

ACTIONS AND AGREEMENTS
Thursday 4 November 2021

MS Teams

PRESENT

Des Prichard (DP)	Chair
Joanne Livingstone (JL)	SAB Chair
Vicky Jenks (VLJ)	Technical/ Admin representative (Warks CC)
Martin Reohorn (MR)	FRA/ Finance representative (H&W FRS)
James Allen (JA)	First Actuarial
Claire Hey (CH)	LGA – Board secretariat

1. Welcome and apologies

1.1. Apologies were received from Jonathan Hurford-Potter. The SAB members positions, and Local Pension Board (LPB) representative position remain vacant on the committee.

2. Review previous actions ([16 July 2021](#))

2.1. CH gave an update on the action summary:

2.1.1. Remedy survey will be discussed later in the meeting so that LGA can begin to progress administrator groups.

2.1.2. Coffee morning date to be arranged and DP asked committee members to submit subject areas for inclusion in this.

2.1.3. JL suggested that an area to concentrate on is best practice and an update on current work being done with regards to LGA.

2.1.4. The budget and procurement exercise for member videos is currently being worked on.

2.1.5. DP will contact Ian Hayton to ask if he is able to be an observer on the committee.

3. Remedy tools procurement update

- 3.1. JA introduced himself to the group and explained that part of his role is to engage in moving forward some of the member scenarios as part of remedy.
- 3.2. CH gave an overview of the discussions which took place at the last Scheme Advisory Board (SAB) meeting with regards to two options: the GAD prototype and the member scenarios, with the member scenarios being the preferred option of SAB due to costing, value for money, and value to members. First Actuarial has been commissioned to take member scenarios forward.
- 3.3. JA asked the group what they thought were the key objectives of the member scenarios.
- 3.4. VLJ said that in her experience, firefighters want a tool to use as a retirement modeller which will give them the ability to plan for retirement and do calculations to different retirement dates.
- 3.5. DP said that this may be an opportunity for a cultural shift and that there is a need to manage member's expectations as to what can be provided.
- 3.6. JL agreed with DP. The SAB is not responsible for providing members with individual calculations, the SAB's job is to help members understand their benefits. JL also said that SAB was concerned about members inputting their own figures into modellers with regards to accuracy. Additionally quotes received for modellers were expensive. In summary the member scenarios were the favoured option of the SAB.
- 3.7. MR agreed that member modellers rely on the information being input by members which may not be correct. Member scenarios will need to cater for the scenarios needed and care must be taken not to be perceived as giving advice.
- 3.8. VLJ agreed that member's expectations should be managed as this is an interim solution and communication piece. VLJ suggested that a piece explaining the benefits of staying in the CARE scheme should be included in this exercise.
- 3.9. JA said that this gave him a better idea of what is expected from the member scenarios.
- 3.10. JL made the point that using member scenarios may mean that this information is provided earlier than developing a modeller.
- 3.11. JA asked if it would be helpful to show a side-by-side comparison of legacy and reformed benefits.

- 3.12. VLJ confirmed that this would be useful to dispel myths about the 2015 scheme not being as good as the legacy schemes in some circumstances.
- 3.13. JA agreed that although the 1992 scheme benefits are likely to be better than the 2015 scheme, members in the 2006 scheme may be surprised to see that the 2015 scheme could be more beneficial.
- 3.14. JA asked whether the scenarios should show maximum tax-free cash or both maximum tax-free cash and the standard benefits. The Police version shows only standard benefits without conversion.
- 3.15. MR pointed out that members may wish to know the amount of commutation within HMRC limits but also the amount of lump sum over HMRC limits.
- 3.16. DP made the point that the new scheme commutation factors are less generous, and some people therefore may wish not to commute so much in order to maintain a bigger pension instead. VLJ confirmed that in LGPS the lower commutation factor does not deter members from taking the maximum lump sum.
- 3.17. JA asked which of the two lump sum options members tend to take. VLJ confirmed that members usually take the maximum lump sum possible over HMRC limits but that this relates to 1992 members only, as the commutation available from the 2006 scheme does not exceed the permitted maximum.
- 3.18. JA said he would take away the comments from today to determine how many scenarios are required. He asked whether this needed to concentrate on members due to retire or active members leaving before retirement. VLJ suggested both due to a misunderstanding amongst 1992 members with regards to opting out and their pension then being deferred.
- 3.19. JA asked if members tend to join at a particular age. VLJ confirmed that most members join between age 20-30. JA indicated that this may help to simplify scenarios.
- 3.20. MR suggested ensuring that retained members are accounted for in the scenarios.
- 3.21. JL outlined that the next steps would be for First Actuarial to create a specification of the relevant scenarios for circulation so that these can be taken forward and there would be help in writing a tender for someone to put the scenarios into action. The aim is to get the scenarios out by mid-February 2022.

i. First Actuarial to develop specification of member scenarios to present to committee.

- 3.22. DP raised concern about not duplicating communications which are already in circulation. CH confirmed that the scenarios would be held centrally on the member website where the other relevant communications are held.
- 3.23. The committee thanked JA for his time and JA left the meeting.
- 3.24. CH indicated that costs for the scenarios are currently not known.

