



**Actions and agreements
Thursday 24 June 2021
MS Teams**

PRESENT

| | |
|---------------------|--------------------------------------|
| Joanne Livingstone | SAB Chair |
| Cllr Nick Chard | Scheme Employer Representative (LGA) |
| Cllr Nikki Hennessy | Scheme Employer Representative (LGA) |
| Roger Hirst | Scheme Employer Representative (LGA) |
| Cllr Roger Phillips | Scheme Employer Representative (LGA) |
| Cllr Roger Price | Scheme Employer Representative (LGA) |
| Cllr Leigh Redman | Scheme Employer Representative (LGA) |
| Cllr Ian Stephens | Scheme Employer Representative (LGA) |
| Philip Hayes | Scheme Member Representative (FRSA) |
| Brian Hooper | Scheme Member Representative (FBU) |
| Matt Lamb | Scheme Member Representative (FBU) |
| Pete Smith | Scheme Member Representative (FBU) |
| Mark Rowe (sub) | Scheme Member Representative (FBU) |
| Des Prichard | Scheme Member Representative (FLA) |
| Glyn Morgan | Scheme Member Representative (FOA) |
| Jane Marshall | Legal Adviser |
| Helen Scargill | Technical Adviser |
| James Allen | First Actuarial |
| Rob Hammond | First Actuarial |
| Craig Moran | First Actuarial |
| Claire McGow | SPPA (observer) |
| Ian Hayton | NFCC (observer) |
| Janet Perry | Essex PFCC (observer) |
| Clair Alcock | LGA – Board secretariat |
| Claire Hey | LGA – Board secretariat (Minutes) |
| Frances Clark | Home Office |
| Josh Goodkin | Home Office |
| Anthony Mooney | Home Office |
| Rosetta Thomas | Home Office |
| Cat Weston | Home Office |

Scheme Advisory Board Secretariat

18 Smith Square, Westminster, London SW1P 3HZ T 020 7664 3189/ 020 7664 3205 E bluelight.pensions@local.gov.uk

| | |
|---------------------|-------------------------------------|
| Naomi Cooke | LGA – Head of Workforce [Item 5.3] |
| Matthew Armitage | Aquila Heywood [Item 6] |
| David Friend | Aquila Heywood [Item 6] |
| Tim Hill | Aquila Heywood [Item 6] |
| Paul Owens | Aquila Heywood [Item 6] |
| Lina Vainikeviciute | Aquila Heywood [Item 6] |
| Andy Smith | Civica [Item 6] |
| Jenny Gregory | Civica [Item 6] |
| Mark Hemming | Fire Finance Network chair [Item 6] |

1. Apologies and conflict of interest

1.1. Sean Starbuck was substituted by Mark Rowe.

1.2. No conflicts of interest were declared. Joanne Livingstone (JL) reminded members that any new conflicts should be declared in writing. JL noted that potential conflicts should be considered in the relation to the software providers updates.

2. Minutes from previous meeting and Chair's update

2.1. The minutes of the meetings held on [18 March 2021](#) were agreed as an accurate record. The Board agreed to publication of papers 1, 2, 3, and 5 on the public site, however, the minutes will remain confidential in the interim as they contain sensitive information regarding the cost cap valuation.

| Minutes reference | Action | Progress |
|-------------------|--|--|
| 3.3 | Respond to TPR single modular code of practice consultation | Tabled for discussion |
| 4.1.40 | Once Directions and cost cap cost are published, cost effectiveness committee to consider use of original 2016 assumptions | Wait for Directions to be published |
| 4.3.4 | Refine FRA remedy survey in line with SAB feedback and publish. Secretariat to offer support in completing. | Completed. Survey issued and support slots offered. |
| 4.5.10 | Finalise draft letter to HMT | Completed. Open letter published in May, update on response to be provided by chair. |
| 5.2.4 | Consider revised data scoring guidance for Immediate Detriment data | Paused to allow for data guidance to be published |
| 5.3.13 | Guidance to be issued on ABS 2021 | Completed. Published in FPS Bulletin 44 |

- 2.2. JL confirmed that the virtual SAB update event on 20 May 2021 had been well attended and received good feedback; key highlights were the successful launch of the FPS Member website and remedy self-assessment survey.
- 2.3. JL advised that a response had been received from HM Treasury (HMT) to the open letter requesting engagement on outstanding remedy policy details which have specific impact on the FPS. The response welcomed the points raised; however, it is still to be determined whether the remit for further engagement lies with HMT or the Home Office. Remedy project management discussions are taking place between the LGA and the Home Office.
- 2.4. JL advised that legal discussions are continuing with regard to the pensionable pay factsheet to try to reach an agreed position on retrospection.
- 2.5. JL confirmed that she is undertaking individual discussions with SAB members which has been a useful way of obtaining feedback on Board operations.
- 2.6. JL highlighted various consultations and documents for Board members to be aware of, notably, The Pension Regulator's (TPR) draft code of practice, a call for input on staging timescales for Pensions Dashboards, and the Government Actuary's review of the cost control mechanism.

