



Firefighters' Pensions England

Scheme Advisory Board

LPB EFFECTIVENESS COMMITTEE

ACTIONS AND AGREEMENTS

Wednesday 31 January 2018

18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

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

1. Introductions

- 1.1. Introductions were made around the room. Apologies were received from Cllr Tom Wright and Stuart Wilson. BH attended the meeting in his capacity as secretariat to the Local Government Pension Scheme Advisory Board to discuss and compare the results from the recent survey of LGPS LPBs.

2. Chair's welcome

- 2.1. TA welcomed all to the meeting and thanked all for attending. Apologies were made for the lateness of the papers and lack of documentation from the previous meeting. Minutes and action points will be provided promptly from all future meetings.

3. Review previous actions (21 September 2017)

- 3.1. The primary action from the previous meeting concerned collation of the slide deck for the Firefighters' Pensions AGM held in October 2017. This was completed and TA gave a presentation on the work of the committee at day 1 of the event.

4. LPB survey update

- 4.1. Visual representation of the LPB survey responses was forwarded to the group in advance of the meeting by CH. There was a response rate of around 72%, based on 37 responses from 32 FRAs. Overall the group was pleased with the response rate.
- 4.2. TA asked whether the secretariat will go back to the FRAs that did not respond to ask them individually to complete the survey and whether the group had any thoughts on this.
- 4.3. BH confirmed that there is no statutory requirement on boards to complete the survey, and the LG data will be published to include a list of the Authorities that did not submit a response.
- 4.4. DY added that accepting the survey results as they stand will allow the secretariat to analyse the results and form a strategy for next steps, rather than waiting on further responses to be collected. DY suggested sending the findings to boards that did not reply.
- 4.5. A detailed discussion took place, considering each of the survey questions and responses in turn. Please see Appendix 1. These discussion points will be used to supplement the analysis of the results within the findings report to be submitted to the SAB on 9 March 2018. Once the report has been agreed by the SAB, it will be distributed to board chairs and clerks/ lead contacts, in addition to publication on the fpsboard website.
- 4.6. BH asked if the group had considered whether any representations will be made to the Home Office on regulatory amendments, further to the survey outcomes. Alternatively, a soft option would be for supporting guidance to be amended.
- 4.7. CA confirmed that this would be considered once the TPR Governance and Administration survey results were available, they would be analysed and compared against the board's findings, with any recommendations to be made to the SAB.

Action:

- i. **List FRAs who did respond when drafting the findings report, to highlight any gaps.**
- ii. **Provide analysis and draft report to the committee, based on the agreed actions in appendix 1**

5. Breach assessment template and annual reports

Breach Assessment

- 5.1. CA talked through the breaches assessment template, which had been forwarded to the group in advance of the meeting. The group approved the document in principal and felt it would be helpful to FRAs.
- 5.2. IH asked whether it would be feasible for a risk register score of likelihood v's impact to be used to weight materiality of breaches. For example, five ABSs not delivered on time is low impact, but if the same five have not been delivered for the preceding three years, that is high likelihood, and would equate to a material breach.
- 5.3. DY offered to send Lincolnshire FRA's risk scoring mechanism to IH, which is based on a standard Health and Safety risk assessment matrix. DY added that the TPR model uses descriptors, which is not necessarily helpful.

Annual Report

- 5.4. CA talked through the guidance on what makes a good annual report. The group agreed that this would also be helpful to boards. Once guidance has been issued, the SAB will request that copies of annual reports are forwarded to the board secretariat.
- 5.5. SA suggested that headline information on the performance of the administration service should be included, with Service Level Agreements and KPIs.
- 5.6. TA noted that Nottinghamshire FRAs board had published a good example of an annual report.

Action:

- i. **CA to send breach assessment template to IH in Word format, for amendment of assessment table to include materiality.**
- ii. **CA to contact Becky Smeathers at Notts regarding use of annual report as an example for other boards.**

6. Risk register

6.1. The group were asked in advance to consider items of risk relating to Local Pension Boards which could be added to a central register of the SAB. Particularly in terms of the SABs regulatory duty under [\[4E\(3\)\]](#) to provide advice to Local Pension Boards and Scheme Managers on the effective and efficient administration and management of the scheme.

Lack of confidence in SAB

6.2. CA confirmed that whilst TPR had the statutory oversight of LPBs, it was the Secretary of State that has statutory oversight of the SAB, and that the risk of a non-effective LPB who might be subject to fines or a [s89 report](#) by TPR could be a reflection of the SAB.

6.3. SA commented that there is a risk of misunderstanding the remits and the powers of the SAB.

6.4. DL pointed out that there can also be upwards risk, in terms of the SAB not advising the Secretary of State, or the Secretary of State not signing off the board budget.

Knowledge

6.5. Lack of in-depth knowledge at FRAs, which could lead to a failing of their duty under the regulations to effectively and efficiently management and administrate the scheme.

