



## **ACTIONS AND AGREEMENTS**

**Thursday 18 April 2019**

18 Smith Square, Westminster, London SW1P 3HZ

### **PRESENT**

Tristan Ashby (TA)	Chair
Malcolm Eastwood (ME)	Scheme Advisory Board chair
Clair Alcock (CA)	LGA
Ian Howe (IH)	Technical/ Admin representative (Leics CC)
Dave Limer (DL)	SAB Scheme member representative
Debbie Yeates (DY)	FRA/ HR representative (Lincolnshire)
Claire Hey (CH)	LGA – Board secretariat (minutes)

### **1. Introductions and apologies**

- 1.1. Apologies were received from Stuart Wilson, Becky Smeathers, and Cllr Roger Phillips.

### **2. Chair's welcome**

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

### **3. Changes to membership**

- 3.1. Becky Smeathers (BS) has joined the committee to replace Simon Allsop as FRA/ Finance representative. Cllr Roger Phillips has also volunteered to join as SAB Scheme employer representative. Both were unfortunately unable to attend the meeting due to short notice between their appointment and the meeting date.
- 3.2. Following some discussion, a consensus was reached to seek a volunteer replacement LPB representative to the committee. This vacancy will be advertised in a future bulletin.

#### **4. Review previous actions (23 January 2019<sup>1</sup>)**

4.1. The minutes of the previous meeting were agreed.

*i. CA to draft factsheet on reporting ABS breaches.*

4.2. Action carried forward.

*ii. CH to send an updated list of LBP engagements to the committee.*

4.3. Circulated with draft minutes on 14 March 2019.

*iii. CA to develop RAG matrix of board engagement, with a checklist for committee members attending meetings.*

4.4. CA is considering the best way to take this forward. To be discussed further under item 8.

*iv. CH to provide slides from Hymans Robertson confidence assessment presentation.*

4.5. Circulated with draft minutes on 14 March 2019. The general feeling from the group was that a similar exercise would not be of value for FPS boards at this time.

#### **5. Joint Board applications - verbal update**

5.1. IH gave a brief verbal update on the progress of the East Midlands boards' joint application since the meeting in January. The document has been agreed and referred back to the three separate boards for sign off; the process appears to have stalled here. IH noted that BS may have more information in her capacity as delegated scheme manager for Nottinghamshire FRS.

5.2. IH informed the group that he has been approached by an FRA querying the process and how to draft an application to the Secretary of State (SoS). IH expressed disappointment that the East Midlands submission has not yet been made following the work undertaken.

5.3. DL queried whether the FRAs have lost interest in the process or if the delay could signify that a wider problem has arisen, adding that approval of the application may promote interest from other boards. CA questioned whether the delay indicated a lack of engagement and understanding of pensions at a senior level. TA noted that the lack of impetus may discourage others from applying.

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<sup>1</sup> <http://www.fpsboard.org/images/PDF/LPBsub/Minutes230119.pdf>

5.4. While the committee had previously agreed that the guidance should be issued following the approval or otherwise of the first application in order to incorporate any learning points, CA suggested that the guidance now be submitted to the Scheme Advisory Board (SAB) for review and subsequently published. All agreed. DY noted that a revised version could be produced following the SoS decision.

**Action:**

- i. **CA to liaise with BS regarding status of the East Midlands joint board application.**
- ii. **CA to circulate draft guidance to SAB by email for review and approval.**

## **6. ABS 2018 survey results**

6.1. The final draft research report was circulated to the committee for review with the minutes of the previous meeting. CH asked for comments prior to sign off and a summary of points raised follows.

6.2. TA queried why the proportion of statements that were unable to be sent in respect of FPS2006 special members was so high [1.2]. CH confirmed that this is largely due to the administration software which is unable to perform the required calculations. IH asked whether the report could be used to put pressure on providers to improve solutions. DL asked whether there is an associated cost that FRAs are unwilling to pay or if providers genuinely cannot provide the correct calculations.

6.3. CA confirmed that in addition to the lack of FPS expertise within the relevant organisations, the problem is two-fold: the schemes are so complex, yet the relative membership is so small, that the cost of development outweighs the value. It is more effective for administrators to carry out manual calculations than pay for system development. However, this is indicative of wider issues with providers, for example, one has no user group for FRAs.

6.4. DY added that administration for Lincolnshire FRS was contracted prior to the amendment of FPS2006 to allow special members. While there was considerable uptake, active member numbers are ever decreasing. The administrator endeavours to produce ABS on time, and even where electronic calculations can be made, they are checked manually.

6.5. CA proposed inviting the suppliers to the next meeting of the committee to present the findings from the report. IH supported this, adding that as an administrator special member calculations pose the biggest risk, and although errors are reported to the provider, the lack of internal expertise means they cannot always be resolved.