4. FRA remedy self-assessment survey

- 4.1. CH explained that one of the questions in the remedy self-assessment survey related to current administration arrangements and FRAs' preference for the future. Sixty per cent of FRAs are currently covered by two main providers. Three administrators have removed themselves from the fire administration market in the time that the survey was carried out. WYPF will have twenty-three FRAs from April 2022. Despite this, preferences for the future were inconclusive.
- 4.2. Around half wanted to keep their current arrangements or didn't express a preference. Around a quarter indicated a preference for three or four super-administrators. CH commented that this is likely to happen naturally.
- 4.3. The SAB will maintain a watching brief over how this develops.
- 4.4. CH indicated that consideration has been given to try to find a way to make the procurement exercise simpler.
- 4.5. VLJ indicated that this was a reason why FRAs are put off moving administrator.
- 4.6. DP asked whether it was felt that FRAs are struggling with resource due to remedy. MR indicated that even before remedy, there was a lack of understanding about the difference between administration and management. MR indicated that some smaller administrators are less well prepared than larger ones.
- 4.7. VLJ agreed but highlighted that governance remains with the FRA. DP agreed and suggested that this could form part of a future Coffee Morning and visits to LPBs could be arranged.
- 4.8. JL suggested that a guide to tendering could be created and asked that with regards to governance whether there is a list of nominated contacts. CH indicated that this is usually the Scheme Manager, but this could be taken forward through the committee.
- 4.9. JL asked where Local Pension Boards receive their reports from. VLJ indicated that this was often the administrator and Warwickshire also has a Technical and Governance Officer who will liaise on technical issues and papers on policy.

- 4.10. MR commented that with regards to specifications for procurement, Hereford and Worcester used one previously used by another FRA which has subsequently been used afterwards. MR commented that a framework exists for LGPS which has been adapted by an FRA for Fire.
- 4.11. CH explained that some FRAs have started work on the data piece for the age discrimination remedy. Both software providers have provided the templates for this data.
- 4.12. CH explained that just over a quarter had started similar work for the Matthews case, but this is because the scope and mechanics have not yet been agreed.
- 4.13. CH explained that those who had not started the work had valid reasons, for example, one was waiting for the extract, and another was moving administrators. CH explained that this was in line with where they would expect people to be.
- 4.14. CH explained that the survey indicated a number of challenges had been identified with regards to data conversion and the time taken to do the work.
- 4.15. CH explained that feedback around immediate detriment showed that payroll departments were taking around 30 hours to manipulate the data that was needed for each case. CH asked VLJ and MR if this was in line with their expectations. MR indicated that the situation in Hereford and Worcester is complicated by the fact that they have to do pay conversions due to four weekly pay arrangements for the remedy period and estimated that cases were taking one and a half days.
- 4.16. VLJ explained that the data collection for Warwickshire has to be done over two payroll systems as they changed payroll provider. A tool is available for the newer payroll system to help extract the data. Internal IT specialists are working on extracting the data from the old system.
- 4.17. VLJ said that they are waiting for the Altair pension system to be updated for this data to be loaded on there, however, they may need to liaise with WYPF who will need the data at that point for the Civica system.
- 4.18. MR advised that WYPF has data templates ready which will then upload to the Civica system.
- 4.19. JL asked if there were plans to follow up on FRAs who were behind. CH does have plans to do so.
- 4.20. CH summarised the recommendations. There are plans to issue an abbreviated survey at intervals to gauge progress as policy direction and legislation becomes available.

- 4.21. There are plans to improve the routes to procurement for administration. There is a framework for LGPS which can be used for Fire while substituting the specification accordingly, but CH will ask the National Framework if a dedicated one can be developed and if there is a cost.
- 4.22. CH confirmed that Technical Group will establish principles and best practice for cases where data cannot be obtained, for example in the Matthews case.
- 4.23. On close monitoring of policy information that comes through from central government and providing accompanying guidance through the technical group, in particular regarding contribution adjustments, CH confirmed that this was currently being worked through with HM Treasury (HMT).
- 4.24. Further engagement with administrators and software suppliers on tax adjustment processes once the Finance Bill is enacted in April 2022 is planned, particularly around annual allowance and unauthorised payments.
- 4.25. VLJ explained the difficulties in applying tax adjustments retrospectively and in cases where members have other income. VLJ pointed out that the Finance Act amendments may contain provision which means that payments in respect of immediate detriment may not be deemed as unauthorised for remedy and may be applied retrospectively.
- 4.26. CH confirmed that LGA is liaising with FBU regarding this issue and the framework to see if any issues can be alleviated.
- 4.27. CH confirmed that she will be working closely with the Chair of the Fire Finance Network, Mark Hemming, to monitor remedy costs in relation to software and administration. CH will also be working with internal workforce colleagues with regards to the “nominated contacts” procedure.
- 4.28. CH went on to talk about the communication objective of ensuring that members receive timely communications which will be pursued through the Communications Group, ensuring information is added to the www.fpsmember.org website.
- 4.29. Another recommendation was the immediate procurement for member scenarios, which is in progress.
- 4.30. Additionally, it should be ensured that FRAs have a remedy project team with a named lead. CH asked whether a project team is likely to be in place. MR said that there is unlikely to be a project team created. It will consist of existing staff. CH asked if a project plan is more

feasible. VLJ hopes that WYPF will have a project plan and will follow this up.