3. TPR code of practice consultation update

- 3.1. JL explained that TPR has consulted on a new single modular code of practice which will consolidate and replace all of the existing separate codes, including code of practice 14 that deals with the administration and governance of public service schemes.
- 3.2. The new code introduces the concept of a 'governing body' which would generally refer to the trustees of a private scheme. However, issues potentially arise for public service schemes who have both a scheme manager and a Local Pension Board (LPB), as both could be deemed the governing body. For the FPS as a multiple scheme manager scheme, this could equate to 88 governing bodies.
- 3.3. The SAB will seek to engage with TPR on the code, rather than submit a direct response to the consultation. The LPB effectiveness committee will consider this further, as there may be other elements of the new code which are not compatible with public service schemes. JL invited comments from the Board.

- 3.4. Cllr Roger Phillips (RPH) noted that attempting to encompass all schemes in a single code creates confusion which is unhelpful to its central aims and objectives. RPH suggested that views should be coordinated across the public sector.
- 3.5. JL signposted a helpful TPR summary of the code which details what is new and what has changed. Caution was urged, however, as the emphasis has changed on some of the existing elements that have been retained.
- 3.6. Clair Alcock (CA) reiterated that the governing body for the FPS would be both the scheme manager and the LPB, equating to 88 different bodies. CA expressed concern that this could weaken the governance position across the scheme, with scheme members suffering a consequential impact. CA asked if any Board members had submitted a response or considered this as a risk.
- 3.7. CA confirmed that the LPB effectiveness committee would be utilised to submit a response to TPR although the consultation deadline has passed, to reflect the risk of poor member outcomes as a result of a compromised governance position.
- 3.8. Roger Hirst (RHI) queried whether it is appropriate to use LPBs for scheme governance or if this should fall to the authority as the legally accountable body. CA agreed that this is an example of the confusion inherent within the draft code which applies the same terminology to two groups with different responsibilities. CA commented that although the same distinction applies to centrally administered schemes, in those cases, there is a single scheme manager and single LPB.
- 3.9. RHI requested template feedback that local boards could use to respond to the consultation. JL explained that the formal consultation is closed but expected that the LPB effectiveness committee would be willing to share any findings they intended to feed back to TPR on an informal basis. CA noted that TPR will be invited to attend a future meeting of the committee.
- 3.10. JL said that TPR had provided some commentary on the reasons for including LPBs within the governance requirements, notwithstanding the distinct statutory responsibility they hold. CA suggested that TPR may direct SABs to provide further guidance on how the modular code will apply to individual schemes and therefore a firm position should be reached in order to push back if needed.

4. Paper 1: Pensions dashboards staging call for input

- 4.1. JL introduced Paper 1 summarising the Pensions Dashboard Programme (PDP) proposals on staging dates for different categories of scheme based on size. A call for input has been launched to seek views ahead of formal consultation. Public service schemes are key to the proposals due to the coverage of membership; PDP are keen for as many members as possible to be in scope at the launch date.
- 4.2. The proposals suggest that the FPS would onboard in October 2023, in line with other public service schemes. JL highlighted that the FPS is not a single scheme of 1000 plus members but a collection of smaller schemes and should potentially be excluded from the first wave. In addition, the October 2023 date would coincide with implementation of retrospective age discrimination remedy.
- 4.3. JL asked the Board to consider what would be viable and the value offered to members, as dashboards would be unable to reflect remediable benefits in October 2023.
- 4.4. RPH said that good communication with members is key and the dashboard will eventually offer another means of communication. However, implementation of remedy must be the priority for schemes and to provide inaccurate information on a dashboard in the meantime would add confusion. Staging should therefore be delayed until benefits can be displayed correctly.
- 4.5. Glyn Morgan (GM) agreed that holding unreliable data on the dashboard would be unhelpful to members and lead to a loss of confidence.
- 4.6. JL commented that PDP have previously sought views on earlier staging with limited information, or a later timescale to include more comprehensive data. JL added that providing even basic data will be more challenging to the locally administered schemes.
- 4.7. JL explained that the dashboard is likely to return the same information available on a member's annual benefit statement (ABS), which ties into the Board's previous conversations on the inclusion of projections on ABS. JL reiterated that the main consideration should be value to scheme members.
- 4.8. Mark Rowe (MR) suggested that members would be discouraged from using the dashboard service if the information available was limited or inaccurate. MR agreed that staging should be delayed until all data relating to remedy can be accessed.