6.6. On deferred members, TA asked whether respondents are aware that there is no statutory requirement to provide statements for FPS1992, in respect of the high percentage producing them [1.3]. CH clarified that this is widely known, yet DBS are provided as good practice for FPS1992 as there is little additional effort while already producing for FPS2006 and FPS2015.

- 6.7. TA queried whether responses from LPB employee representatives, rather than the chair and/ or scheme manager, were expected [3.2]. DY suggested that the LPB's only role in respect of the survey would be to check that it had been completed, not to provide a separate response.
- 6.8. DL noted concern over the high proportion of 'N/A' or 'Don't know' responses at Figure 4.4.1 relating to reporting delayed ABS, considering whether only 'Yes/ No' should be offered for the 2019 survey, as the Committee's primary concern is driving the effectiveness of LPBs. DY noted that the intention to provide separate administrator/ scheme manager surveys in future years will address this issue.
- 6.9. IH confirmed that Leicestershire CC report to each board as a matter of course, although not all administrators work in this way. CA noted that administrators also have a duty to report a breach of law, but are more likely to refer this to the scheme manager to make a decision on whether to inform TPR.
- 6.10. DL queried whether the comments recorded in Table 4.5.3 illustrate anything unexpected, if there were any actions for the group to take forward, and if there were further comments. CH confirmed that the full list of verbatim responses was available on page 25.

**Table 4.5.3 – Comments relating SAB support to facilitate improvements.**

Encourage software provider to account for PSO debits and AA Scheme Pays Debits in calculations.
Encourage FRAs / Scheme Administrators to work more collaboratively.
Template changes need to be issued as early as possible to enable them to be incorporated.

- 6.11. CA clarified that the first point can be incorporated with the discussion regarding special member calculations; TA suggested that the regional fire pension officer groups encourage collaboration between FRAs and administrators, with CA adding that the new scheme manager/ LPB training package also encourages cooperation. The final sample comment is an action for the Fire Communications Working Group (FCWG).
- 6.12. DY queried whether the second point related to ABS only, or was a more general suggestion. The full responses at Annex D clarified that it was specifically in relation to ABS. IH noted that Leicestershire CC worked with their three FRAs and representative bodies for six months to agree a statement template. Good feedback was received for the last cycle.
- 6.13. DY remarked that the central LGA template is not widely used as members require a projection to 30 years, not just age 55 or 60. CA confirmed that the regulatory requirement is to provide an estimate to NPA. DY asked whether promotion of online self-service is a role of the committee in order to offer members more flexibility. Meetings with the software providers have been scheduled to discuss member self-service, as administration systems have capacity to provide projections. CA stated that this also links to the Pensions Dashboard agenda.

6.14. IH confirmed that Altair MSS is ready to go live for FPS within the East Midlands region. However, the FRAs have been reluctant to sign off as there is a lack of confidence in the projection calculations, although all projections would be strongly caveated. LGPS self-service for Leicestershire CC has already been implemented. IH shared the communications that have been prepared to promote the service.

6.15. IH noted that he applied for the chair of the CLASS P&F user group due to long running concern over the system calculations. Conversations have been held with the CEO to provide examples of where the system is not up to speed. IH is presenting a session at the CLASS AGM and invited TA to attend, to promote the work of the committee in encouraging software improvements. IH highlighted that online self-service needs to be adopted nationally to move forward, particularly with the implementation of dashboards.

6.16. CA added that support is needed from members of the user group to evidence the demand from Firefighter members for a robust projection calculator. As yet the concentration of resource from the software providers appears to have been on the platform and front end, not on the underlying calculations. The SAB have had an outstanding action for two years on championing online solutions and there has been no movement on self-service provision during that time. CA confirmed that the outcomes from the benchmarking exercise should provide evidence of member expectation.

6.17. DY asked whether the outcome of the CLASS AGM may enable clients to push the other supplier for solutions, as there is no similar user group forum. CA clarified that dial-in technical meetings are held as an alternative. TA sought agreement from the committee to support IH as chair of the P&F user group. Members agreed that senior representation from each provider should be invited to the next meeting.

**Action:**

iii. **CA to invite system providers to next meeting on 7 August 2019.**

6.18. Under recommendations for internal controls [5.4] DL proposed that the committee highlight good practice and recommend that administrators report regularly to LPBs. IH suggested that a quarterly report may be devised which addresses the headings within TPR Code of Practice 14.

6.19. TA thanked all for their contribution and the report was signed off for publication.

## **7. Fire and Police LPB governance conference 15 May**

7.1. CH advised the committee of the above conference taking place in May, which would be particularly relevant to their role. DY asked who should attend, CH confirmed that the session is aimed at board chairs and scheme managers.

7.2. CA added that the event also offers a networking opportunity, emphasising the importance of ensuring that the most appropriate person attends for an organisation, as confusion remains over roles and responsibilities. TA is chairing a session on engaging the scheme manager, with debate from each side to highlight the challenges and different experiences for Fire and Police.

7.3. A speaker for the session on Public Sector Pensions Governance has yet to be secured. ME will reach out to his contacts on other boards at a national level. As each presentation lasts around 30 minutes, content must be high level and strategic.

7.4. TA asked for numbers attending, which currently stood at 28. The event will be advertised in the April bulletin. It was queried whether targeted chaser invitations could be sent based on survey results. CH will check the delegate list.

7.5. *Post meeting update 25/04/2019 – attendance now stands at 52 with a maximum venue capacity of 64.*

## **8. Improving LPB engagement – open discussion**

8.1. In relation to point 7.4 and improving LPB engagement, DY suggested approaching this by explaining that the committee are undertaking a program of visits. If boards are not performing well, it is important to establish the reason, which could be incorrect composition of members, lack of understanding, or a training need.

8.2. TA has started engaging with boards, focusing on his nearest region and asking to attend a meeting. So far, the following FRAs have been visited: Essex, Bedfordshire, Cambridgeshire, and Hertfordshire, with Norfolk scheduled for May.

8.3. Feedback from these meetings suggests a correlation between the governance structure and resources available to the board. Essex LPB is exemplary, although TA noted a lack of resilience within the pensions team. Concern was noted at other boards regarding the level of delegation of the scheme manager role. TA confirmed that the overall engagement experience had been very positive.

8.4. CA noted that DL had requested a set of slides to present when visiting boards. The training slides currently used are not annotated, therefore CA proposed creating a dedicated presentation with notes to be delivered via webinar to the committee, giving all members an overview of what to cover.

### **Action:**

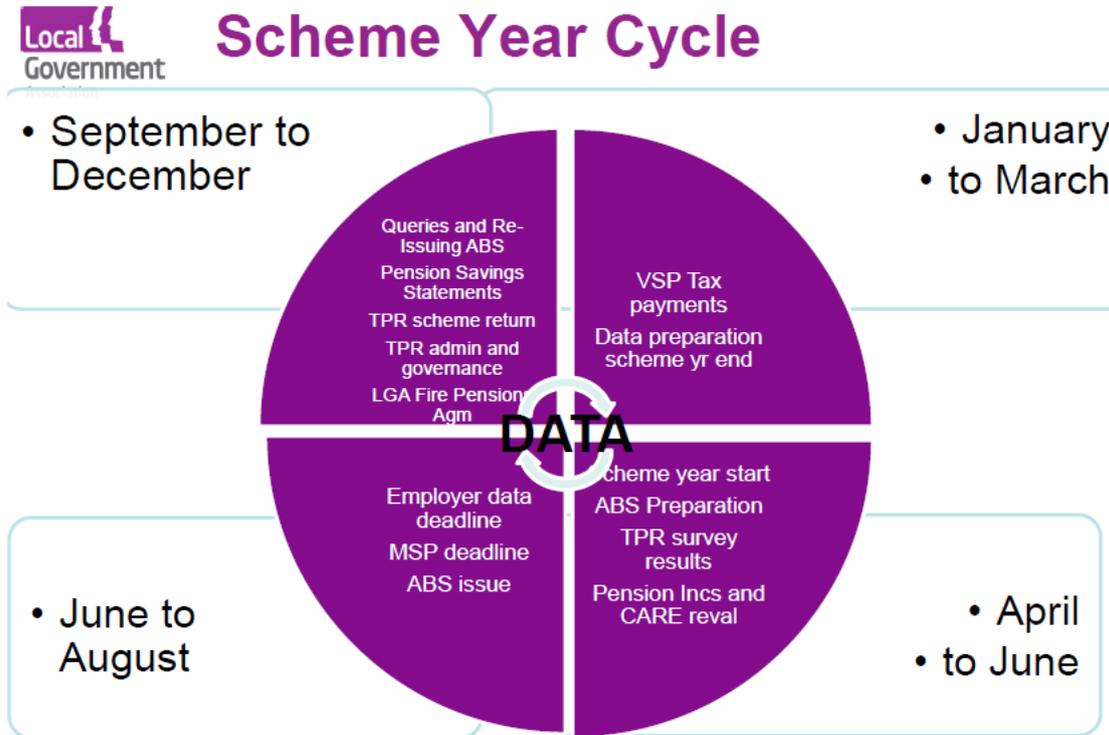
- iv. **CA to develop short, high-level slide deck and send Go-To Meeting request.**

