



Firefighters' Pensions England

Scheme Advisory Board
LPB EFFECTIVENESS COMMITTEE

ACTIONS AND AGREEMENTS

Thursday 14 November 2019

18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Tristan Ashby (TA)	Chair
Clair Alcock (CA)	LGA
Matt Lamb (ML)	SAB Scheme member representative
Ian Howe (IH)	Technical/ Admin representative (Leics CC)
Alan Tranter (AT)	FRA/ LPB representative (West Midlands)
Becky Smeathers (BS)	FRA/ Finance representative (Nottinghamshire)
Claire Hey (CH)	LGA – Board secretariat (minutes)
Tania Edwards (TE)	TPR
Susan Humphreys (SH)	TPR
Nick Gannon (NG)	TPR
Phil Perry (PP)	Home Office

1. Introductions and apologies

- 1.1. Introductions were made around the room as a number of guests attended the meeting.

2. Chair's welcome

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

3. Changes to membership

- 3.1. Matt Lamb has joined the committee to replace Dave Limer as SAB Scheme member representative.

4. Review previous actions (7 August 2019¹)

4.1. The minutes of the previous meeting were agreed.

i. CA to draft factsheet on reporting ABS breaches.

4.2. A factsheet on the six key processes² measured by TPR as part of the annual governance and administration survey was issued with the October FPS bulletin. This includes a section on the reporting of breaches.

ii. CA to develop RAG matrix of board engagement, with a checklist for committee members attending meetings (new action i).

4.3. Action carried forward. Consideration is being given as to how this can best be achieved. No concrete progress has been made so far due to time and resources.

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

4.4. Presentation based on six key processes (renamed as principles) covered under item 6.

iv. CA to set up meeting of software engagement group in line with option ii.

4.5. An email was sent to software suppliers on 2 September 2019. However, this has now been superseded by the need for software engagement on remedy for transitional protections.

v. CH to create login details for member-restricted area of www.fpsregs.org for committee members and share dates of forthcoming FPOGs.

4.6. Having further considered the confidentiality of material held within the restricted area, log in details will not be provided to committee members. CH explained that the FPOG minutes are the interpretation of the minute taker and not always technically accurate, especially when read out of context. However, members are still welcome to attend meetings. TA has been invited to the next meeting of the North East group.

vi. TA to draft letter to scheme managers to accompany commentary (new action ii).

4.7. Commentary on TPR survey has been produced as discussed as the six key processes factsheet. TA action on writing to FRAs carried forward to determine best method of communication.

vii. CH to provide update at next meeting on LPB engagement tracking and stats.

4.8. To be covered under item 8.

¹ <http://www.fpsboard.org/images/PDF/LPBsub/LBP-minutes-070819.pdf>

² <http://www.fpsregs.org/images/admin/TPR-6-key-processes.v1.pdf>

5. TPR engagement and supervision

- 5.1. Colleagues from the Pensions Regulator (TPR) attended the meeting to discuss their planned engagement work with the FPS. TPR have had oversight of public service schemes since 2015. NG gave a background to the Regulator's current approach which is to be more proactive and develop improved relationships with schemes.
- 5.2. Four FRAs have been selected for supervisory and engagement work. SH emphasised that supervision is not about finding fault, but also examples of good practice that can be shared, finding out what challenges FRAs are facing to help address issues, and evaluating how and why schemes do what they do.
- 5.3. TE added that engagement allows TPR to look at schemes with a fresh pair of eyes to feed back issues on regulation and policy, while trying to avoid enforcement. Each scheme is given a named contact to deal with during the period of engagement.
- 5.4. TA asked how TPR plan to publish examples of good and bad practice. SH explained that only 20 schemes, including three public service, have been evaluated over the last 12 months. The team are being careful to avoid a 'one-size fits all' approach, so it is expected to be at least another six months before anything can be published. All outcomes are anonymous unless then scheme chooses otherwise.
- 5.5. ML said it is pleasing that there are examples of effective schemes evaluated so far, but highlighted that some form of guidance or best practice would be very helpful. NG described the prototype cohort work with 10 LGPS funds last year. A report³ on governance and administration risks in public service pension schemes was published earlier in the year and it should be possible to publish a similar document for FPS.
- 5.6. SH confirmed that the scheme under supervision will receive a dedicated report in PowerPoint highlighting positive and negative findings, however, issues will be raised throughout the process so that there should be no surprises within the report. An anonymised holistic overview report could be created at a later date. TE added that the unpublished report will be TPR's summary and assessment of their findings.
- 5.7. AT commented that TPR will need to overcome politics at board level when engaging with LPBs, and stated that the information provided may not always be an accurate reflection. SH confirmed that TPR are aware of the need to break down potential barriers.