- 4.9. Des Prichard (DP) highlighted in response to Q14 of the call for input that accuracy is the most important element to members and the dashboard should be fit for purpose before staging. RPH noted that employers will incur a cost for making information available via the dashboard, so there is also a value for money issue.
- 4.10. CA summarised that the overarching principle must be value to scheme members. CA commented that DWP use the phrase “value to savers” and the key theme emerging is that the value to FPS savers in the proposals is not apparent and may even undermine communications around remedy benefits.
- 4.11. CA highlighted that ABS in August 2023 will reflect service up to March 2023. At that time the legislation for retrospective remedy will not yet have been introduced and statements will not include remediable service. CA suggested that staging for FPS should follow implementation timescales for remedy and data made available following the 2024 ABS cycle.
- 4.12. CA invited views from the Home Office on the proposals. Frances Clark (FC) confirmed that the Home Office shares the concerns expressed by Board members and that the introduction of dashboards will present a significant administration burden on top of remedy. FC was interested to understand how the dashboard may be perceived by scheme members if the data presented is inaccurate. FC said that these views will be reflected in the Home Office response to PDP.
- 4.13. CA asked whether it would be helpful to invite the software suppliers to a future meeting to demonstrate the mechanics of connecting member records to the dashboard and what the timescales could look like. RPH suggested that suppliers should prioritise remedy over dashboards and would seek more clarity on the current workstream first.
- 4.14. JL felt it would be useful to have the option to invite suppliers at a future date to discuss the technical aspects and combine this with a project update on remedy, as the Board does not have the ability nor capacity to ask for progress reports at each meeting. GM supported short- and medium-term engagement.

5. Age discrimination

5.1. SAB Engagement update: Home Office

- 5.1.1. Cat Weston (CW) gave an overview of the documents provided in advance to the Board and progress that has been made since publication of the HMT consultation response in February. CW confirmed that the Home Office has been working closely across Government and with the LGA on outstanding issues and the Bill remains on track to be introduced in mid-2021.
- 5.1.2. The Home Office has started considering the amendments to the FPS regulations which will be needed to implement prospective remedy. Early drafts will be shared with the SAB ahead of formal consultation later in the year.
- 5.1.3. CW introduced Rosetta Thomas (RT) who has recently joined the Home Office as a project manager, to talk through the McCloud factsheet and high-level timeline. RT highlighted that HMT's main focus to date has been drafting the McCloud Bill, however, amendments will also be necessary through the Finance Bill which are planned to be introduced in spring 2023.
- 5.1.4. RT explained that the purpose of the factsheet is to provide clarity on key milestones and aspects of the remedy project, based on the position in April 2021. RT reminded the Board of the main principles of prospective remedy and commented that this is likely to be more straightforward to implement. RT confirmed that the Bill will provide instruction for retrospective remedy to be implemented by October 2023.
- 5.1.5. RT summarised immediate detriment (ID) scope and eligibility, noting that the Home Office had issued updated informal non-statutory guidance on 10 June 2021.
- 5.1.6. RT confirmed that the Home Office will undertake informal and formal engagement with the SAB. The consultation requirements are to disapply the consent required to amend the reformed schemes for the purposes of McCloud remedy. This procedure is set out in [section 23 of the PSPA 2013](#). The Bill will implement the effect of the Court of Appeal's decision and limits the extent of retrospective amendments that can be made and any other changes that will be subject to consultation.
- 5.1.7. JL asked for clarification that this is the legal mechanism that will be used to make the changes for remedy. CW explained that this point is set out under the retrospective provisions of the primary legislation process and ensures that the Bill can enact the Court of Appeal's instructions to remove discrimination.

