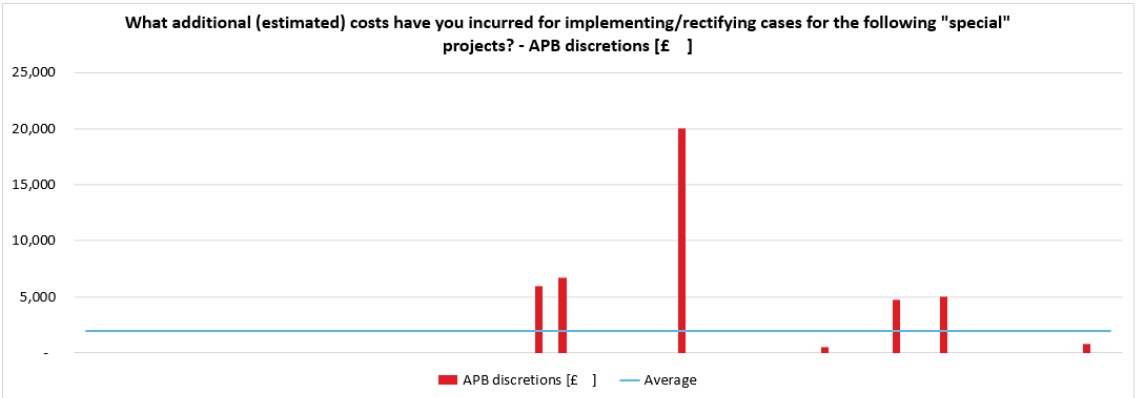


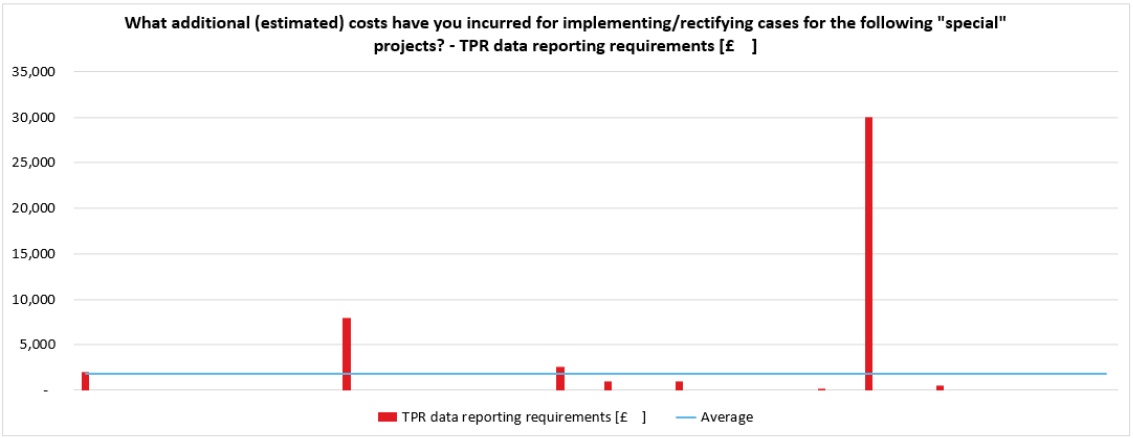


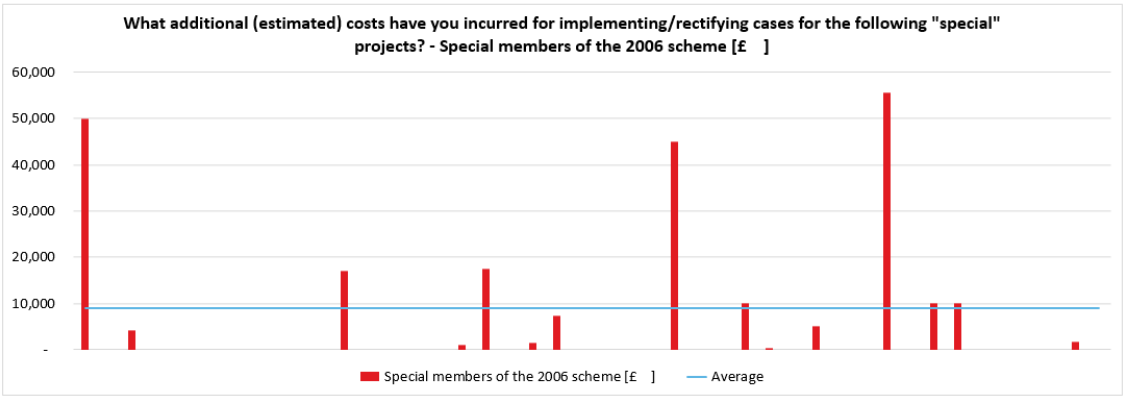

What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? - 18-20 contribution holiday [£]
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
18-20 contribution holiday [£]
Average


What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? - Retrospective pensionable pay issues including Norman v Cheshire [£]
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Retrospective pensionable pay issues including Norman v Cheshire [£]
Average

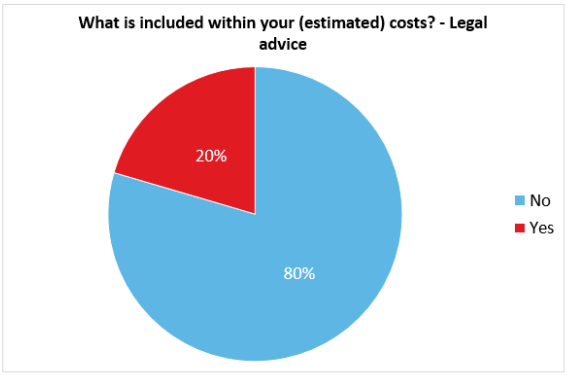

What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? - GMP reconciliation [£]
60,000
50,000
40,000
30,000
20,000
10,000
-
GMP reconciliation [£]
Average

