



Firefighters' Pensions England

Scheme Advisory Board

LPB EFFECTIVENESS COMMITTEE

ACTIONS AND AGREEMENTS

Thursday 8 July 2021

MS Teams

PRESENT

Matt Lamb (ML)	Chair
Joanne Livingstone (JL)	SAB Chair
Claire Neale (CN)	Technical/ Admin representative (Hampshire CC)
Alan Tranter (AT)	FRA/ LPB representative (West Midlands LPB)
Clair Alcock (CA)	LGA – Board secretariat
Claire Hey (CH)	LGA – Board secretariat (minutes)

1. Introductions and apologies

- 1.1. Apologies were received from Debbie Yeates, Becky Smeathers, and Cllr Roger Phillips. CA briefly ran through the purpose of each item on the agenda.

2. Chair's welcome

- 2.1. ML welcomed all to the committee in his first meeting as chair. ML noted that the group had not met in some time and the agenda provided useful context for the committee's objectives. Introductions were made around the virtual room.

3. TPR [Governance and Administration Report](#) considerations

- 3.1. ML said that the committee would focus on the outcomes of the Pension Regulator's (TPR's) Governance and Administration survey which was run between January to March 2021. In order to provide a benchmark, CA shared the previous position on TPR's six key processes which are the fundamental measures of good governance:

3.1.1. Access to knowledge and skills to properly run the scheme.

3.1.2. Own procedures for assessing and managing risks.

3.1.3. Processes to monitor records for accuracy and completeness.

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- 3.1.4. Process for resolving payment issues.
- 3.1.5. Procedures to identify, assess, and report breaches of the law.
- 3.1.6. Conflicts of interest policy.
- 3.2. CA explained that when TPR was first given oversight of public service pension schemes, the FPS significantly underperformed against these measures compared to other schemes. CA highlighted that there is a noticeable discrepancy between centrally and locally administered schemes, therefore the comparison is not necessarily a fair one. The central schemes are considered as a whole and CA said it would be interesting to see the individual outcomes and establish any examples of best practice or lessons learned.
- 3.3. CA noted that scores have generally increased annually. CA drew out that 98 per cent of Fire schemes stated they had access to knowledge and skills, however, the research analysis suggests that these may not be applied correctly or consistently. CA commented that the score for risk procedures dropped in 2019; however, this was not a cause for concern as could reflect that FRAs are in the process of modernising their risk registers. CA added that recent shared examples of risk registers have become more sophisticated.
- 3.4. CA highlighted that the total Fire schemes with all six processes in place was only 55 per cent in 2019 and TPR had made some unfavourable comments on the performance of the FPS, which was the lowest across the public sector in some areas. CA noted that the results are generally 12 months out of the date by the time they are published, so potentially do not reflect the current position and any improvements that have been made.
- 3.5. CA said that complexity of the scheme is regularly reported as a barrier to effective governance and administration. CA explained that while TPR has reported that the number of complaints entering Internal Dispute Resolution Procedures (IDRP) has increased, the recent [IDRP data request update](#) to the SAB has demonstrated that the procedures are working as intended.
- 3.6. CA moved on to discuss the findings from the 2020-21 survey and what actions the committee might take as a result. CA highlighted that the Fire schemes with all six processes in place had increased to 74 per cent and celebrated this as significant progress. CA commented that there had been general improvement across public sector; however, risk procedures remain an issue for all schemes.

- 3.7. CA noted that the FPS is still least likely to have four LPB meetings annually, at 32 per cent. CA felt that this was not a surprising outcome given the current circumstances and there are more pressing areas for the committee to consider. TPR did not clearly outline what would have been expected or reasonable during this period.
- 3.8. CA explained that TPR places strong importance on administration forming part of the LPB agenda and that schemes should have an administration strategy, despite there being no legal requirement for the FPS as a single employer scheme. This was picked up as a recommendation in [Aon's 2019 review of the scheme](#) and a template strategy is under development and will be launched imminently. It is therefore expected that the score of 47 per cent of Fire schemes with a strategy in place will increase for the next survey without further intervention.
- 3.9. CA confirmed that the results for timely publication of ABS remain high, which is consistent with previous surveys run by the committee, and reflects the fact that ABS are treated as a priority for FPS members. CA noted that this process would have been particularly challenging for the Fire schemes during the pandemic due to the local nature of administration and should be acknowledged as a success.
- 3.10. CA felt that TPR's expectations may need framing in relation to remediation in Sargeant which was identified as one of the top three risks to governance and administration. Due to the timing of the survey, schemes would have had limited knowledge of what the requirements of implementing remedy would be. The LGA will be supporting Fire schemes centrally to understand the changes once policy and legislation are available.
- 3.11. The score for access to knowledge and skills remained at 98 per cent for another consecutive year. Eighty-one per cent also indicated that they had sufficient time and resources to run the scheme, although this is a decrease from previous years. CA felt that these results are not always reflected in tangible outcomes and views were invited from the group.
- 3.12. AT fed back from West Midlands LPB the suggestion that the question should be further divided, as having access to knowledge and skills is not always the same as being able to apply them practically or being able to escalate issues internally. CA agreed that this would be a useful point to raise with TPR.