- 5.1.8. RT noted that interest will be applied to under- and overpayments as set out in the consultation and response. The Bill will contain powers to set interest rates but not confirm the rate. JL commented that interest rates may differ depending on whether they are set by an Employment Tribunal or primary legislation.
- 5.1.9. FC reiterated that many of the provisions made within the Bill will ensure that departments have the powers to enact the remedy as per the Court of Appeal’s judgment. This will primarily be achieved through secondary legislation.
- 5.1.10. CA queried the status of the factsheet and whether it could be shared with stakeholders as a useful tool to provide an overview of the legislative process and to illustrate how much policy detail remains still to be determined. CW said that the intention was to share with SABs and scheme managers and agreed to revert to HMT. CW cautioned that the document reflects a point in time and not necessarily the current position. CA felt it would be a helpful document to share nevertheless and sought views from the Board.
- 5.1.11. Cllr Roger Price (RPR) felt it would be useful to share the document with LPBs and scheme managers to outline the process, accepting that it could be subject to change.
- 5.1.12. Matt Lamb (ML) highlighted that the Board should remain conscious of the nuances relating to ID, as a number of affected members have had retirement quotes withdrawn following release of the updated guidance. ML felt that the factsheet should take a broader approach on ID given the need to understand the challenges.
- 5.1.13. CA said that there is no difference in messaging on ID between the factsheet and the guidance. HMT are limited in the guidance they can provide as policy has not been determined in all areas and although central support is being coordinated, FRAs have had to seek individual advice and make determinations in the meantime.
- 5.1.14. JL supported publication of the factsheet to inform stakeholders on the legislative process and timescales, particularly given the SAB’s role to provide advice and guidance to scheme managers. CW asked for comments on specific areas of the guidance where caveats would be useful.

| |
|-----------------------------------|
| Action 24.06.2021 (5.1.14) |
|-----------------------------------|

| |
|---|
| Seek agreement from HMT to publish McCloud factsheet. |
|---|

- 5.1.15. RT shared the Home Office's high-level remedy timeline covering prospective and retrospective remedy, as at April 2021. RT highlighted that the timeline cannot be more specific due to dependencies on primary legislation and policy details and is subject to change. RT confirmed that the next key milestone is introduction of the Bill.
- 5.1.16. The Home Office is consulting with lawyers on secondary legislation for prospective remedy and will engage informally with the SAB during summer 2021. Formal consultation will take place in the autumn with the regulations to be laid in early 2022. The Bill needs to receive Royal Assent during this time to come into force on 1 April 2022.
- 5.1.17. The Home Office is continuing to work in parallel on resolving the outstanding technical issues for retrospective remedy, both centrally and with the LGA and scheme managers on scheme specific complexities. Informal engagement on this element will take place in autumn/ winter of 2021 with formal consultation across spring/ summer of 2022. The Home Office is working closely with all stakeholders to ensure the backstop date of October 2023 is met.
- 5.1.18. CA highlighted that the timescales for delivery of remedy are extremely tight and there are many dependencies, which rest primarily on HMT and delivery of the primary legislation.
- 5.1.19. ML asked for clarification on the timescales for informal engagement on prospective remedy. CW confirmed that an engagement session is planned for late July when material is available to share.
- 5.1.20. CW shared the Home Office remedy engagement plan which sets out what is involved in legislating for remedy, including the process, key components, and timescales where possible. CW confirmed that prospective remedy would be delivered via primary legislation of a Pensions Bill from HMT and updates through the Finance Bill, which is expected to be introduced ahead of the 2022-23 tax year. There will also be two rounds of secondary legislation, for prospective and retrospective remedy.
- 5.1.21. CW said that early engagement will be crucial due to the complexity of the changes needed and drafts will be shared as soon as possible. CW confirmed that the central policy direction has been set following HMT's consultation. However, the Home Office is committed to seeking the Board's views where scheme specific policy details are still to be made.

- 5.1.22. The first engagement session is scheduled for late July and will cover the parliamentary process and the contents of the Bill if possible. The Police SAB has suggested that this is run as a joint session. CW sought views from the Board on whether this would be helpful and other types of engagement that would be useful during the informal part of the process.
- 5.1.23. JL invited comments from the group. JL noted that the Scottish SAB has written to the Board to suggest collaborative working across the devolved schemes. GM welcomed an engagement session with the Home Office.
- 5.1.24. RPH agreed that engagement is important and welcomed the detail provided in the papers which highlight the complexity of the scheme. RPR stressed that the sector needs to coordinate to avoid unnecessary duplication, and the SAB's role needs to be clear to stakeholders. RPH welcomed the administration grant given to FRAs this year and hoped that future funding would be provided centrally. RPH acknowledged the dependency on HMT to achieve the tight timescales and commented that the capacity to deliver remedy at ground level is also key.
- 5.1.25. JL asked whether the Home Office could comment on HMT's response to the Board's open letter, which set out differences between Treasury policy decisions and Home Office policy decisions and how these might be engaged upon.
- 5.1.26. CW explained that where changes to the scheme relating to agreed HMT policy are implemented, Home Office will engage with the SAB on how that implementation takes place for the FPS. However, where it is open to the Home Office to decide the policy, the SAB will be engaged on both the policy and its implementation.
- 5.1.27. On the specific issues in the letter, the Home Office view is that it is likely to be a mix of these two categories and are currently working through this with HMT to provide a substantive response, including to set up relevant discussions with the SAB, working closely with the SAB secretariat to support facilitation. CW noted that some clarity may be provided through the introduction of the Bill.

