



Firefighters' Pensions England

Scheme Advisory Board

ADMINISTRATION & BENCHMARKING COMMITTEE

ACTIONS AND AGREEMENTS

Wednesday 7 February 2018

18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Des Prichard (DP)	Chair
Malcolm Eastwood (ME)	Scheme Advisory Board chair
Clair Alcock (CA)	LGA
Cllr John Bell (JB)	SAB Scheme employer representative
Vicky Jenks (VJ)	Technical/ Admin rep (Shropshire CC)
Rebecca Clough (RC)	Technical/ Admin rep (Shropshire CC)
Elena Johnston (EJ)	Technical/ Admin representative (Leics CC)
Jonathan Hurford-Potter (JHP)	FRA/ HR representative (Hampshire)
Martin Rehorn (MR)	FRA/ Finance representative (H&W FRS)
Bob Walker (BW)	LPB representative (D&S FRS)
Claire Hey (CH)	LGA – Board secretariat
Kevin Courtney (KC)	LGA/ NPCC - observer

ITEM 4 ONLY

Matt Dodds(MD)	ITM - business development manager
Maurice Titley (MT)	ITM - consulting director
Pat Luscombe (PL)	ITM - public service scheme consultant

1. Introductions

- 1.1 Introductions were made around the room and to colleagues joining the meeting via conference call. Apologies were received from Penny Wright.

2. Chair's welcome

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

3. Review previous actions (21 September 2017)

- 3.1 There were no formal actions from the previous meeting to review, as that session had involved brainstorming of best practice, benchmarking and SLAs, to determine the role and terms of the committee. CA commented that this meeting would help the group move forward to develop a work plan for 2018.
- 3.2 DP added that the committee's role is to provide advice and support to the full SAB, with particular reference to the administration and benchmarking of the FPS, which would be covered under items 7 and 8 of the agenda.

4. TPR scheme-specific data with input from ITM

- 4.1 CA opened this item by outlining the TPR requirement from September 2018 for scheme returns to record measures for both common and scheme-specific (conditional) data. Common data comprises 11 items of basic information, such as name and National Insurance number. Scheme-specific data is that which is necessary to run the scheme, such as final salary and Career Average pay figures.
- 4.2 As yet, there is no specification for scheme-specific data but, in order to allow the opportunity for benchmarking, it would be practical for there to be a standard set of data items for all FRAs to measure against, rather than 44 variations. The SAB has been asked by TPR to define a list of scheme-specific items for both the Fire and Police schemes to use, with subsets for issues only affecting one or other of the schemes, for example, special members of FPS 2006. It is likely that this list will have commonality with other public service schemes.
- 4.3 CA commented that the compilation of this list will add value to both FRAs and TPR. CA commented that it may be necessary to reconcile the data held by administrators to that held by FRAs, in order to recognise that the scheme manager is responsible for accuracy of scheme data, not the administrators.
- 4.4 DP asked whether FRAs are aware of the new responsibility. CA confirmed that this was mentioned by TPR at the Fire AGM in October, however, it has not yet been officially communicated which is why in advance of that communication TPR have asked the SAB to consider the standard set of data that FRAs will be asked to measure.
- 4.5 JHP clarified his understanding that the group will be assisting the SAB to define a scheme-specific data set. MR asked whether the

- score will be used to measure the quality of the data. In response, CA signposted the [measuring data guidance](#) available from TPR.
- 4.6 VJ and RC highlighted that scheme-specific data is anything that affects accurately paying a member benefit.
- 4.7 VJ commented that [TPR instructions](#) and the illustrative list of [key scheme-specific data](#) for private sector DB schemes are available on the TPR website, which give a good indication of what the public sector requirements will be. The [Code of Practice 14](#) is also useful for identifying relevant data. RC added that the data guidance was released by TPR in November to coincide with the LG Pensions Managers conference. RC also highlighted the importance of TPR having the correct contact details for FRA scheme managers.
- 4.8 CA clarified that the purpose of the agenda item was to kick-start the data piece only, in order to discuss how the group might approach the project. CA recommended that a committee sub-group is formed, to define a list and report back to the next meeting of the Administration & Benchmarking committee, before escalating to the SAB.
- 4.9 DP asked the administrator representatives if they were able to confirm the scale of the exercise. VJ ventured that there is a lot of work to be done. Data measuring software modules are available from the admin system suppliers, but are an additional cost.
- 4.10 JHP asked the administrator representatives why the work would be considered onerous when the data should be available in order for the scheme to run, and why this would incur additional software costs.
- 4.11 VJ and RC explained that data may be missing or poor quality, in which case a data improvement plan should be put in place. Both common and scheme-specific data needs to be checked and measured. Software costs might be higher, where the administration of the Fire scheme is for a single FRA only, as there may be no scale of economy to be gained.
- 4.12 CA welcomed MD, MT, and PL from ITM to the meeting. CA had invited ITM to the meeting to illustrate the level of help and options available to the board. Presentation packs were given to the group with agreement that the slide pack would be shared after the meeting.
- 4.13 MD gave an introduction to ITM (Independent Transition Management), outlining the background and function of the organisation, which is primarily to provide automated solutions to data-related problems, such as scheme reconciliation, in order to save time and resource.