6.6. SA added lack of skills and capacity at FRAs to support LPBs, and suggested a skills audit or thematic review, linked to cost of administration.

6.7. TA identified that there are risks around finance, data, and knowledge at LGA.

6.8. The group discussed mitigating factors to counter gaps in skills and local knowledge. DY confirmed that that the attendance of CA and ME at LPB meetings helped to increase local knowledge

6.9. CA also demonstrated the increasing work of the SAB secretariat including the provision of a regulations website, which should provide further support.

Data

- 6.10. IH identified that with GDPR and an increasing focus by TPR on data, good data was an increasing risk to FRAs and in turn to the SAB as the valuation relies on accurate data to accurately forecast the long term costs of the scheme, which SAB have an active responsibility under [\[150A\]](#) to consult with government.

LPB Risk

- 6.11. DL requested that the report to the SAB at the 9 March, included further analysis of any evidence of risk from the LPB survey.

7. Working Lunch

8. Recommendations to SAB for strategic review

- 8.1. The findings of the LPB survey report would be reviewed by this committee with any recommendations to SAB in time for the 9 March meeting.
- 8.2. The risk elements identified in item 7 above would be included in a SAB risk register and presented at the 9 March meeting.
- 8.3. It was agreed to keep this as a standing item.

9. 2018 work-plan

- 9.1. The items discussed above will form the basis of the committee's work-plan for the year:
- i. Full analysis of LPB survey results with report to the full SAB on 9 March 2018.
 - ii. Comparison of the SAB survey with TPR governance and administration results.
 - iii. Consider whether items arising from the outcomes from both surveys demonstrate need for a business case to the Home Office for regulatory change.
 - iv. Publication of breach assessment template with materiality matrix.
 - v. Publication of LPB annual report template.

10. Future meeting dates and venues

- 10.1. Meetings to be held quarterly. Dates in early April to be consulted on, dependent on availability of the TPR survey results.
- 10.2. All meetings to be held at 18 Smith Square.

11. AOB

- 11.1. None.

APPENDIX 1. LPB UPDATE (ITEM 4)

Q2. How often a year is the Board required to meet?

1. The group agreed that four meetings per year is good practice. IH provided a view that quarterly meetings will tie in with the KPI cycle and allow monitoring of statutory requirements such as ABS.
2. The group requested further analysis of Qs 1 – 3 to compare outcomes from these questions and whether there is a correlation of the results as would be expected.

Action:

- i. **Further analysis of Qs 1–3 to compare outcomes and correlation of results**

Q4. What is the number of employer representatives on the Board?

Q5. What is the number of employee representatives on the Board?

3. TA asked the group whether they felt there was an optimum number of employee and employer representatives.
4. DY recommended that number of representatives on the Board should not be dictated, due to the differences in FRA organisational structures, and also the size of the organisations. This was supported by the group.
5. IH confirmed that two representatives from the both the employer and employee sides is viable, but more allows for absences.
6. CA added that the benefits of a smaller board allowed for additional members to be recruited at a later date, if and when the need arose.
7. ME felt that consistency is more important than numbers of representatives.
8. The group asked if the number of representatives affected the quorum, DY asked that further analysis against Q27 looked at this..

Action:

- i. **Compare Q4 & 5 against Q27 regarding quorum.**
9. There were two occurrences in the survey where the number of representatives appeared unequal, it was agreed this was likely to be

as a result of an error in completing the survey, and the committee agreed the secretariat would contact the respondents to confirm their response.

Q6. [How] Was the Chair of the Board [selected]:

Q7. Is the Chair of the Board [Independent/ Board member]:

10. The majority of pension board chairs were selected by the membership. TA asked the group, if they had any recommendations with regards to the selection of a chair and terms.
11. ME said that some boards had suggested that turnover of membership, and the alternating role of chair were causing an issue for some boards. CH supported this with anecdotal evidence that some boards have a 12 month term for the chair, and are only having two meetings per year.
12. The committee agreed that they would recommend boards consider expanding the term of the chair, for at least a two year term.
13. The conversation moved to recommendations on turnover and membership of all board members, not just chairs.
14. Boards may have issues with persistent non-attendance, the selection and nomination procedures should include how appointments are both made and removed. For example, BH described the LGPS recommendation that a 'vote of no confidence' provision is included in board's terms of reference, so that members can be elected off a board if they are not able to fulfil their duties.
15. The committee also discussed turnover on boards, for example a number of elected member seats on the board were lost during the 2017 local elections. The group agreed that it is difficult to prescribe membership with any certainty, however the committee would recommend that the ToRs set out an aspirational term for members, and that boards should review their terms of tenure to consider how they can achieve levels of consistency, whilst benefiting from new members from time to time who would offer fresh ideas / challenge.
16. BH confirmed that the LGPS [TOR guidance](#) is available to use as an example.

Q10. Are expenses paid to Board members?