- 5.1.28. JL commented that different Board members have different areas of expertise to enable them to comment on various aspects of the process, such as setting policy and implementation of legislation. JL asked for a reminder of the engagement timeline. CW confirmed informal engagement would take place during the summer in order to move to formal consultation in autumn, however, these timescales are dependent on a number of moving parts.
- 5.1.29. JL suggested a further engagement meeting to discuss the Bill provisions once introduced and asked if Board members would be happy to include the devolved SABs. General consensus was received. JL asked what engagement member representatives would like to see. DP welcomed sight of the draft legislation and having the opportunity to be involved in a collaborative process. JL agreed that collaboration is key from a member perspective.
- 5.1.30. FC highlighted the need to find a balance and requested the SAB's support in this. For example, the Bill is the product of the HMT consultation, which the Board has already had opportunity to feed into, and therefore there is no further capacity to change these policy provisions although views will be sought on implementation. However, where the Home Office have yet to determine specific policy, the Board can influence the policy and the implementation.
- 5.1.31. DP acknowledged this point but welcomed early engagement to promote effective communication to scheme members. GM echoed the impact on member communications and felt it would be helpful to be involved in shaping the detail of the secondary legislation.
- 5.1.32. Ian Hayton (IH) asked if the expectation was for the SAB to submit views ahead of the formal consultation via the informal engagement, and whether there would be opportunity to influence policy and outcomes, if not the legislation itself. CW said this would be a decision for the Board and reiterated that HMT had already undertaken consultation on the primary legislation. For example, if Board members are unhappy with the policy of moving all remaining members into FPS 2015, there is no scope to influence this established policy decision.

- 5.1.33. CW explained that the Home Office's formal consultation will concern the changes to the FPS regulations, and any issues should be resolved before this stage through the informal engagement. One example of where there is more flexibility for the Board to influence policy is the areas outlined in the SAB's [open letter to HMT](#) which have specific impact on the FPS.
- 5.1.34. IH suggested that the scope of what is included in this round of engagement and consultation would be useful. JL agreed and noted that having sight of the Bill is also likely to bring further clarity. JL commented that the Board's three committees will be utilised to focus on different areas of remedy implementation.
- 5.1.35. CA outlined that engagement will take place on a range of suggested proposals; it will not be intended to scope technical policy issues and decisions. FC added that the Home Office will work through the issues in order to present the Board with a range of possible solutions. JL asked that those discounted are also shared.
- 5.1.36. After welcoming the planned SAB engagement, MR commented that the ongoing High Court claims on ID may materially affect the timeline for full remedy. MR asked whether the timescales for retrospective remedy may be brought forward if the claims are successful and the court determine that retrospective ID cases should be settled. CW was not able to comment on this substantively and agreed to take the point away.
- 5.1.37. JL asked if the Home Office could give an update on timescales for release of the cost cap valuation outcome. FC expected further progress on the cost cap mechanism imminently which would be communicated to the SAB, however, there is no set date for finalisation of the valuation. FC confirmed that the Government Actuary's review of the mechanism had been published recently and the Board will be updated with next steps in due course.

5.2. [Project management update: LGA](#)

- 5.2.1. CA gave an update of the progress the LGA is making on the five main areas of remedy deliverables. This focuses on what can be done in advance of detailed policy decisions being made and highlights the need to be flexible to meet changing circumstances and tight timescales.
- 5.2.2. The update concentrated on the first three pillars put in place to prepare the sector for remedy: communications, sector collaboration, and legislation change.

- 5.2.3. CA explained that a significant amount of work on communications has taken place, including the launch of the member website with remedy specific information. Tools and information regarding the collection of data to facilitate deferred choice underpin (DCU) have been published and the software suppliers have made progress on the electronic processes required to upload this data.
- 5.2.4. In terms of ID, an information note has been provided to explain where policy details that have not yet been determined and improve understanding of the technical complexities involved.
- 5.2.5. CA noted that the Scheme Management and Administration (SMA) committee will be used to provide scrutiny and transparency over the tools needed for effective member communications such as videos and how these will be procured. CA said that the SAB may also want to consider available options for modellers.
- 5.2.6. The second area where significant progress has been made is sector collaboration and uniformity. CA explained that the complexity of FPS administration is heightened due to local management and governance arrangements. This pillar aims to improve consistency. CA commented that the self-assessment survey is underway and has received good engagement, with support sessions being offered to FRAs. The survey outcomes will evidence where collaboration and uniformity exist, and where they can be improved.
- 5.2.7. Good progress has also been made on engagement with the software suppliers, who have been given the opportunity to join the cross-Whitehall project group and engage directly with the Government in order to mitigate perceived risks. Further objectives in this area include increased engagement with administrators and improving procurement options for administration services.
- 5.2.8. The final area that CA updated on was legislation change and where there are currently gaps in knowledge. While HMT and the Home Office will be responsible for developing legislation and policy, the LGA has a role to ensure that the unique complexities of the FPS are understood and that amendments do not have unintended consequences for the scheme. To achieve this, the LGA is working with the cross-Whitehall technical group and contributing to the HMT provision definition documents (PDDs) which will be used to set eventual policy.