i. Committee to suggest redraft of questions on knowledge and understanding to TPR for a future survey.

- 3.13. CA explained that the survey outcomes are used within the LPB training package for local boards to benchmark their own performance, with a recommendation to undertake an annual evaluation in line with the results as best practice.
- 3.14. Within the survey, 87 per cent of Fire schemes said they undertook an evaluation at least annually, with 19 per cent claiming to evaluate on a quarterly basis. This is not consistent with the LGA's experience of meetings attended and CA commented that it is unclear what this evaluation process would look like.
- 3.15. The mean average hours of training undertaken per board member was seven per year for Fire schemes. The Local Government Pension Scheme (LGPS) results were significantly higher at 13 hours per member; CA noted that there are a number of consultancies which provide paid training for LGPS governance, which does not tend to be as readily available for the FPS, therefore seven hours represents a healthy figure.
- 3.16. Almost all Fire LPBs indicated that they have access to all information about the operation of the scheme needed to fulfil their role. CA commented that this does not correlate with perceived complexity as a barrier, and the question or expectation may need reframing. CN said that this was again the difference between having access to information and being able to use it to address complexity.
- 3.17. The survey then looked at cyber security which is a relatively new area of focus for TPR. Scores have increased since the last survey, however, CA noted it is too soon to draw any particular conclusions from the results. CA commented that the analysis may be more reliable for central schemes, as the data is held in a single location/system.
- 3.18. Fire and Local Government schemes reported the fewest number of pension board members. CA explained that this is to be expected for the FPS as legislation directs a minimum of four members and is therefore not a cause for concern, although recruitment can be challenging. ML agreed, noting that there are 44 individual LPBs so they will inevitably be smaller than for centrally managed schemes.
- 3.19. Just over half of Fire schemes have a succession plan in place for board members. CA commented that the committee has previously issued guidance to LPBs on terms of office for board chairs and members being a minimum of two years and staggering termination dates. This followed reported concerns of board turnover and resilience. No action is required, other than a reminder of the existing guidance.

- 3.20. CA reiterated that the scores around processes for assessing and managing risk have fallen. CA commented that the LPB training package covers risk management comprehensively and scores may reflect that FRAs are giving greater consideration to their processes. ML nevertheless expressed concern that scores had decreased for procedures that were previously in place.
- 3.21. CN commented that Hampshire LPB reviews its risk register at each meeting and the only amendment has been the addition of remedy as a standalone risk. AT noted that West Midlands LBP had identified a discrepancy between its own risk register and the corporate register which was making it difficult to raise, track, and mitigate common risks. This has now been resolved and has made a noticeable difference but may have impacted the way the survey question was answered between years.
- 3.22. CA observed that the survey takes a broad view of risk and having the appropriate level of scrutiny in place is more important than how that scrutiny is carried out. CA added that while there is more work to be done around risk, there is no particular danger for the FPS that does not exist elsewhere.
- 3.23. AT commented that the level of interest in risk may depend on the governance structure of the individual FRA and where ownership of the risk register lies. CN noted that the scores for risk processes have fallen annually for all schemes, so is not unique to Fire. TPR has provided some commentary on why this might be the case, although the conclusions are not definitive.
- 3.24. CA stressed the importance of each LPB considering its responses against the final research report. ML suggested taking an action to investigate the decline. CA agreed that it might be worthwhile to carry out some fact finding given the consistent reductions over a number of years.

ii. Committee to consider data gathering exercise on risk management procedures.

- 3.25. CA wanted to understand more around the perceived risk of remediation and whether that represents the risk of lack of knowledge or resource, or lack of understanding as to what will be required. CA said this would be key in considering how to mitigate that risk. ML observed that level of risk was not recorded for the survey either. AT reflected on his personal experiences with the West Midlands LPB which supported CA's point.