- 4.14 MT provided a background of the TPR requirement to provide common and scheme specific data scores. This has been a requirement of private sector schemes since 2010, but new for the public sector from 2018. MT remarked that the results of the 2016 record keeping survey had caused TPR to toughen up their stance on data, hence the introduction of the new requirement.
- 4.15 VJ affirmed that the LGA and SAB want to agree a list of data items to allow benchmarking across the sector, and asked ITM how they have determined which scheme-specific elements to measure. VJ proposed that it would be necessary to involve software suppliers in this process to ensure that the necessary data fields are present and can be reported on.
- 4.16 MT explained that a set of standard tests exists for the private sector, and that ITM have worked with an LG shared service to agree a list, based on items within the Public Service Pensions Act. MT agreed that the items can be dependent on how the data is held within the admin system.
- 4.17 VJ asked whether ITM have yet developed tests for the FPS. MT advised that this has not been undertaken, as ITM would need to understand the specifics of the scheme(s) and be guided by the committee. Ideally they would work with a pilot scheme to develop any tests.
- 4.18 DP enquired about the timescales involved, with ME highlighting the different scale and size of FRAs, along with their administrative complexity. MT confirmed a 3-month build period, dependent on the availability of pilot schemes.
- 4.19 DP subsequently asked what authority the committee have to propose a recommended solution. CA noted that the SAB have the authority to make recommendations. VJ suggested that there is a need to communicate and educate before looking at software solutions and providers, and that action needs to be taken at the earliest opportunity.
- 4.20 MR asked ITM how data accuracy is measured using their solution. MT confirmed that the data is reconciled against other sources. PL remarked that the quality of the data depends on the person providing that data, and how much time they have available to do so. PL suggested that the SAB should inform FRAs not only what they should be measuring, but also how it should be measured.
- 4.21 CA commented that schemes should already be acting to improve their data, based on the existing requirements of the regulations and TPR's Code of Practice 14. There is significant

focus on data in 2018, with the introduction of GDPR in May, TPR's new requirements, and the Pensions Dashboard project. CA confirmed that the Bluelight team are looking into the possibility of running a half day data event in late March.

- 4.22 CA remarked that there may be discrepancies between administrator and FRA data, and any communications should reflect that the FRA are responsible for the accuracy of the data. VJ commented from an administrator perspective that items such as CARE start and end dates can be measured, but it would be more difficult to check pay figures separately for the scheme return, and that this check should take place within the ABS cycle.
- 4.23 DP commented that the discussion highlighted the urgency of setting up a working group and submitting a list of key scheme-specific items to the SAB for consideration. DP thanked ITM for their input to the meeting and invited questions from the group. EJ requested a copy of the presentation and there were no further questions. ITM left the meeting at this point.
- 4.24 DP asked the group for suggestions on agreeing the terms of the committee working party. CA recommended that the group would need to commit to meeting in person, rather than by conference call, and stated the location of any meeting would be determined to take this into account. CA also recommended involvement from the largest Police Scheme administrator (Kier).
- 4.25 MR proposed that scheme manager input would be desirable. VJ suggested that the group work with other public service schemes such as LG via LGA, to agree the specification and a timetable of expectations.
- 4.26 Other considerations in relation to the new requirements were raised that will need attention following agreement of the data items:
- 4.27 EJ pointed out that the new requirements will need to be communicated to Local Pension Boards.
- 4.28 MR asked the group what the consequences of a low score would be. RC responded that in her opinion that TPR are likely to exercise more caution over high scores and would potentially expect to see low scores in the first year, but that scores would increase annually in line with a data improvement plan. RC added that to her knowledge, TPR are going to review the situation in 2019 when both the DB and DC scheme returns are in.
- 4.29 MR mentioned the requirement for negotiation of contracts with software suppliers. CA commented that one of the purposes of the SAB is to offer cost-savings and efficiencies, therefore there may

be potential for the Board to consider negotiating with suppliers and offering FRAs buy-in to the service. VJ supported the possibility of a framework of suppliers being provided through the SAB.

4.30 The TPR quick guides were recommended for those not directly involved in administration of the schemes to obtain greater understanding of the issues involved.