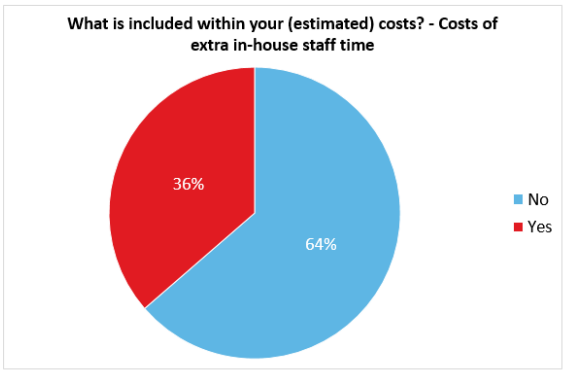

What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? - APB discretions [£]
25,000
20,000
15,000
10,000
5,000
-
APB discretions [£]
Average

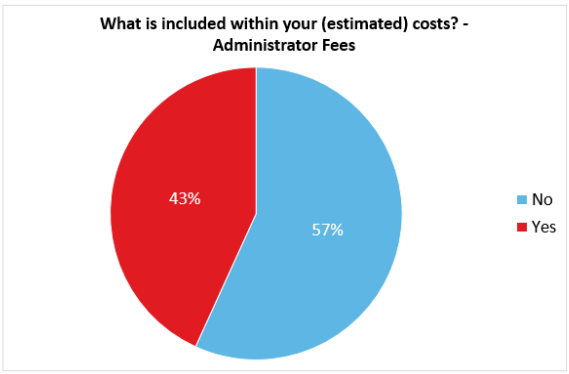

What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? - TPR data reporting requirements [£]
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
TPR data reporting requirements [£]
Average

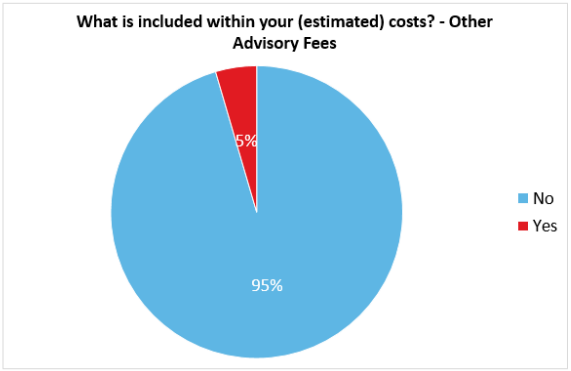

What additional (estimated) costs have you incurred for implementing/rectifying cases for the following "special" projects? - Special members of the 2006 scheme [£]
60,000
50,000
40,000
30,000
20,000
10,000
-
Special members of the 2006 scheme [£]
Average

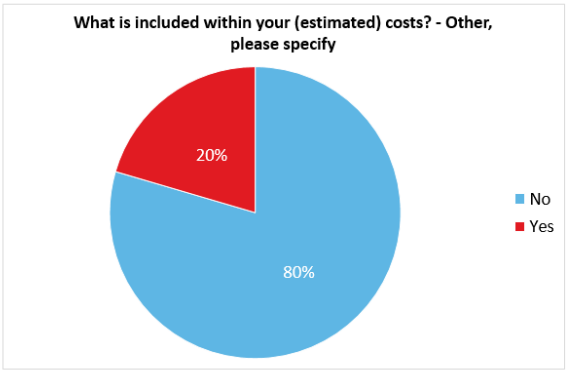
Employer Survey - Question 19a



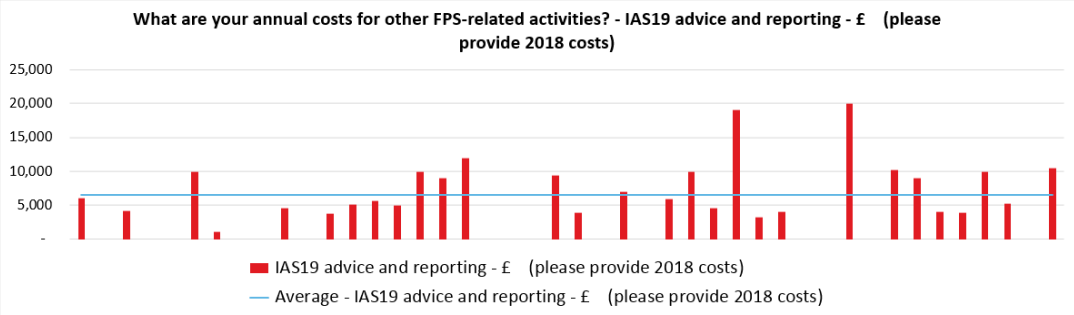


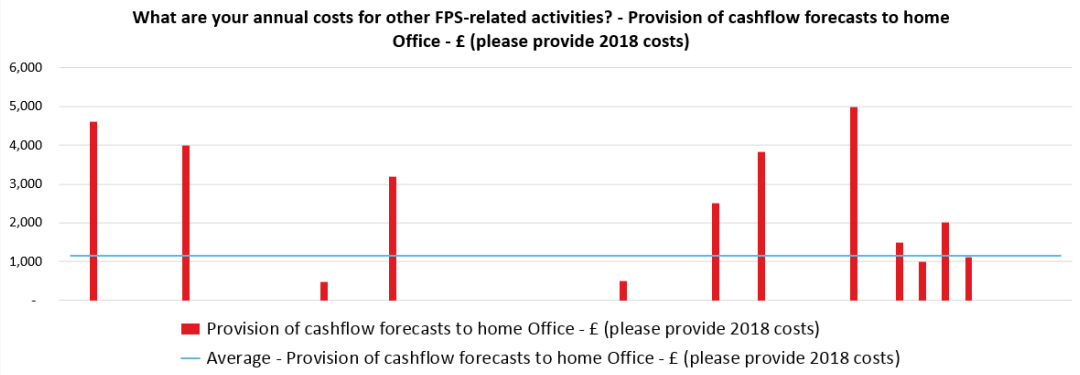


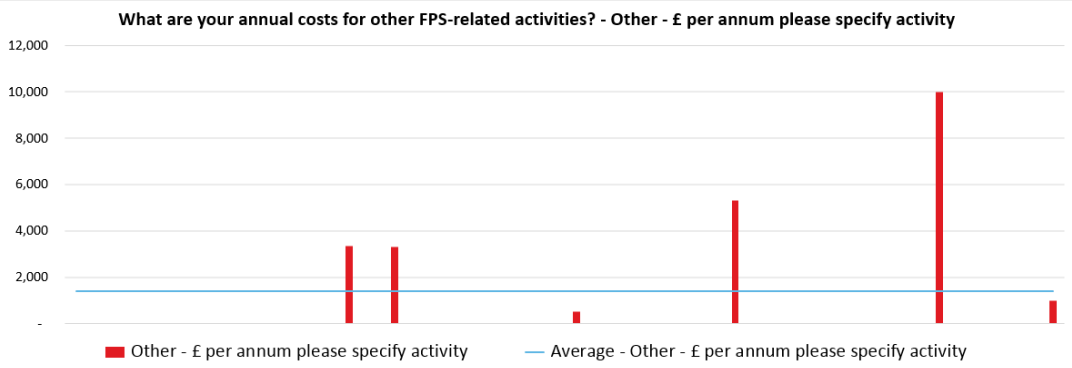




Employer Survey - Question 19b

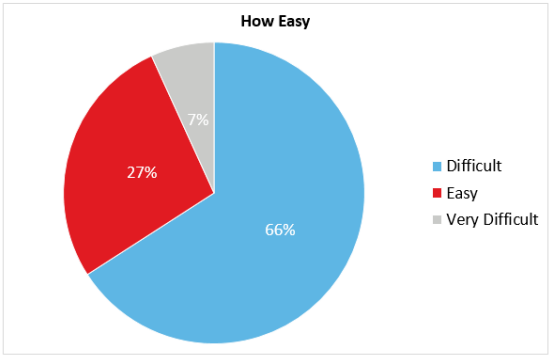


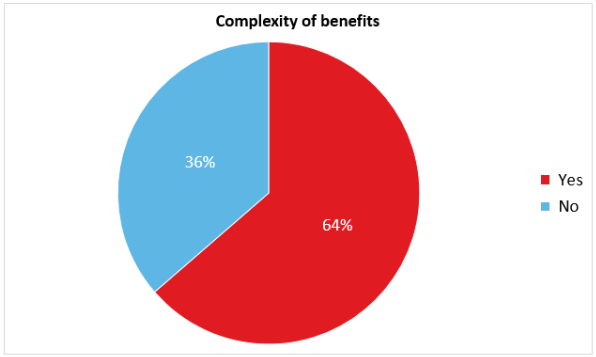


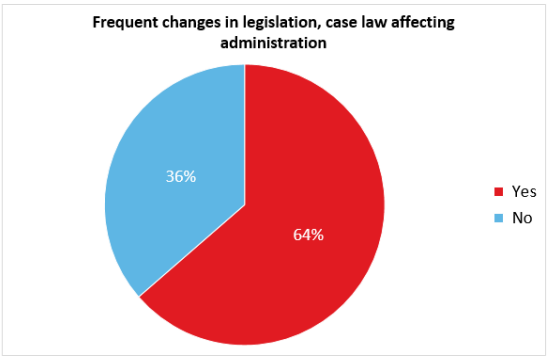


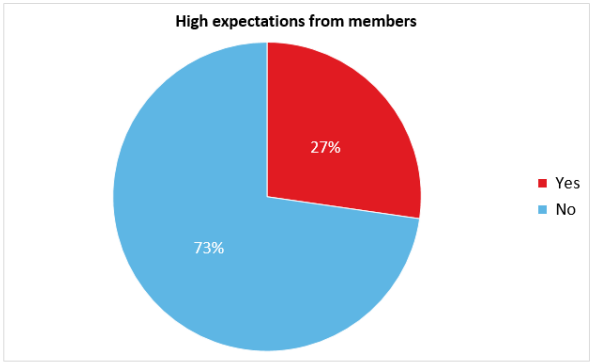
Employer Survey - Question 21

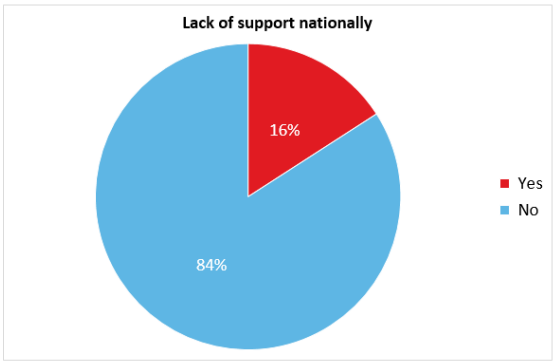
How easy do you find it to make decisions in relation to the FPS where the Regulations permit discretions such as in relation to pensionable pay or ill-health early retirements? If difficult/very difficult, why (please select multiple)

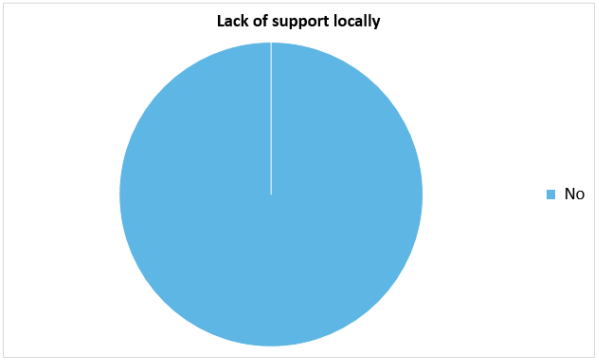


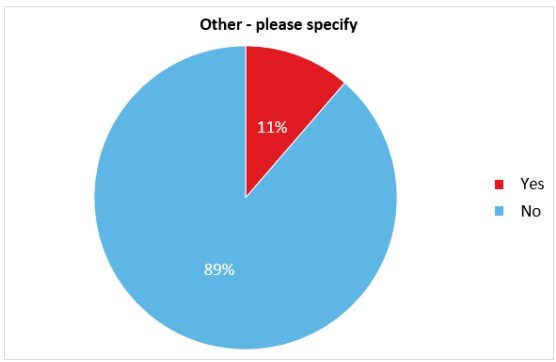








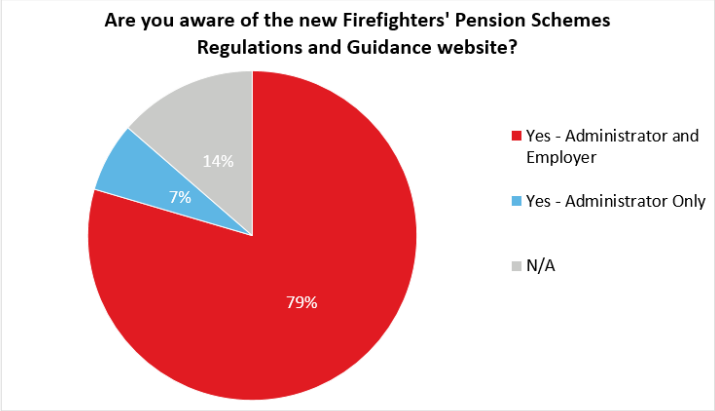


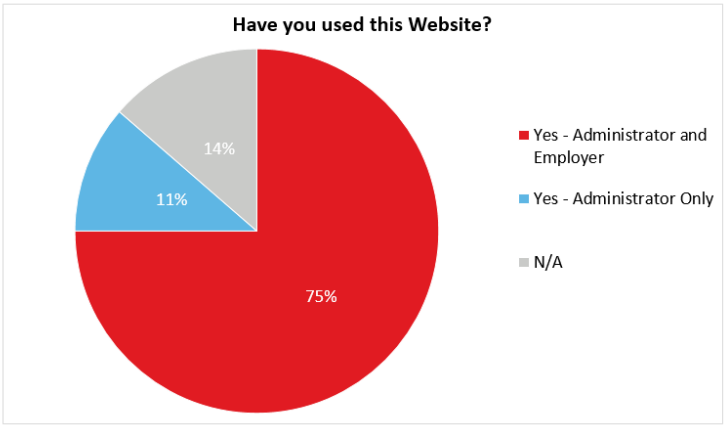


Combined Administrator and FRA Questions

Combined Question 1

Are you aware of the new Firefighters' Pension Schemes Regulations and Guidance website?

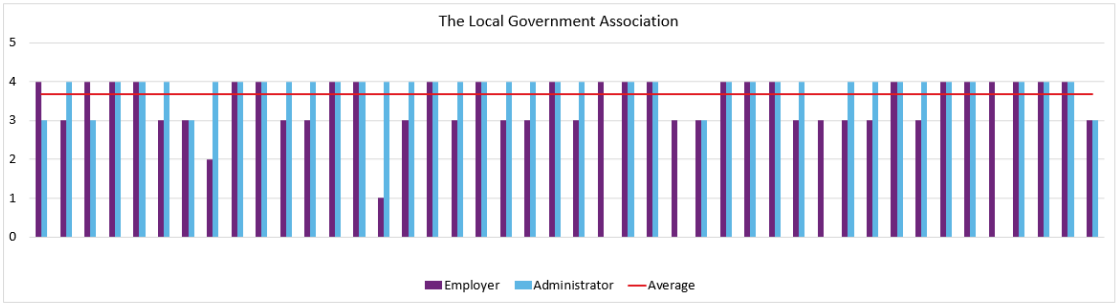




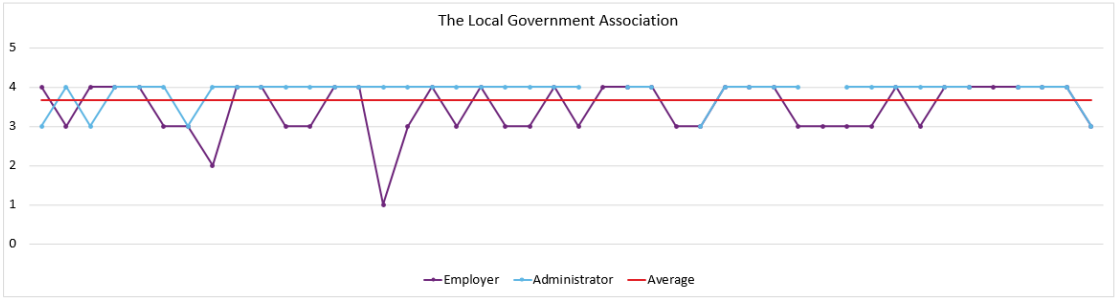
Combined Question 2

On a scale of 1-4 (1 being very poor and 4 being very good), how would you rate the guidance and support from?

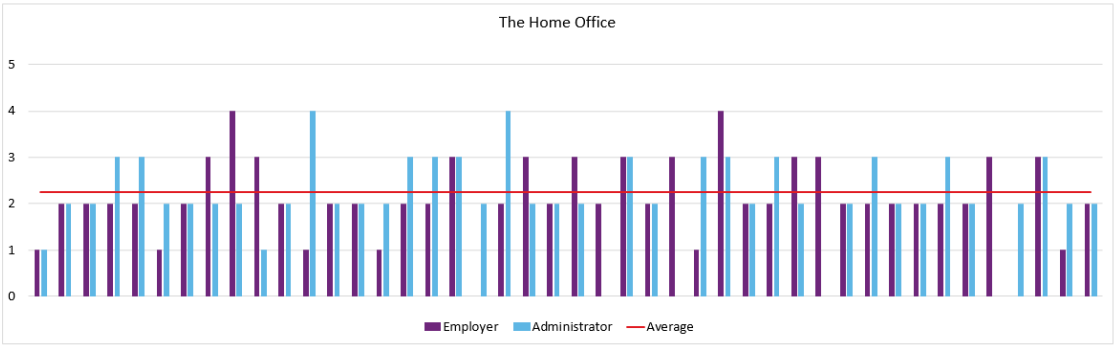
The Local Government Association - Bar Chart



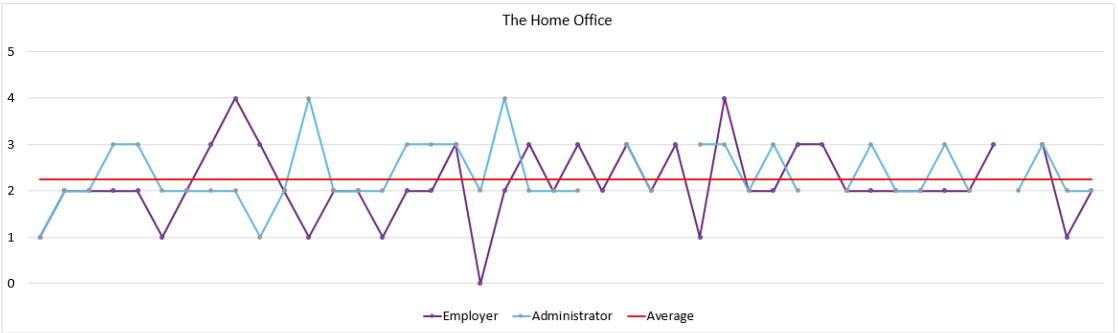
The Local Government Association - Line Chart



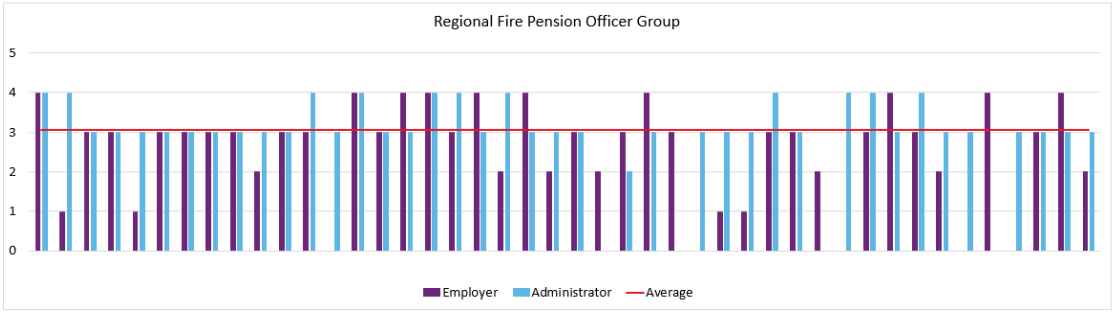
The Home Office - Bar Chart



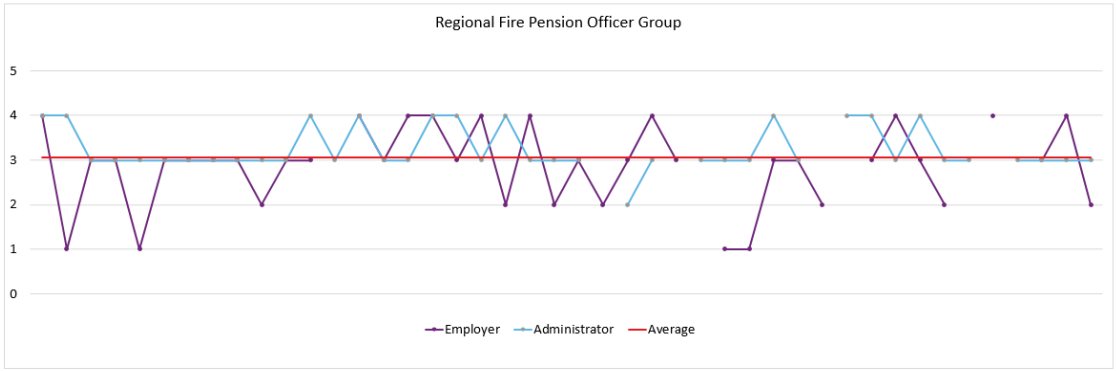
The Home Office - Line Chart



Regional Fire Pension Officer Group - Bar Chart



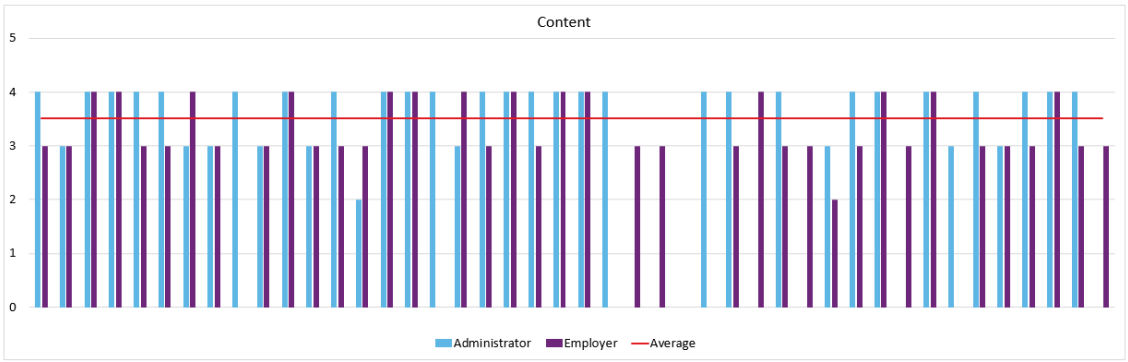
Regional Fire Pension Officer Group - Line Chart



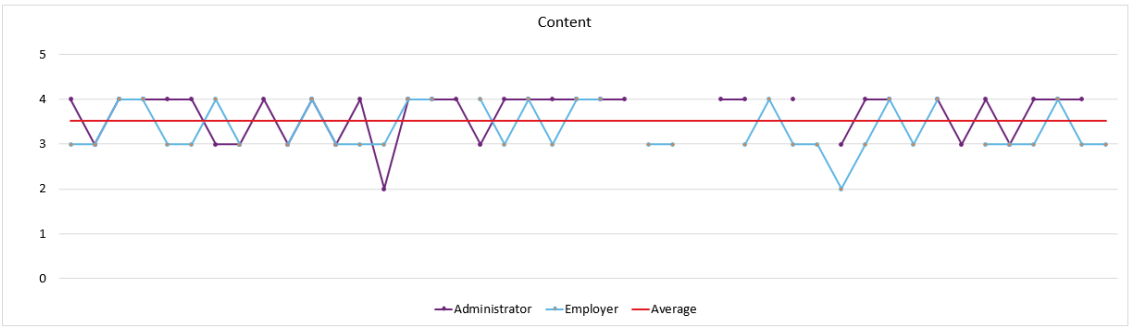
Combined Question 3

On a scale of 1-4 (1 being very poor and 4 being very good), please rate the content offered on the website?