17. TA asked the group to consider whether lack of expenses could be a barrier to board membership.

18. The group were comfortable with the survey response and did not wish to explore this any further.

Q10. Is facility time given by the scheme manager to employee representatives of the Board?

19. DY clarified that the term 'facility time' might have been confusing to the respondents, as this is a term generally used by trade union bodies. DY confirmed that from April, FRAs are declared to declare any facility time granted, to the Home Office.

20. CA agreed that the wording had been confusing and the survey had simply wanted to determine, that board members were given the appropriate support, which might be in terms of time in order to be able to fulfil the requirements of the regulations [[Regulation 4B\(2\)\(a\) and \(b\)](#)] that a member should have 'capacity' to represent scheme members/ employers. This is a point reiterated in the [LPB guidance](#) at paragraph 2.16

2.16 It will be important to appoint members who have the relevant experience as well as time to commit to attending meetings and effectively representing employers and members (as appropriate).

Q12. Does the Board have a terms of reference?

21. While 100% of boards stated that they have a terms of reference, only a proportion of these have been forwarded to LGA and are published on the [fpsboard](#) site. CH confirmed that missing or revised TORs will be requested when the final report is distributed.

Action:

- i. **Request missing/ revised TORs.**

Q13. Does the Board have a conflict of interest register?

22. The group asked whether a template was available for boards. CA confirmed that one has not currently been made available, but the SAB form could be adapted and added to the LPB [resource](#) section of the fpsboard site.

Action:

- i. **Adapt COI SAB template and add to LPB resource section.**

Q14. Do you keep a register of breaches of the law?

Q15. Is there a risk register?

23. The responses to these questions were generally favourable and will be compared to the results from the TPR annual governance and administration survey when available.

Q16. Is there a programme for Board members to acquire knowledge and understanding?

24. The responses confirmed a wide range of training, TA commented that any training programme must be on-going. BH added that it should also be sector-specific.

Q17 (i-v). Is there a programme for Board members to acquire knowledge and understanding?

25. The group noted peaks and troughs in the line graph for questions 17i to 17v where boards were requested to rate various elements from 1 to 10, and called for further analysis of individual items.

26. DL felt that there could have been confusion on boards as to what they were rating against, and added that there is a tendency in surveys to select an 'average' rating where presented with a scoring option.

Action:

- i. **Further analysis of Qs 17i–17v to drill down into ratings for individual questions.**

Q22. Who or whom is the scheme manager?

27. Question 22, and subsequently 22a – 22c, showed that there remains confusion over the role of scheme manager and delegation, by the lack of consistency in response. CA proposed that the relevant guidance is highlighted in the findings report and confirmed that this aspect will also be matched against the TPR results.

28. BH added that the scheme manager function is far more formalised in LGPS. It is legislated that all delegations must be published, as they relate to an investment function.

Q24. Has the administrator in any capacity attended any local pension board meetings?

29. DY expressed surprise that a number of FRAs had answered 'no' to the above, however CA provided some examples of where it may not be appropriate or relevant for the administrator to be invited to all the meetings of the LPB, albeit it would be expected that the administrator at least provided a report.

Q25. In the last 12 months, have any breaches of the law been identified by the local pension board?

30. The group agreed that anecdotally this still causes some confusion to boards on what constitutes a 'material breach'. LGA are discussing further with TPR.
31. IH referred to the requirements that breaches must be recorded even if not reported, and suggested it reinforces the need for regular meetings to ensure breaches were monitored. IH added that the guidance issued by TPR is improving. DY concurred that TPR have been very helpful to Lincolnshire FRA.
32. DL suggested that further research could be carried out by contacting boards who had identified a breach to see what further action was taken.

Q28. Is voting a regular feature of local pension board meetings?

33. The survey findings were that this was not common, which was unsurprising, and the board were comfortable with the findings.

Q29. Does the local pension board have a webpage on the Fire and Rescue Service web site?

34. A number of boards indicated that they do not have a dedicated webpage on their FRS site. The group commented that as there is a requirement for boards to publish information, where is this held, if not online.

Q30. Does the local pension board have a workplan?

35. BH noted a very different response to this question in comparison with the LGPS results, around 86% of LGPS boards have a work-plan compared to 49% in Fire. CH and CA confirmed that an example work-plan is held under [LPB resources](#) on the fpsboard website.
36. SA commented that the work-plan should be agreed annually and contain items relating to the risk register and report on performance for example, and the other meetings can then be more flexible.

Q34. Does the local pension board have control of a budget?

37. 2/3rds of boards do not have a set budget, and the board were comfortable with that response.
38. CA asked whether this correlates with having a paid chair (Q8). This will be considered when further analysis of the survey results is undertaken.

39. DY commented that it would be more efficient for the SAB to obtain external and independent advice, than individual boards. The committee agreed.

Action:

- i. **Compare results of Q34 to Q8 when undertaking further analysis.**