- Record keeping [link](#)
- Improving your data [link](#)
- Measuring your data [link](#)

Action:

- 1. Clair Alcock and Claire Hey to convene a committee working party to agree a standard list of key scheme-specific items for recommendation to the SAB.**

5. Minimum standards for SLAs and benchmarking

5.1 CA asked the group for their views on the minimum level of service an FRA should expect from an administrator. CA opened the discussion by proposing that this must now include the provision of Member Self Service access to the admin software, as there is an increasing expectation from members to be able to access information online.

5.2 CA queried, as the number of multiple-FRA administrators is increasing, should that service include FRA employer support, to support the employer with their responsibilities under the regulations as scheme manager. CA went on to clarify that the objective of this item is to determine a list of ideal principles to make recommendations to the SAB, in order to draw up a template Service Level Agreement, that FRAs may wish to consider during any procurement process.

5.3 MR advised that Hereford & Worcester are shortly to begin the tender process for a new administrator, so have an up to date list of items for consideration which now includes data quality based on the earlier discussions.

5.4 BW added that Devon & Somerset have recently changed administrators and gone through the tendering process, so can offer some lessons learned. BW confirmed that a document outlining best practice would have been very helpful.

Action:

- 1. Contact administrators of multiple FRAs to ask if they can share SLA offers.**

2. **Contact HWFRS and DSFRS to ask if they are able to share tender documents.**

6. **Working lunch**

7. **Risk register**

7.1 The group were asked in advance to consider items of risk relating to administration and benchmarking 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.

7.2 ME commented that that the items identified for inclusion on the central register would be used to inform any recommendations to the Secretary of State.

Data

7.3 The majority of risk that the group identified related to data. DP commented that correct data was an increasing risk to FRAs and in turn to the SAB as the valuation relies on accurate data to forecast the long term costs of the scheme, which SAB have an active responsibility under [\[150A\]](#) to consult with government.

7.4 ME and VJ both commented on the risk of data transfer between FRA and administrator, or when changing providers, although these are more local level risks.

Legislative challenge and changes

- 7.5 DP identified that pensionable pay variances and interpretation of terms can leave authorities open to the risk of legal challenge, to which ME and JHP added elements of disparity between FRAs and different ways of approaching the same issues, respectively. MR highlighted the Norman v Cheshire case as an example, and the group considered the impact on workloads such cases may have, particularly timescales where the provisions are retrospective and the expectations of members that things will happen quickly.
- 7.6 DP added the on-going EAT review of access to transitional protection under FPS 2015, and the potential impact of this on both the cost and administration of the schemes.
- 7.7 ME remarked that the provision of separate legal and actuarial advice for 44 authorities with a pool of administrators could pose a risk, where that advice is inconsistent.
- 7.8 BW commented that the SAB should ensure transparency to mitigate the risk of challenge, for example, when procuring advice or solutions from third party suppliers. BW reiterated data as a concern, and added that consideration should be given to how and when changes are notified to FRAs, and the impact this has on areas such as workforce planning. BW highlighted the recent MSP/ VSP guidance as an example which may potentially affect Firefighters applying for promotion.

Knowledge/ Skills

- 7.9 ME observed that there can be a disparity in knowledge and skills of employees with delegated pension responsibilities at FRAs.
- 7.10 MR added that the nature of service provision can vary, which may have an effect on member outcomes and expectations.

8. Recommendations to SAB for strategic review

- 8.1 The list of key scheme-specific data items established by the working group would be reviewed by this committee with any recommendations to the SAB on 9 March 2018.
- 8.2 The risk elements identified in item 7 above would be included in a SAB risk register and presented on 9 March 2018 for review.
- 8.3 MR commented that the cost of administration sits outside of an FRA's pension fund account, but at present there is no mechanism for benchmarking this cost. A review of administration cost per scheme member is recommended and will be carried out by this committee during 2018.
- 8.4 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. Identification of standard key scheme-specific items for recommendation to the SAB and subsequently FRAs.
 - ii. Actions arising from risk register.
 - iii. Formulate a template Service Level Agreement for use by FRAs.
 - iv. Work with the cost committee to determine administration cost per member. (Cost committee to lead)

10. Future meeting dates and venues

- 10.1 Meetings to be held quarterly or as and when required.
Documents to be circulated electronically for comment. Dates in early April to be consulted on.
- 10.2 All meetings to be held at 18 Smith Square.

11. AOB

- 11.1 CH gave a demonstration of the [FPS Regulations and Guidance website](#) which is being developed and agreed to send the link for the site to the group following the meeting (COMPLETED).

11.2 JHP asked whether video-conferencing facilities can be offered for future meetings, rather than dial-in only.

11.3 MR asked whether there was a mechanism in relation to abatement for an employing FRA to notify the pension paying FRA, in the instance that the member does not inform them.

Action:

- 1. Claire Hey to follow up with Clair Alcock.**