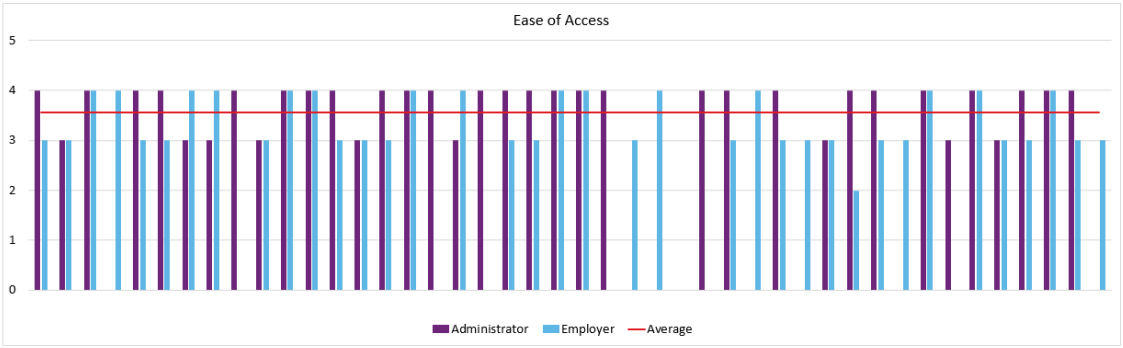
Content - Bar Chart



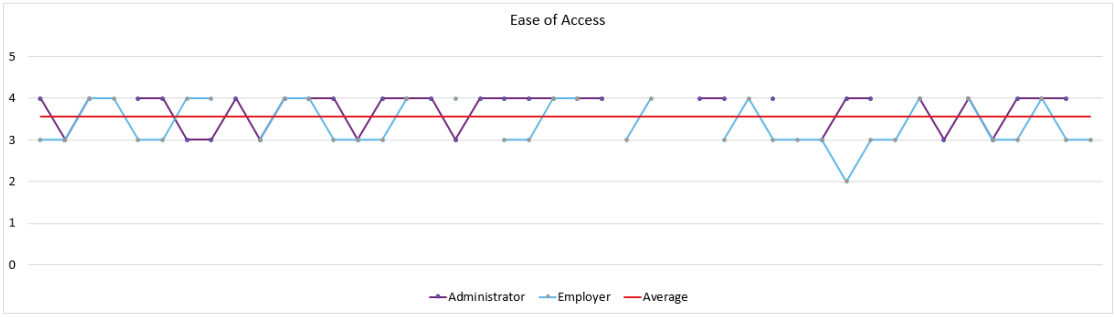
Content - Line Chart



Ease of Access - Bar Chart



Ease of Access - Line Chart



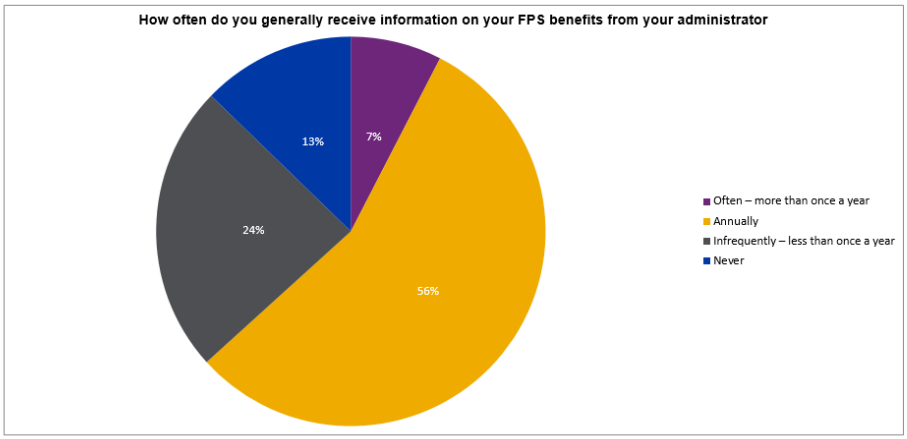
Member Survey

Member Survey - Question 8

Firefighters' Pension Scheme Member Survey

How often do you generally receive information on your FPS benefits from your administrator

Answer Choices	Responses	
Often - more than once a year	7.58%	276
Annually	55.70%	2028
Infrequently - less than once a year	23.86%	873
Never	12.74%	464
Answered		**3641**
Skipped		**317**

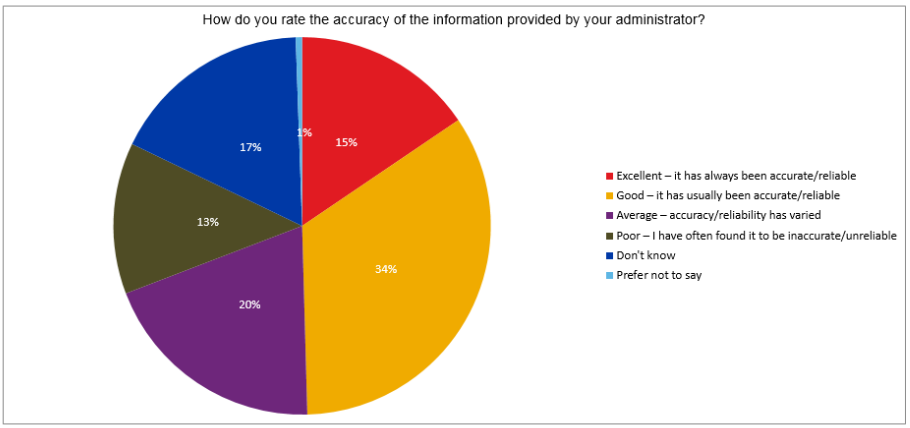


Member Survey - Question 9

Firefighters' Pension Scheme Member Survey

How do you rate the accuracy of the information provided by your administrator?

Answer Choices	Responses	
Excellent - it has always been accurate/reliable	15.53%	460
Good - it has usually been accurate/reliable	34.03%	1008
Average - accuracy/reliability has varied	19.62%	581
Poor - I have often found it to be inaccurate/unreliable	12.95%	384
Don't know	17.32%	513
Prefer not to say	0.54%	16
Answered		**2962**
Skipped		**996**

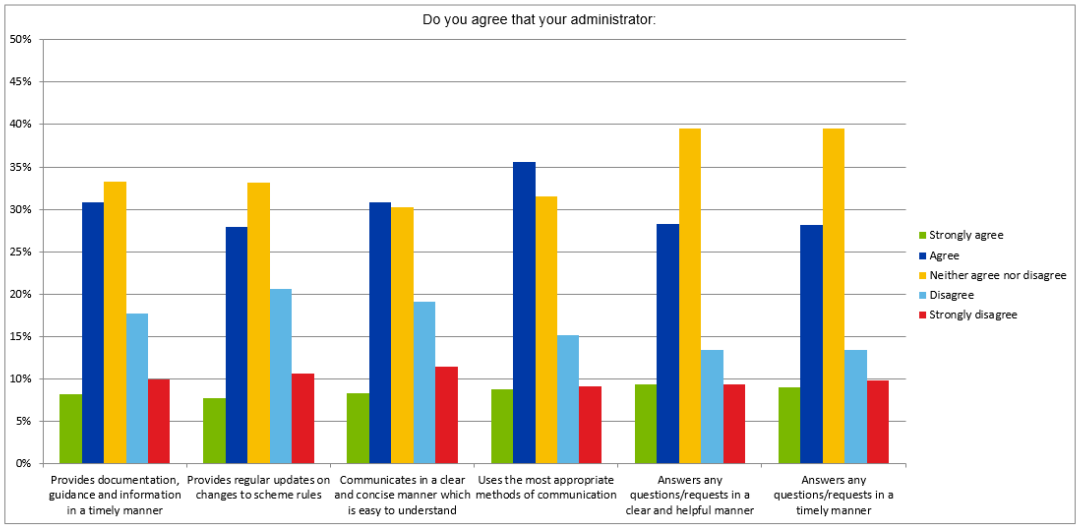


Member Survey - Question 10

Firefighters' Pension Scheme Member Survey

Do you agree that your administrator:

	Strongly agree		Agree		Neither agree nor ...	Disagree		Strongly disagree		Total
Provides documentation, guidance and information in a timely manner	8.21%	284	30.88%	1068	33.28%	1151	17.69%	612	9.95%	344	3459
Provides regular updates on changes to scheme rules	7.72%	267	27.90%	965	33.13%	1146	20.58%	712	10.67%	369	3459
Communicates in a clear and concise manner which is easy to understand	8.33%	288	30.82%	1066	30.30%	1048	19.11%	661	11.45%	396	3459
Uses the most appropriate methods of communication	8.76%	303	35.53%	1229	31.51%	1090	15.12%	523	9.08%	314	3459
Answers any questions/requests in a clear and helpful manner	9.34%	323	28.22%	976	39.56%	1369	13.44%	465	9.42%	326	3459
Answers any questions/requests in a timely manner	9.02%	312	28.16%	974	39.52%	1367	13.44%	465	9.86%	341	3459
Please also provide any comments:											527
									Answered		**3459**
									Skipped		**439**



Appendix 5: Benefit Structures within the Scheme

The Firefighters Scheme introduced in April 2015 is a CARE scheme with all members (other than protected members of the 1992 and 2006 schemes) joining that scheme.

The tables below set out each of the schemes including:

2015 Scheme

2006 Scheme (Standard Members)

2006 Scheme (Special Members)

1992 Scheme

2015 Scheme – CARE	
Accrual rate	Pensionable pay for each year / 1/59.7ths Increased every year by average weekly earnings
Lump sum	Give up 25% of pension to provide a lump sum
Benefit/Membership Cap	None
Retirement Age	Age 60
Deferred Pension Age	Equal to State Pension Age (min. age 65)
Earliest Retirement	Age 55 (subject to reductions)
Employee contribution rate	Dependent on pay 11% to 14%
Employer contribution rate	28.8% from April 2019

2006 Scheme Standard Members – Final Salary	
Accrual rate	Final Pensionable pay (best of last 3 years) x membership / 60ths
Lump sum	Give up 25% of pension to provide a lump sum
Benefit/Membership Cap	45 years
Deferred Pension Age	Age 65
Retirement Age	Age 60
Earliest Retirement	Age 55 (subject to reductions)
Employee contribution rate	Dependent on pay 8.5% to 12.5%
Employer contribution rate	27.4% from April 2019

2006 Scheme Special Members – Final Salary	
Accrual rate	Final Pensionable pay (best of last 3 years) x membership / 45ths
Lump sum	Give up 25% of pension to provide a lump sum
Benefit/Membership Cap	30 years
Retirement Age	Age 55
Deferred Pension Age	Age 60
Earliest Retirement	Age 55
Employee contribution rate	Dependent on pay 11% to 17%
Employer contribution rate	37.3% from April 2019

1992 Scheme – Final Salary	
Accrual rate	Final Pensionable pay (best of last 3 years) x membership / accrual Max 40/60ths – 1/60th (2/60ths after 20 years)
Lump sum	Give up 25% of pension to provide a lump sum
Benefit/Membership Cap	30 years
Retirement Age	Age 55
Deferred Pension Age	Age 60
Earliest Retirement	Age 50 with 25+ years' service
Employee contribution rate	Dependent on pay 11% to 17%
Employer contribution rate	37.3% from April 2019

The complexity of the arrangements in the scheme result in 10 different types of member accruing benefits, as noted in table X below:

Table X: 10 different types of member

	Protected	Tapered	Unprotected	Transitional
1992 Scheme	Y	Y	X	Y
2006 Scheme (Standard member)	Y	Y	X	Y
2006 Scheme (Special member)	Y	Y	X	Y
2015 Scheme	X	X	Y	X

Appendix 6: FRAs with GAD data at 31 March 2016

Fire and Rescue Authorities	Total membership numbers provided by GAD
Avon Fire and Rescue Service	1671
Bedfordshire & Luton Fire and Rescue Service	925
Buckinghamshire & Milton Keynes Fire & Rescue Service	1089
Cambridgeshire Fire and Rescue Service	1124
Cheshire Fire and Rescue Service	1580
Cleveland Fire Service	1219
North Yorkshire Fire and Rescue Service	1346
Cornwall Fire and Rescue Service	1082
Durham & Darlington Fire & Rescue Service	1170
Cumbria Fire and Rescue Service	1132
Derbyshire Fire and Rescue Service	1504
Devon & Somerset Fire and Rescue Service	3421
Dorset & Wiltshire	1814
East Sussex Fire and Rescue Service	1287
Essex County Fire and Rescue Service	2637
Gloucestershire Fire and Rescue Service	965
Greater Manchester Fire and Rescue Service	4101
Hampshire Fire and Rescue Service	2833
Hereford & Worcester Fire and Rescue Service	1274
Hertfordshire Fire and Rescue Service	1409
Humberside Fire Brigade	1900
Isle of Wight Fire Brigade *	466
Kent Fire Brigade	2258
Lancashire Fire and Rescue Service	2555
Leicestershire Fire and Rescue Service	1419
London Fire Brigade	14101
Merseyside Fire and Rescue	2837
Norfolk Fire and Rescue Service	1276
Northamptonshire Fire and Rescue Service	863
Northumberland Fire and Rescue Service	760
Nottinghamshire Fire and Rescue Service	1824
Oxfordshire Fire and Rescue Service	1106
Royal Berkshire Fire and Rescue Service	1035
Shropshire Fire and Rescue Service	916
South Yorkshire Fire and Rescue Service	1957
Staffordshire Fire and Rescue Service	1797
Suffolk Fire and Rescue Service	1112
Surrey Fire and Rescue Service	1614
Tyne & Wear Fire and Rescue Service	1975
Warwickshire Fire and Rescue Service	829
West Sussex Fire and Rescue Service	1173
West Midlands Fire Service	4251
Lincolnshire Fire and Rescue Service	1256
West Yorkshire Fire and Rescue Service	3639

Contact Information

Alison Murray
Partner, Head of Public Sector Actuarial
+44 (0)117 900 4219
alison.murray@aon.com

Craig Payne
Benefits Consultant
+44 (0)117 945 3523
craig.payne@aon.com

Mary Lambe
Senior Governance and Benefits Consultant
+44 (0)1727 888 236
mary.lambe@aon.com

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.