5.2.9. CA highlighted that one particular area of complexity is the 18-20 contribution holiday, which arises due to the difficulty of trying to amalgamate two separate sets of scheme rules. The right to a contribution holiday only exists in FPS 1992 and the calculation of tax and interest is set out in law. The provisions also confirm that an unauthorised payment charge would fall due as a result of the refund. However, members affected by remedy who would be eligible for a contributions holiday under their legacy scheme have paid the relevant contributions into FPS 2015.

5.2.10. JL asked whether attendance at the cross-Whitehall groups has established that the FPS is more complex than other public service schemes. CA confirmed that many schemes have complex rules; however, the complexity of the FPS and subsequent cost implications are in large part due to the nature of local administration and each FRA being an individual scheme manager. Inconsistency in decision making exacerbates complexity. The size of the scheme also presents challenges as there are less opportunities to achieve economies of scale. RPH agreed that these unique challenges should continue to be reiterated to HMT.

5.3. Immediate cases before legislation and software update: National Employers

5.3.1. CA introduced Naomi Cooke (NC), LGA Head of Workforce, to give a short update of behalf of employers on how they are working through the complexities of ID.

5.3.2. NC delivered the following statement:

5.3.3. “We recognise fully that the implementation of prospective immediate detriment cases is an important and priority matter. However, there is a High Court legal case against two of the FRAs concerning immediate detriment and therefore we are restricted in what we can say. We can say though that the claimants have applied for Summary Judgment and the hearing on that is likely to be in October this year. Talks though are currently taking place with the FBU and respective legal advisers to hopefully identify a framework for consistency of FRA approach going forward in handling immediate detriment cases, which should mean cases can be resolved on an agreed basis. Longer term, FRAs may also need to adapt their approach to immediate detriment cases after the necessary legislative change on implementing remedy in full is in place.”

5.3.1. JL thanked NC for the useful update and stated that the position appears to be consistent with the information being provided by the Home Office.

6. Software providers update on remedy preparations: Civica and Aquila Heywood

6.1. JL thanked the software suppliers for attending the meeting, highlighting that the SAB's role in providing assurance to FRAs includes monitoring progress of suppliers in meeting the challenges of remedy implementation. Suppliers were asked to consider the following points in the invitation to attend:

- How they will be engaging with the sector to understand requirements
- How they will ensure consistency of the solution across their clients
- Their plans to deliver software in time for the implementation date
- Their dependencies and requirements
- How the SAB can help to enable them.

6.2. Each provider gave a separate update on their engagement with the sector to maintain commercial confidentiality. JL asked for any potential conflicts of interest to be declared.

6.3. Mark Hemming (MH) was welcomed to observe this item in his role of chair of the Fire Finance Network to provide a funding perspective.

Aquila Heywood

6.4. Colleagues from Aquila Heywood introduced themselves to the Board. Paul Owens (PO) gave an overview of the organisation. Aquila Heywood currently provide pensions administration software for 24 FRAs across the UK.

6.5. Aquila Heywood operate a consortium of the locally administered public service schemes called the CLASS group and is working with this group of customers on the changes needed for remedy. This includes a joint pensions group (JPG) which focuses on technical and legislative matters, user groups and special interest groups, and a testing working party (TWP) for customers to collectively test new software releases. Through the group, customers benefit from a shared cost of development.

- 6.6. PO commented that remedy solutions are further ahead for schemes within the CLASS group than other cohorts, due to the collaborative nature of working.
- 6.7. Matt Armitage (MA) talked through Aquila Heywood's approach to remedy development. Stakeholder engagement is a key component and has enabled a proposal to be issued. Once agreed, proposals will enter the development cycle. Any new releases will be tested by the TWP before being rolled out to customers. MA explained that agile working will allow flexibility to deal with changes over the 18-to-24-month development cycle. MA added that software will be developed using a risk-based approach, in advance of legislation and policy being available.
- 6.8. Aquila Heywood has a dedicated Fire and Police engagement group which comprises a cross section of customers and includes NPCC and LGA leads. MA stated this is crucial to sharing knowledge and ensuring consistency. MA highlighted processes that have been put in place to mitigate administrative burden and provide simpler solutions through increased automation.
- 6.9. MA demonstrated Aquila Heywood's outline plan for delivering remedy solutions, with development split into six phases. MA confirmed that work to identify and collect missing data is underway. MA explained that wholesale changes are needed to the Altair ecosystem in order to implement remedy. Solutions will be designed for maximum automation to improve the member experience and reduce administrator intervention.
- 6.10. Following the timeline, summary, and next steps, JL invited questions from the Board. DP asked for clarification on the term "customers" and who this referred to. MA confirmed that scheme administrators are the customers in this context, rather than individual FRAs. DP sought assurance on any disconnect in engagement with the administrator as customer and the FRA as end user. CA confirmed this engagement is taking place centrally through the LGA. DP asked a question about funding, which again is being managed centrally.
- 6.11. RPH asked Aquila Heywood colleagues to outline their key risks to the project. PO confirmed these are having sight of legislation in good time and unexpected changes to policy positions indicated in the consultation response, which could both delay development and implementation.

Civica

- 6.12. Colleagues from Civica were welcomed to the meeting. Jenny Gregory (JG) confirmed that Civica now provides software for the majority of FRAs in England through their administrator clients.
- 6.13. JG explained that Civica is engaging with the sector, its customers, and internally to establish remedy requirements using lessons learned from the Local Government Pension Scheme (LGPS) solution. Civica is planning to establish membership profiles through a customer survey of their administrator clients and use this data to provide focussed solutions for maximum benefit. Testing routines will be increased to incorporate additional member scenarios.
- 6.14. JG confirmed that phase one of the project is data collection and this work is underway. JG outlined the planned mechanics of phase two plans for data storage and calculation, and phase three for rectification recalculations. JG advised that consultation would take place with customers on the level of automation required to achieve maximum efficiency. JG listed a number of technical issues that remain outstanding before a rectification solution can be developed. The final phase is bulk processes, such as annual benefit statements and scheme valuation.
- 6.15. JG described the expected timeline for the phased development and highlighted a number of dependencies and requirements, including collaborative working with customers, the LGA and SAB. Questions were then invited from the Board.
- 6.16. JL asked whether Civica provides a one size fits all solution to administrators or if each client customises the system to their own requirements. JG confirmed that larger customers will have a level of customisation, although the remedy base calculations and data solutions will be standard. Andy Smith (AS) noted that UPM is a modular system which allows clients to make customisations although these are mainly around their internal processes.
- 6.17. RPH asked Civica colleagues to outline their key risks to the project. JG noted that timely receipt of the regulations is a key risk, and that the overall timescale will be challenging. JG expressed concern over consistency in the interpretation and implementation of legislation and whether sufficient guidance would be provided.

- 6.18. CA asked what the expectation would be in terms of responsibility for providing guidance, as this does not sit with HMT, and whether there is a distinction between the regulations being in place and having clear guidance to support them. JG commented that legislation is open to interpretation by customers and suggested that, in order to ensure consistency, central guidance should be provided by the LGA.
- 6.19. CA noted that each FRA as scheme manager is responsible for interpreting the scheme rules and agreed that this is a challenging position for software providers which merits further discussion. This will be taken forward through the Scheme Administration and Management committee, reflecting that while the software suppliers refer to the administrator as the customer/ client, the Board's expectation is that this should be the FRA as end user

SAB discussion

- 6.20. Civica left the meeting and JL invited comments from the Board. RPR queried the split of FRAs between suppliers. CA confirmed that Civica holds the larger market share which could present a significant risk to be managed. RPR asked if there was a further risk that all FRAs could become reliant on one provider. CA agreed that this is a possibility but noted that Aquila Heywood provides software to the devolved schemes.
- 6.21. Cllr Nick Chard (NC) commented that the proposed solutions were complex and did not appear to fully address the SAB's concern of reputational risk to FRAs if implementation of remedy fails. JL noted that neither supplier had stated how they would prioritise workloads for schemes in the absence of legislation. JL added that it had been difficult to establish how much work either provider had already undertaken.
- 6.22. RPH said that both suppliers had demonstrated a good understanding of the key issues, however, software implementation is the biggest risk to remedy, and the SAB should continue to engage with providers. MH agreed that both companies demonstrated that they are aware of the risks. MH explained that central funding for the changes is being discussed with the LGA and provided assurance to the Board that detailed costings will be sought.
- 6.23. Helen Scargill (HS) said that both suppliers had a good grasp of the scale and risks of the project, however, deliverables and timescales are the key issues, which are largely dependent on the Government timeline and would also have a knock-on effect on administrative processes. JL highlighted the need to follow up on contingency planning in case of legislative delay.