4.31. CH indicated that the final recommendation was for the LGA to consider training needs. JL supported trying to engage with FRAs to get them involved. MR made the point that it is difficult to get the relevant people engaged in this.

4.32. CH will also do a similar survey for administrators.

ii. LGA to contact the National Framework to commence discussions to determine if a procurement specification for FPS can be developed and to ascertain costs.

5. Guidance to support legislation changes

5.1. CH explained that this was raised by the SAB in June 2021 where both software providers attended to provide the Board with an update on their plans for development and implementation of the software, how they will be engaging with the sector, how they will ensure consistency, how they will deliver in the timescales and what the dependencies are.

5.2. CH explained that one of the software providers expressed some concern over the interpretation of the legislation and had asked if they would be given help with regards to interpreting the changes which would be needed. Clair Alcock had asked at that meeting who the responsibility should lie with.

5.3. The software provider's view was that this was the role of the LGA however, the LGA has said that the Scheme Manager is responsible for interpreting the legislation.

5.4. VLJ commented that it is useful to know what the intention is when interpreting legislation. MR commented that a Scheme Manager may differ in their interpretation to their administrator.

5.5. CH confirmed that there will be Provision Definition Documents (PDDs) provided by HMT for each area affected, such as tax and contingent decisions, which will explain what the policy intent is and there will be a scheme specific section for each. JL pointed out the importance of involving software providers in this process.

5.6. CH confirmed that the software providers sit on the cross-Whitehall group which discusses this, so they are having early sight of the PDDs. CH confirmed that the deadline for the assured versions is end of November 2021. JL suggested that a follow up with software providers would keep communications going. CH will follow this up.

iii. LGA to continue communication exercises with software providers on an ongoing basis.

6. Committee membership

- 6.1. CH explained that there is a vacancy on the committee for an LPB representative which has been advertised in the monthly bulletin. CH asked if there were any ideas how interest could be raised in this position.
- 6.2. DP highlighted the lack of elected members and employer representatives on the committee as a concern.
- 6.3. CH will pursue the elected member and employer representative vacancy through SAB.
- 6.4. MR asked what the make-up of the committee should be. CH confirmed that it should comprise of one employee representative and one employer representative who sits on SAB, a representative from the LGA, a practitioner stakeholder, a finance representative, a human resources representative and a LPB representative (currently vacant).
- 6.5. DP asked if the intention is to ask for a pension board member to join to give their own view or a pension board member to join to give their board's view. CH confirmed that it is the pension board member themselves who would be joining to give their own experiences.
- 6.6. DP asked if future meetings would be online. CH confirmed that was the case. DP confirmed with JL that this was acceptable from a SAB perspective as the sub-committee is small.
- 6.7. JL suggested trying to obtain a member from a smaller pension board to increase engagement.

iv. LGA to pursue elected member and employer representative vacancy through SAB.

7. AOB

- 7.1. No items of AOB were raised.

8. Future meeting dates and venues

- 8.1. DP said that meetings will be held online, and the next meeting will be in three months' time, date to be confirmed.

SCHEME MANAGEMENT & ADMINISTRATION COMMITTEE: ACTION SUMMARY

Date/ Number	Action	Comments	Priority	Owner
16 07 2021 (i)	Following publication of remedy survey outcomes, LGA to facilitate administrator groups to consider process and best practice.		Medium	LGA
16 07 2021 (ii)	SMA committee to sponsor a coffee morning session to spotlight dependencies and risks between administrators and software suppliers.		High	DP/ LGA
16 07 2021 (iii)	LGA to obtain quotes for member videos, liaising with LGPS and FCWG colleagues on scope and content.		Medium	LGA
16 07 2021 (iv)	GAD to be invited to present prototype to committee and invited SAB members. Committee to consider future action, e.g., procurement.	Complete. Special meeting 24 08 2021.	High	LGA
16 07 2021 (v)	Chair to invite IH as an observer to the committee.		High	DP
04 11 2021 (i)	First Actuarial to develop specification of member scenarios to present to committee.	Complete – find details on SAB summary!		First Actuarial
04 11 2021 (ii)	LGA to contact the National Framework to commence discussions to determine if a procurement specification for FPS can be developed and to ascertain costs.		Medium	LGA
04 11 2021(iii)	LGA to continue communication exercises with software providers on an ongoing basis.	Ongoing. Update to be provided at June 2022 SAB meeting	Medium	LGA

04 11 2021 (iv)	LGA to pursue elected member and employer vacancy through SAB	Tabled for June 2022 SAB meeting.	High	LGA
-----------------	---	-----------------------------------	------	-----

DRAFT