³ <https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report#pagetop>

- 5.8. IH stated that he had read the report into the LGPS engagement work and asked whether there would be commonality between the LGPS and FPS. NG confirmed that there is commonality between all schemes, noting key themes of engagement with the scheme manager, complexity of frameworks, and record keeping and data. NG added that remedy for transitional protections will also impact on all public service schemes.
- 5.9. IH agreed that the remedy process will be similar for all schemes and asked whether there was anything that could be shared now to assist. NG stated that LGPS funds tend to rely on the Local Authority's processes rather than developing their own and ensuring they are fit for purpose, and this may read across to Fire. NG confirmed that the report into LGPS engagement could be shared to promote best practice. TPR are currently engaging in high volume/low intensity regulatory initiatives to assess what schemes should be doing, this includes emailing all schemes who indicated they have not performed a data review in the last 12 months.
- 5.10. IH raised common and scheme specific data scoring, informing TPR that a drop in scores across FPS is likely as guidance was not issued for year one and has now been received, therefore different items are now being tested. NG explained that TPR are considering a commentary on the range of scores received.
- 5.11. CA highlighted that data scoring guidance for FPS was issued in 2018⁴ and revised for 2019⁵. CA expressed frustration that the guidance did not seem to be widely acknowledged, which would be raised with the relevant software supplier. BS said that Nottinghamshire's scheme specific data score had dropped from 100% to 54% using their provider's data quality service. NG suggested that software suppliers may not be considering the nuances of different schemes and therefore using LG validation for FPS.
- 5.12. BS asked whether the findings from the FPS engagement will feed into national policy, as the complexity of the schemes causes difficulty in effective management. NG agreed that this is likely to become apparent throughout the process. NG added that the specialist knowledge base at TPR is currently quite small, but they are trying to expand this to allow more flexibility in their approach.
- 5.13. CA queried the method of selecting FRAs to engage with, noting that four out of 51 is a very small percentage. There are many different structures of governance and administration, and there is a concern that similar schemes may be chosen, rather than a range. CA asked whether this had been considered and if there is a mechanism for findings to be sense-checked if TPR have no specialist knowledge of the FPS. CA noted that some schemes may welcome supervision and asked whether it could be requested.