- 6.24. HS suggested that once the data collection and storage exercise has been completed, administrators will be able to process individual cases, but they will not be able to run any bulk routines without automation. HS added that administrators will want to maintain the same level of service to members, and this is likely to be more resource-intensive in the short-term. HS wanted to understand whether automated bulk solutions would be provided for recalculation of pension growth for annual allowance purposes during the remedy period.
- 6.25. DP noted that members have a right to correct calculation and payment of benefits and that experience suggests that large-scale software implementation projects are frequently delayed. DP agreed that the Board should seek assurance on contingency plans for software providers and administrators.
- 6.26. MR said that robust testing of systems will be required at every stage and suggested that the SAB recommend that normal testing procedures are extended, perhaps to include scheme members.
- 6.27. CA reassured the Board that the secretariat has been working closely already with suppliers and are sighted on more of the granular detail than was presented. CA asked the Board to consider the following specific points: continued engagement with FRAs bearing in mind there is no direct contract management in place, and the expectation and responsibility for providing clear guidance.
- 6.28. JL asked members to provide comments in writing to include in a letter to each provider. JL requested that the presentations are made available to members online.

| |
|---------------------------------|
| Action 24.06.2021 (6.26) |
|---------------------------------|

| |
|---|
| Board members are invited to provide comments by email in order for the SAB to write to both suppliers with follow-up questions. Secretariat to liaise with providers on availability of presentations. |
|---|

7. To note

7.1. [Paper 2: IDRPs data request update](#)

- 7.1.1. Claire Hey (CH) provided a brief overview of the paper, summarising the key findings of the second annual IDRPs data request. The purpose of the survey is to monitor patterns in complaints and whether the two-stage procedure is still working as intended.

7.1.2. No comments were received. JL noted that the findings did not evidence a need to change the current procedure.

7.2. Risk register review

7.2.1. JL noted that the SAB risk register was published in December 2020 and a formal review will take place at a future meeting. JL highlighted that software is a key risk for the remedy risk register. JL stated that the member training plan which links into the SAB risk register will be progressed.

7.3. Pensionable pay remedies and Temporary roles factsheets

7.3.1. JL said that the factsheets have not yet been finalised. The issue on rectification of pensionable pay remains outstanding as the SAB are not able to recommend a specific course of action. Further input from the Board is required on temporary roles. MR was invited to discuss a related item of AOB.

7.3.2. MR's query concerned apprentice FFs being enrolled into the LGPS rather than the FPS, based on previous guidance issued by the SAB. MR felt that position had been misinterpreted and that this could be detrimental to members and be viewed as discriminatory. MR requested that the SAB reach an agreed position on the treatment of apprentice FFs for pension purposes.

7.3.3. JL asked Board members to consider their position. RPH highlighted that apprentices are employed across the public sector and a consistent approach should be taken. CA confirmed that apprenticeships have been considered previously and issues mainly arise due to contractual arrangements and FRA interpretation. CA agreed that there is a wider policy issue which needs to be supported centrally as part of FRA's recruitment strategies.

7.3.4. DP argued that eligibility is set out in regulation and that advice has previously been provided, adding that pension entitlement should be confirmed in a contract of employment. IH commented that issues arise due to the definition of temporary and the key factor is eligibility in relation to the contractual arrangement. IH supported collecting views from the SAB to reach a central position.

| |
|---|
| Action 11.06.2020 (6.1) |
| SAB to provide views on eligibility of apprentices to the FPS and consider any updates required to the eligibility factsheet. |

7.4. [Paper 3: Update on action summary](#)

7.4.1. The paper was noted.

8. AOB

8.1. MR made a request in relation to contaminations work being undertaken by the University of Central Lancashire. The research lead is seeking data on members who have retired on the grounds of ill-health. MR invited suggestions from the Board on collating this data.

8.2. JL noted that the SAB does not currently hold this data and consideration would need to be given as to what data the SAB is able to collect and for what purposes. JL suggested that the Home Office or GAD may have produced statistics that could be used.

8.3. CA informed that Board that she would be leaving the LGA at the of August and that succession planning was underway, including a proposed increase to the budget to recruit for additional resource on the team.

8.4. JL thanked CA on behalf of the Board. RPH requested that the risk register is updated to reflect the loss of knowledge and capacity available to support the Board.

8.5. JL confirmed that the next meeting would be held virtually on 9 September. This has now been rescheduled to 30 September.