- 3.26. To further highlight the ambiguity within the survey, CA pointed out that six per cent of Fire schemes had recorded funding or investment as a top risk. Depending on TPR's expectations, this should not exist as a risk for the FPS as an unfunded scheme. However, this may reflect a concern over how the scheme will be paid for, which would be an employer risk rather than a board risk.
- 3.27. Schemes were asked what actions had been taken in respect of remedy proposals. CA said that sufficient information may not have been available at that time to allow schemes to make an informed response, and this may have set an unhelpful expectation, particularly for Fire schemes who have no direct contract management with software suppliers. CA felt that the response data in Table 4.2.5 may not be reliable and suggested asking TPR to confirm what their expectations were, to frame the context of this question.
- 3.28. JL supported a broader conversation on remedy with TPR as an action. JL felt that some of the requirements highlighted within the survey are included in the codes of practice and are therefore statutory, rather than recommended good practice.
- 3.29. AT advocated a peer review system using TPR's survey as benchmarking tool in order to gain a greater understanding of governance in place, highlighting that the outcomes are not necessarily a good reflection of how schemes are operating in practice.
- iii. LGA to invite TPR to a future meeting to discuss the G&A survey results and how the committee could effectively benchmark Fire schemes.**
- 3.30. CA asked committee members what their expectations would be for actions that LPBs could take over the next 12 months in relation to remedy and how these could be monitored. CA suggested that one area LPBs where could become more involved is greater scrutiny of the membership data, for example the size of different cohorts, and reporting back to the LGA and SAB.
- 3.31. CA asked CN what would be reasonable to request from an employer's perspective. CN confirmed that membership numbers would be reasonable, as the administrator should be able to provide this information relatively easily.
- 3.32. ML asked whether an evaluation should also be undertaken of information and communication needed at key milestones, when these might be likely to occur, and what resources would be required. AT confirmed that this had been recently discussed at West Midlands LPB and collection of data for retained employees had been identified as an issue.

- 3.33. CN suggested that LPBs could ask to see an FRA's project plan, including how this interacts with the administrator's plans, for example on data collection. This could also include projected costings. AT proposed that Prince 2 methodology should be followed where possible to ensure commonality of approach.
- 3.34. CA said that the remedy survey should feed into this workstream and provide evidence on resourcing and project plans. CA commented that some authorities may find it difficult to initiate a plan due to a lack of understanding or engagement from key stakeholders. Nevertheless, this should be reflected in a plan as a risk once in place. CA noted that LPB scrutiny of project plans may increase their knowledge and understanding of the scale of remedy, and the interdependencies involved.
- 3.35. CA highlighted that 28 per cent of Fire schemes reviewed their risk exposure quarterly; this was felt to be lower than other schemes in line with the number of LPB meetings held. CA noted that progress had been made and confirmed anecdotally that LPB agendas now tend to include a review of the risk register as a standing item.
- 3.36. CA explained that the responses to outsourcing of administration services highlighted a lack of understanding which arises from the governance structures in place. For example, a county council FRA with a linked LGPS fund would generally consider themselves to be administered in-house. CA commented that where the scheme is administered does not necessarily affect performance or governance, so this discrepancy does not warrant further action.
- 3.37. CA commented that the percentage of meetings (80 per cent) with administration as an agenda item was in line with expectations, given the need to strike a balance between management and administration. CA noted that the administrator should attend every board meeting.
- 3.38. CA said that Fire schemes could be expected to return high scores in relation to data submission as a single employer scheme and this would also correspond with the timely issue of ABS. Seventy-seven per cent submitted monthly data on time, and always provided data that was accurate and complete. CA highlighted that there could be an argument for this to be 100 per cent and suggested that this could evidence a need for improved internal controls.
- 3.39. The survey also considers how data is submitted. Around three-quarters of Fire schemes reported that they submit data electronically, however, CA observed a lack of clarity in the terminology and said it would be useful to understand what TPR's expectation is.

3.40. AT needed to leave the meeting, so thanked CA for her contributions to the improvements realised at his local board and commented that he wanted to help ensure this work was driven forward through the committee to empower boards. CA asked if AT would be willing to deliver a case study on best practice at the next LPB wrap-up training or AGM. AT's agreement was noted.

3.41. Expanding on some of the points raised during the meeting, CA stressed that transparency is key to governance of decision making, although this can be challenging due to the complexity of the scheme and a lack of technical understanding. A particular example of this is pensionable pay decisions, which are frequently subject to legal challenge. LPBs can potentially add value in this area by adding a layer of scrutiny.