⁴ <http://fpsregs.org/images/admin/TPRdatascoring0818.pdf>

⁵ <http://fpsregs.org/images/admin/TPR-data-scoring-2019-clean.pdf>

- 5.14. SH explained that there are different levels of supervision. One to one supervision looked first at the 20 largest schemes, with more to be added later. This considers six criteria and is a permanent, on-going relationship. The next tier is relationship supervision, still based on scheme size as any issues are therefore impacting the maximum number of members. This lasts for 12 to 18 months and looks at scheme management and governance, and systems and processes. Schemes are requested to provide documentary evidence and TPR may ask to attend LPB and administration meetings. After the engagement period, an assessment is made on whether the scheme should remain in supervision or not. Finally, where areas of concern have been identified, TPR may step in. However, it is not yet possible for schemes to request supervision.
- 5.15. CA commented that size of scheme is not reflective of issues, but governance structure is. Some larger FRAs are naturally better as they have more resources. NG agreed this is common across all schemes.
- 5.16. CA asked what the committee will be able to draw from the engagement work to improve effectiveness. TE stated that the findings will be reported to the scheme manager who should share the report with their administrator and LPB. It will be up to the individual FRA to share the details with the LGA and/or committee.
- 5.17. AT reiterated that different governance structures will require different approaches. SH explained that TPR will work with schemes to ensure all parties benefit. The supervisory team members have been selected for their ability to form relationships. SH hoped that the committee could assist TPR in developing the process going forward. CA welcomed this engagement and TPR's willingness to understand the scheme.
- 5.18. TA asked how the committee would know which schemes have been selected in order to obtain the reports and whether TPR could suggest that sharing information with the LGA is good practice. CA was hopeful that schemes would identify themselves and noted that the schemes may not all be in England.
- 5.19. NG said that if schemes are willing to discuss their relationship work with others, it may encourage those not selected to carry out some introspection on their own arrangements. SH added that schemes who have gone through the process have seen value in the outcomes. There was some initial nervousness around whether the work involved would be a burden, but this was not found to be the case.
- 5.20. CA advised TPR to ensure that they deal with the most senior individual available, as there is concern that the scheme manager delegation can fall below the level that is appropriate. SH responded that this would be an immediate red flag.

6. TPR six key processes

6.1. CA demonstrated a short slide deck adapting TPR's six key processes⁶ into principles to approaching governance which can be presented at LPB meetings, as boards often ask how they can add value in assisting the scheme manager.

6.2. The presentation explains that there are 10 different types of FPS member to highlight the scale of membership, and this should be the starting point for addressing any query. The six principles for assisting are:

- I. Understand what the risks are
- II. No conflicts of interest
- III. To be informed and knowledgeable
- IV. Understand the data
- V. Collect the right money at the right time
- VI. What to do when something goes wrong

6.3. A table of TPR survey results since 2015 shows that good progress has been made, however, improvement is still needed. Boards are also asked to consider where there is a process in place, is it robust and being used. Looking at each of the principles in turn, the following issues are discussed.

- I. Understand what the risks are

6.4. Who and what is the board risk register for. Is there an appropriate scheme manager delegation in place and how is it monitored. The top survey risks are detailed to give a steer on what to include on a register, and the importance of regular assessment is highlighted.

- II. No conflicts of interest

6.5. Conflict of interest is not considered to be an issue for public service boards, as all should be familiar with the Nolan principles⁷. The three stages of the procedure are to identify, monitor, and manage.

- III. To be informed and knowledgeable

6.6. The 2018 survey returned inconsistent results on the skills and knowledge, and time and resources available to run the scheme. A low rate of evaluation was also reported. The TPR assessment tool is available to help boards rate their performance and understanding.

⁶ <http://fpsregs.org/images/admin/TPR-6-key-processes.v1.pdf>

⁷ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

IV. Understand the data

6.7. To appropriately prioritise data and highlight that data scoring is not a tick box exercise. There appears to be inconsistency in reporting for surveys, therefore how is data being measured to give value; is the LGA guidance being used and the accuracy weighting used to reflect a more realistic score. Pensions dashboards will drive expectation to online self-service, so data needs to be accurate.

V. Collect the right money at the right time

6.8. Issues with contribution payments for the FPS as a single employer scheme include mid-month taper date changes, delayed taper for IQMP process, FPS 2006 special member direct debits, FPS 1992 contribution holidays, and employer discretion on unpaid absences.

VI. What to do when something goes wrong

6.9. Most FRAs report that processes are in place to record breaches, yet a low number of material breaches are reported to TPR. Consider whether there is appropriate oversight.

6.10. CA asked for feedback on the slides, which are hoped to allow boards to become more effective in their role of assisting. NG stated that he is redrafting the Regulator's codes of practice and these slides fit in with his understanding of the audit and scrutiny role that boards have.

6.11. IH noted that he is uncomfortable with the accuracy weighting from an administrator perspective as there may be different tolerances in place, leading to inconsistency. CA highlighted that there is no requirement to use the spreadsheet for scoring; it could be used internally for analysis and data improvement.