- 8.5. There is some concern that local boards are not seen as worthwhile. CA stressed the promotion of self-assessment to evidence that they provide value. DY added that this needs to be more than a box-ticking exercise without relevant investigation. CA confirmed that boards should implement processes and frameworks (internal controls), and be able to evidence how decisions have been made, which can then be referred to when new case law is determined, such as the recent pensionable pay judgement.
- 8.6. DY asked whether there were any punitive measures that could be implemented, referencing TPR fines. CA responded that reputational damage is more of a threat, as an FRA failing in one area is more likely to be failing in many. TA highlighted the HMICFRS agenda, although the inspectorate is not considering governance as a matter of course.
- 8.7. CA informed the group of a template delegation form devised by one FRS, expressing concern that this would lead to an abdication of responsibility. It is feasible for an FRA to delegate an 'operational' scheme manager for day to day duties, however, this must be at an appropriate level of seniority for strategic decision making.
- 8.8. While the SAB cannot dictate to FRAs, ideally the CFO would be delegated scheme manager, with a further delegation to a member of the senior management team (for combined FAs). DY opined that CFOs change too regularly to gain adequate knowledge and understanding to perform the scheme manager role.
- 8.9. CA confirmed that these issues are being prioritised through the new scheme manager training package, which includes a handout detailing relevant strategic considerations for managing the scheme. However, the problem lies with those boards that are disengaged and do not request training. Additionally, providing training for individual scheme managers is time and resource intensive. TA suggested regional training as an opportunity to identify disengaged boards.
- 8.10. TA asked whether the NFCC have a lead for pensions. CA confirmed that there has been no recent engagement, DY added that the quarterly CFOA meetings have also ceased. ME offered to revive links with NFCC, noting that this shows a lack of leadership and direction at national level.
- 8.11. CA explained that Cllrs Chard and Price proposed submitting a bid through FSMC for a plenary session on pensions at the next LGA fire conference. This was supported by the West Sussex CFO, to help raise awareness and visibility of pensions at the most senior level.

## **9. Evidence for extension of term of office**

- 9.1. Stuart Wilson (SW) queried by email whether there is any available evidence to support that the term of a board member should be longer than 12 months. CA confirmed that while this cannot be enforced, it is possible to recommend best practice and there is evidence that some boards have longer terms. IH suggested length of term as a question for the next survey of LPBs.

9.2. The following diagram was circulated with the agenda and is a recent inclusion to the training slides, demonstrating both the need for quarterly meetings and that for consistency a longer term would be beneficial in order for members to experience more than one scheme year cycle.



9.3. CA reiterated that the committee can make a recommendation, and asked for views from the group on a three year term. The SAB has a four year term, although this may be too long for LPBs. TA agreed that three years is reasonable, considering that members can also leave voluntarily at any point.

9.4. ME noted that the electoral cycle and a lack of interest could be a problem in extending terms. There is a misconception that board members have to be elected members or trade union representatives.

9.5. DL remarked that there is equally no evidence for a one year term, and such a short tenure is a waste of time and resource which casts doubt on the value of the committee's work and the training provided by the SAB secretariat. CA agreed that boards cannot operate effectively or efficiently on a one year term.

9.6. CA explained that some local boards link terms of office to other FRA committees. A review of the draft terms of reference revealed that this is stated within the template document. It was agreed to review the draft and provide a revised version now that boards have been operational for some time.

## Term of office |

24. Term of Office should be in accordance with the committee cycle in [ INSERT FIRE AND RESCUE AUTHORITY ].

### Action:

- v. CH to review draft TOR and issue a revised tracked version to FRAs.

## 10.2019 work-plan

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

- i. Consider whether items arising from the outcomes of SAB and TPR surveys demonstrate need for a business case to the Home Office for regulatory change – no longer deemed to be an issue given current difficulty in effecting any legislative change.
- ii. Publication of LPB annual report template – [Nottinghamshire FRS](#).
- iii. Group members to attend LPB meetings and/ or training – standing item.
- iv. Publish commentary on combined survey results – completed via LPB training.
- v. Publish joint board guidance and promote support available to applicants.
- vi. Consider how to engage with LPBs who do not respond to requests for information nor attend training and events.
- vii. Publication of ABS 2018 survey research report.
- viii. Engage with software suppliers on FPS2006 special members and online self-service.
- ix. Revise and publish draft LPB Terms of Reference.

## 11.Future meeting dates and venues

- 7 August 2019 (18 Smith Square)

## 12.AOB

12.1. No items of AOB were raised. The meeting closed at 13:50.