3.42. ML added that decisions should also be appropriately recorded to retain the rationale for the outcome in case of future dispute. CA agreed and highlighted that new case law can often necessitate revisiting decisions.

3.43. CA reiterated that Fire schemes were most likely to have met the ABS deadline for all active members and said that the survey highlights a number of good news stories which could be collated into a commentary for a future bulletin. ML supported this as a statement from the committee which acknowledges the key highlights and areas for future development.

iv. LGA to draft commentary on the key survey highlights and areas for development to include in a future bulletin.

4. Role of governance for remedy

4.1. CA asked the committee to consider what the expectations of LPBs could be in relation to remedy. JL suggested that a project plan should be made available as previously discussed and peer support or mentoring, including an understanding of how this could be accessed. JL commented on the difficulty of engaging with boards who are typically reluctant to do so.

4.2. CA demonstrated a typical training session slide deck which includes a factual background of remedy and the roles and responsibilities of the LPB. This also covers a high-level timeline and areas where policy decisions remain outstanding which, if a project plan is in place, would help LPBs to identify key dependencies and risks.

- 4.3. CA commented that the training is designed to link remedy back to TPR's six key processes so that boards are aware of the areas to focus on and ask questions about, without necessarily having in-depth technical understanding. CA explained that the slides are intended to generate conversation and can be useful to help boards escalate issues if the answers received are not satisfactory.
- 4.4. CA noted that the structure of the session could be subject to change depending on the outcome of TPR's single code of practice consultation, as the six key processes currently link to the existing codes of practice, particularly code of practice 14 which covers public service schemes.
- 4.5. CA noted that all parties are currently operating in a highly reactive space and it is difficult to be proactive due to timescales and workloads. CA highlighted that LPBs will play a key role in measuring the success of implementing remedy through governance of the process. CA added that tracking of risk will allow boards to monitor success. ML commented that a project plan would also be a useful tool to track progress and evidence success.
- 4.6. CA explained that the biggest challenge for locally administered schemes is the interdependencies as no single organisation has complete control of implementation. ML said that this could be expanded on within the training to ensure that boards have an understanding of what the dependencies are and how they impact on each other.
- 4.7. The presentation finishes with a reminder about effective communication which AT had previously commented on, in that member outcomes must remain the key consideration.
- 4.8. ML asked how and when this information would be delivered. CA explained that sessions are currently delivered on request, however, this does present a resource challenge to the team. In the short-term, bespoke individual training will need to be scaled back and the annual wrap-up session will be designed to incorporate the remedy training material. The AGM would also be a useful forum to reach a wider audience. The new senior adviser will be responsible for developing a future strategy for content and delivery.
- 4.9. CA reminded the group of past discussions on committee members delivering training to boards. This has not yet been taken forward due to the necessary development of a standardised slide deck with covering notes. This could be a useful way of increasing coverage and also the committee's visibility to the sector.

4.10. ML noted that the remainder of the agenda items would be carried forward. CA added that TPR could be invited to speak about the modular code in addition to the survey outcomes when attending a future meeting.

4.11. JL wanted to ensure that absent members would be made aware of the considerable workplan for the committee, particularly in relation to the training discussion and given the limited resources available. CA noted that use of MS Teams may increase resource and capacity to deliver sessions and the next meeting could focus on the practicalities. ML requested that a follow up meeting be arranged as soon as possible to take this forward.

v. ***Committee to consider requirements and practicalities of committee members delivering standard LPB training.***

5. AOB

5.1. ML noted official thanks from the committee to CA for her hard work and dedication to the sector.

LPB EFFECTIVENESS COMMITTEE: ACTION SUMMARY

Date/ Number	Action	Comments	Priority	Owner
08 07 2021 (i)	Committee to suggest redraft of questions on knowledge and understanding to TPR for a future survey.		Medium	All
08 07 2021 (ii)	Committee to consider data gathering exercise on risk management procedures.		Low	All
08 07 2021 (iii)	LGA to invite TPR to a future meeting to discuss the G&A survey results and how the committee could effectively benchmark Fire schemes.		High	LGA
08 07 2021 (iv)	LGA to draft commentary on the key survey highlights and areas for development to include in a future bulletin.		High	LGA
08 07 2021 (v)	Committee to consider requirements and practicalities of committee members delivering standard LPB training.		High	All