6.12. AT remarked that the presentation sits well with the committee's objectives. CA suggested that some boards are focussing more on having a process in place than the reasons behind it. This should illustrate areas where they can add value, without getting caught up in the technical detail.

6.13. BS commented that data is the most difficult area for boards to understand, especially elected members. CA stressed that this will be particularly relevant for any scheme changes as a result of remedy, in considering what data is needed.

6.14. SH stated that the slides are a good example of a plain English, straightforward tool to provide to stakeholders, adding that they may be helpful to use in TPR's engagement work when published.

7. ABS survey 2019 (Paper 1⁸)

- 7.1. CH talked briefly through the content of paper 1, outlining the background to the annual ABS survey, issues and feedback from previous years, and the intended outcome. CH explained that paper seeks the committee's agreement to the question sets for both an FRA and administrator version of the survey, to be issued at the end of November for a period of around six weeks. Comments were invited from the group.
- 7.2. TA suggested that Q26 be moved to the start of the survey to ask in what capacity it is being completed. NG agreed that Q27 should also be moved, so individuals can immediately see whether it is relevant to them to complete.
- 7.3. TA proposed that Q5 responses are collected using radio buttons to allow selection of more than one option. While there is a 'more than one of the above' option, this would not allow detailed analysis of the reason for late distribution of ABS.
- 7.4. CA asked there is a question on whether pension savings are included on the statement. IH added that this should be expanded to ask about scheme pays and pension sharing deductions, as this would allow clients to push back on software suppliers. These will be added to the administrator survey. BS and IH agreed that Q22 on time spent should be removed from the FRA survey to avoid confusion.
- 7.5. TA asked how authorities can be incentivised to complete the survey and whether non-respondents should be named this year. CA confirmed that those completing are usually named instead, with thanks for their participation. IH commented it should be made clear that administrators of multiple FRAs should complete a survey in respect of each. This will be explicit in the survey instructions.
- 7.6. TE said it is interesting that there are discrepancies in results from different surveys. CA answered that this highlights inconsistency in who is completing requests for information and could indicate lack of oversight. However, survey questions are also open to interpretation. SH added that often surveys are seen as unimportant, which emphasises the need to break down barriers in engagement.
- 7.7. CH stated that the question sets will be amended as discussed and a preview link sent to the committee to test once developed in Survey Monkey.

8. LPB engagement update

- 8.1. CH had taken an action (vii) to provide an update on LPB engagement. In order to present the information in a visually engaging way for possible publication, an infographic highlighting key statistics had been prepared and was circulated to the committee for comment at the meeting.

⁸ <http://www.fpsboard.org/images/PDF/LPBsub/ITEM-7-141119.pdf>

8.2. CA explained that it is a work in progress as the source data may need cleansing and further interrogation; the current statistics do not show any conclusive trends. However, in the meantime, the committee were asked to consider what action can be taken to engage with less involved boards.

8.3. The source data showed that seven FRAs had not taken advantage of the free annual training session offered by LGA. While this was felt by the committee to be inaccurate, as some FRAs had instead attended regional sessions, BS suggested that all boards may not be aware of the offer. This is supported by the training survey results [page 10]⁹. CA commented that boards also may not recognise the value until they attend a session.

8.4. ML recommended that the statistics be checked and verified before approaching boards with the results, as his own local board have been more engaged than the data suggests. CH acknowledged that it would be useful to monitor which FRAs attend regional sessions in order to track more accurately, although there is concern that messages might not then be fed back to the full board.

8.5. CH described that the engagement when split by region is reflective of LGA's experience with the regional fire pension officer groups: the North West is least engaged and the North East appears to be the most engaged. AT commented that boards with an HR colleague as an employer representative are more likely to be involved at a regional level. AT added that LPBs with a dedicated secretariat are more likely to ensure information reaches the relevant people. CA responded that this would be considered part of a scheme's internal controls, and that the monthly bulletin acts as a filter for actions.

Action:

iii. **CH to distribute infographic with minutes.**

iv. **CA/ CH to review source data and provide further update at March meeting.**

9. 2019 work-plan

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

- i. Consider whether items arising from the outcomes of SAB and TPR surveys demonstrate need for a business case to the Home Office for regulatory change – no longer deemed to be an issue given current difficulty in effecting any legislative change.
- ii. Publication of LPB annual report template – [Nottinghamshire FRS](#).
- iii. Committee members to attend LPB meetings and/ or training – standing item.
- iv. Publish commentary on combined survey results – completed via LPB training.

⁹ <http://www.fpsboard.org/images/PDF/Surveys/Training2019.pdf>

- v. Publish joint board guidance and promote support available to applicants.
- vi. Consider how to engage with LPBs who do not respond to requests for information nor attend training and events – standing item.
- vii. Publication of ABS 2018 survey research report.
- viii. Engage with software suppliers on FPS2006 special members and online self-service. Replaced by new item xii.
- ix. Revise and publish draft LPB Terms of Reference.
 - x. Develop SAB survey of LPBs to be launched in March 2020.
 - xi. Develop matrix of LPB performance to benchmark survey results.
 - xii. Engage with software suppliers on Sargeant remedy.
 - xiii. Consider peer review framework for LPBs

9.2. TA explained for new members that item iii. is a standing item for the committee to attend LPB meetings in an observational capacity and provide guidance on best practice. TA has attended the majority of boards in the Eastern region and feedback on both sides has been positive.

9.3. CA confirmed that there is nothing yet that can be shared in relation to item xii. and the case management preliminary hearing will take place on 18 December 2019. An email will be sent shortly to engage a technical working group across Fire and Police stakeholders to look at software design, resources, costs, and timescales for implementing remedy as determined by the Employment Tribunal (ET).

9.4. CA explained that while there is a legal process for claimants, remedy for non-claimants must be equal and the SAB will begin consulting on this in January.

9.5. The six principles guidance will be used to develop a matrix under item xi. The committee were asked for views on what makes a good board, to feed into this process.

9.6. AT suggested defined roles and regular meetings. TA mentioned transparency, having board communications online and publicly available, and an openness and willingness to engage. IH added that a good maker is accepting responsibility, and understanding where this lies in relation to the FRA or administrator.

9.7. BS stated that the right people attending is important, as is knowledge and training. TA said that a good board will understand the value of governance. IH commented that the board should also understand that they can influence outcomes for firefighters, such as member communications. IH added that the LGPS engagement report is a useful source of reference for boards.

Action:

- v. CH to add engagement report to www.fpsboard.org and www.fpsregs.org.

9.8. TE stated from a TPR point of view there would be appropriate cross-referencing, clear minutes and decision making, assessment of knowledge and skills, a Training Needs Analysis (TNA) and support to get training. In terms of resourcing, a good board would consider specialist skills and succession planning. NG added diversity of representation, and SH mentioned regular effectiveness assessments.

9.9. AT described that his local board had experienced a churn of members and following a TNA, new joiners were asked to undertake the TPR public service toolkit¹⁰ modules. This was found to be an effective way to bring members up to a reasonable level of understanding and should be promoted to boards. NG explained that TPR are consulting on the toolkit function with a view to linking it more closely to the revised code of practice to offer personalised signposting.

9.10. CA asked whether there is an appetite to provide boards with constructive feedback. AT suggested that FRAs may respond more positively to peer review and sharing of ideas with colleagues. TA requested that this be added to the work-plan (item xiii) to consider a framework. Following the meeting, AT has since provided some further thoughts and offered to lead on a project, subject to SAB approval.

10. Future meeting dates and venues

- 5 March 2020 (West Midlands Fire Service)

10.1. TPR will be invited to the next available meeting of the committee after the results of the 2019 governance and administration survey are published.

11. AOB

11.1. No items of AOB were raised. The meeting closed at 13:45.

¹⁰ <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes>