

Meeting of the Board 17 September 2020

COVID-19 – FPS governance survey update

Purpose of report

For information.

Background

1. To measure the impact of the coronavirus pandemic on pension scheme governance, the LGA team surveyed FRAs during June and July 2020. A ten-question survey was developed using free Survey Monkey software and an invitation for scheme managers and/ or Local Pension Board chairs to complete the survey was issued in [FPS Bulletin 33 – May 2020](#).
2. The survey was open from 29 May 2020 to 17 August 2020. During that time responses were received from 26 of the 48 Fire and Rescue Authorities (FRAs) in England and Wales. This equates to an overall response rate of approximately 54%.
3. Opportunity was taken to survey FRAs on the name and position of the delegated scheme manager, to build up a picture of how each authority is managing their pension responsibilities.

Survey results

4. Authorities were firstly asked whether their FRA is conducting virtual Local Pension Board (LPB meetings).

Is your FRA conducting virtual Local Pension Board (LPB) meetings?

Answered: 29 Skipped: 0

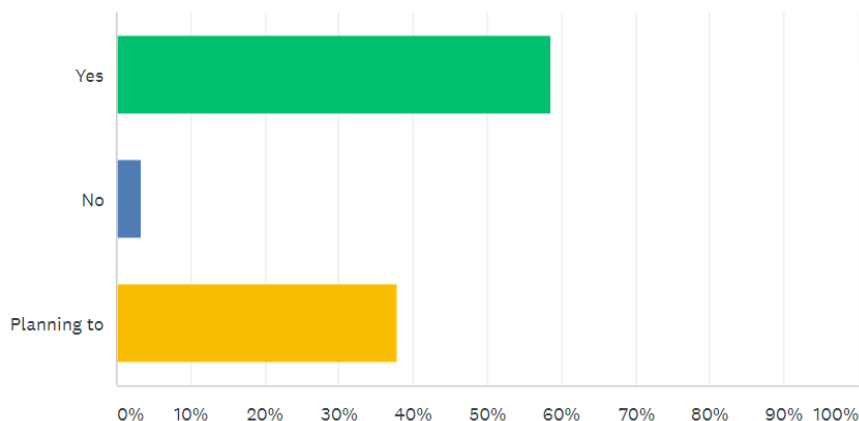


Figure 1. Responses to Q3.

5. The majority (97%) of those responding indicated that that they have held or are planning to hold virtual LPB meetings. Only one authority (3%) said that this was not the case.
6. Respondents were then asked to confirm their organisation's preferred method of holding virtual meetings.

What is the preferred method of holding virtual meetings for your LPB?

Answered: 29 Skipped: 0

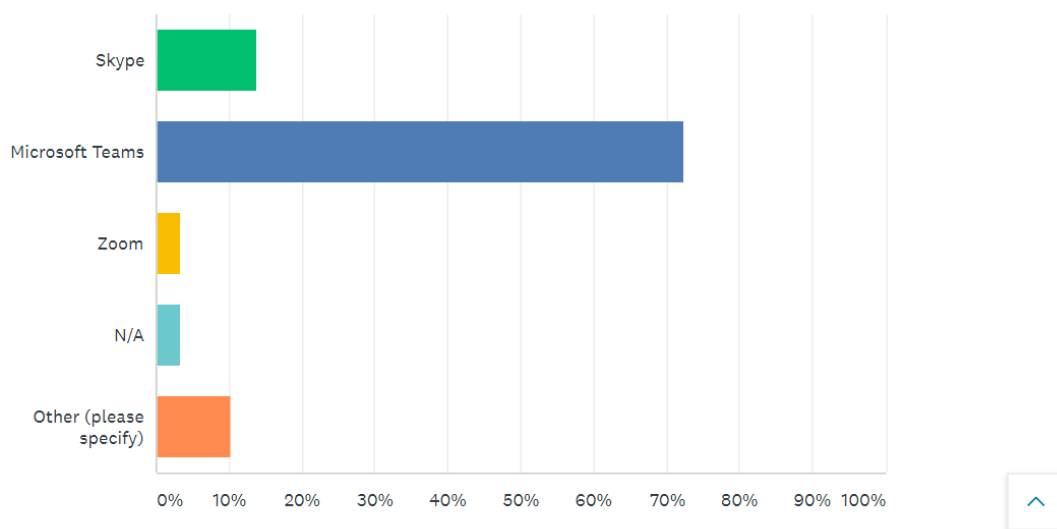


Figure 2. Responses to Q4.

7. Almost three-quarters (72%) of organisations use MS Teams which is part of the Office 365 package and is generally widely used by businesses. Around 14% prefer Skype and one authority (3%) uses Zoom. Responses under "Other" (10%) included conference call (to be replaced by Google Meet), Workplace Chat (which is in addition to Zoom), and Webex.
8. To establish whether there are any barriers to conducting virtual meetings, FRAs were asked to select from a drop-down list any issues that had occurred, with the facility to list any additional problems faced.

If you have conducted a virtual meeting, have any of the following issues occurred:

Answered: 29 Skipped: 0

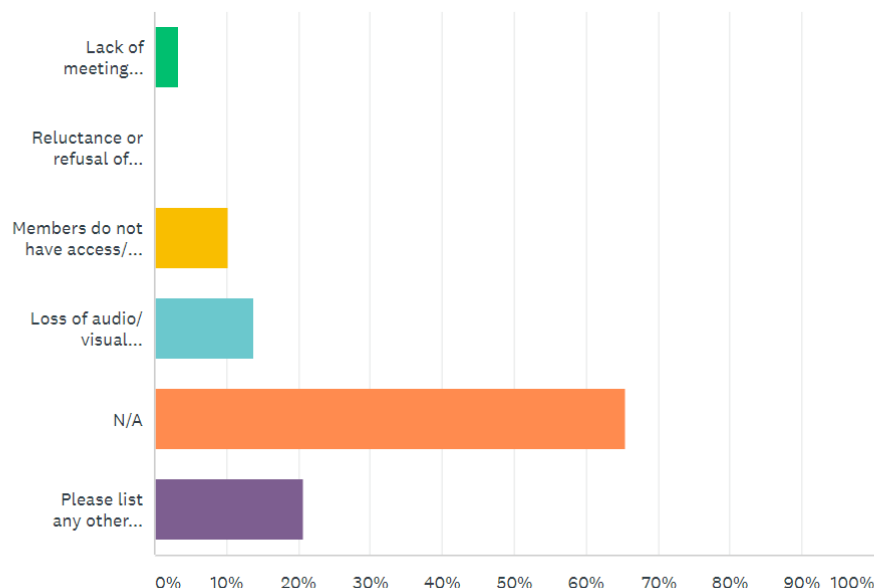


Figure 3. Responses to Q5.

9. Although two-thirds (66%) of respondents said that no issues had been experienced, nearly a quarter (24%) reported technical difficulties, including board members being unable to connect to sessions or loss of audio/ visual function. One respondent (3%) stated that lack of meeting protocol had been an issue. This is to be expected as we are, or were, operating in largely unknown territory.
10. Interestingly, the four authorities reporting a loss of audio/ visual connection are all utilising MS Teams.
11. Several comments were raised under the option to list any other issues, however, two of these confirmed that there were no issues. One respondent added that the meeting time had been shortened, which had been beneficial. The other four responses mainly related to technical or expected connectivity issues. One of these authorities confirmed that they had been unable to extend the meeting to the public due to technical reasons, and one advised that a member had been unable to join due to lack of facilities on-site.
12. The total percentages do not equate to 100% for question 5, as FRAS were able to select more than one response, and those that entered a comment had already made a selection from the drop-down list.
13. The next question asked whether the current situation has impacted on the respondent's ability to communicate with various stakeholders, including the LPB, scheme manager, administrator, and scheme members. A "not

applicable” option was included in addition to the “yes/ no” responses, as some parties listed were the same as those completing the survey e.g. scheme manager.

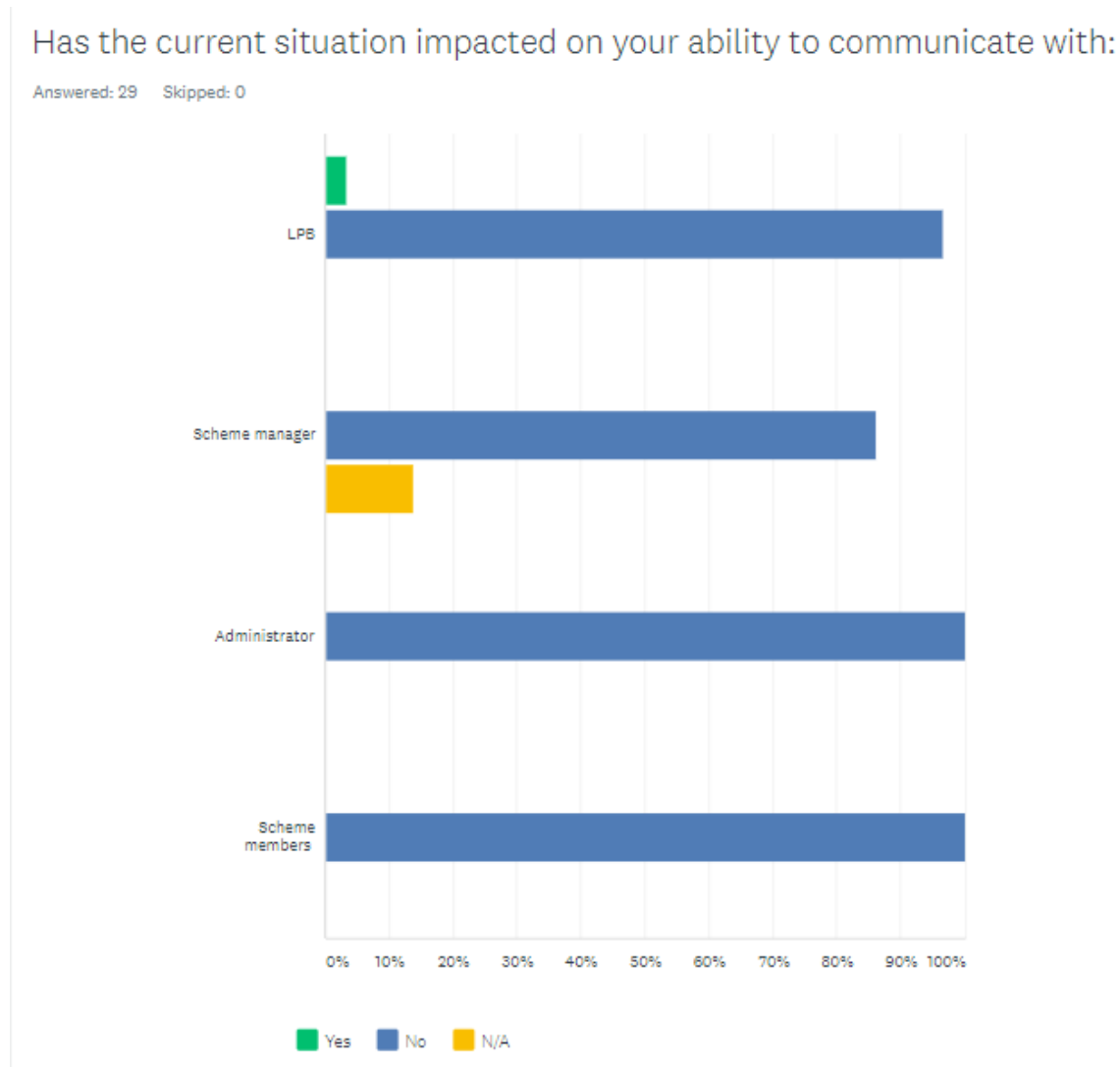


Figure 4. Responses to Q6.

14. In all cases (100%), communication with the scheme manager, administrator and scheme members was not affected. Just one authority (3%) noted that the pandemic had impacted on their communication with the LPB.
15. The next set of questions focused on any expected changes to costs, policy, and procedure in relation to the new working environment.
16. FRAs were asked to state whether they expected to see an increase in administration and/ or governance costs due to providing additional or alternative pension resource.

Do you expect that your administration and/ or governance costs will increase to provide additional or alternative resource due to COVID-19 (in relation to pensions only)?

Answered: 29 Skipped: 0

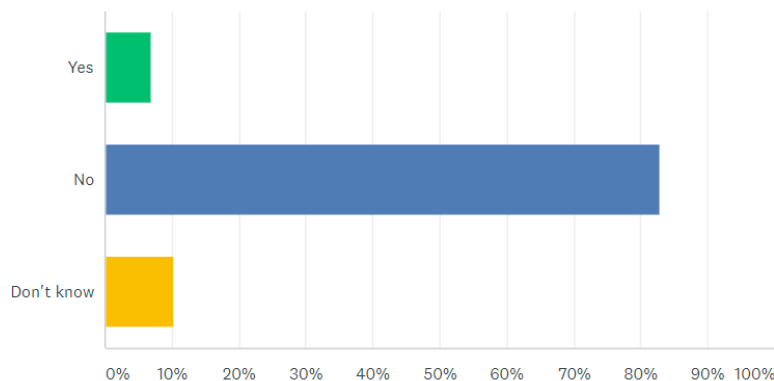


Figure 5. Responses to Q7.

17. Almost 83% did not expect that costs in relation to pensions would increase, and 10% did not know. In the optional comments section, two FRAs explained that governance costs had actually decreased due to savings on travel.

18. Only 7% stated that they thought costs would go up, with one respondent adding that additional staff were needed within the pensions team due to increased workload and employees leaving, although this may not be specifically related to COVID-19.

19. Relating to this, and also to consider whether any difficulties in procuring services would arise, the next question asked whether any third-party contracts were due to end soon.

Do you have any third party contracts that are due to end soon?

Answered: 29 Skipped: 0

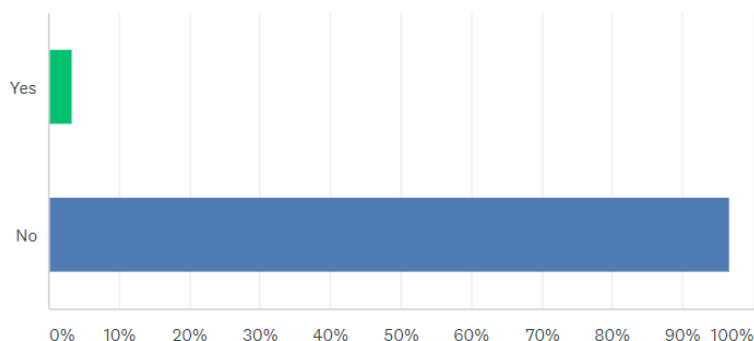


Figure 6. Responses to Q8.

20. Of those responding, only one FRA (3%) had one or more external contracts that were shortly due to end. They noted, however, that they hoped to extend the contract already in place. The remaining 97% were not affected.

21. The survey queried whether FRAs had concerns about any of the following due to changes in working practices: third-party providers e.g. administration, systems, consultants, advisers; potential increase of breaches of law; increased risk of cyber security issues or scams.

Do you have concerns about any of the following in relation to the current situation:

Answered: 29 Skipped: 0

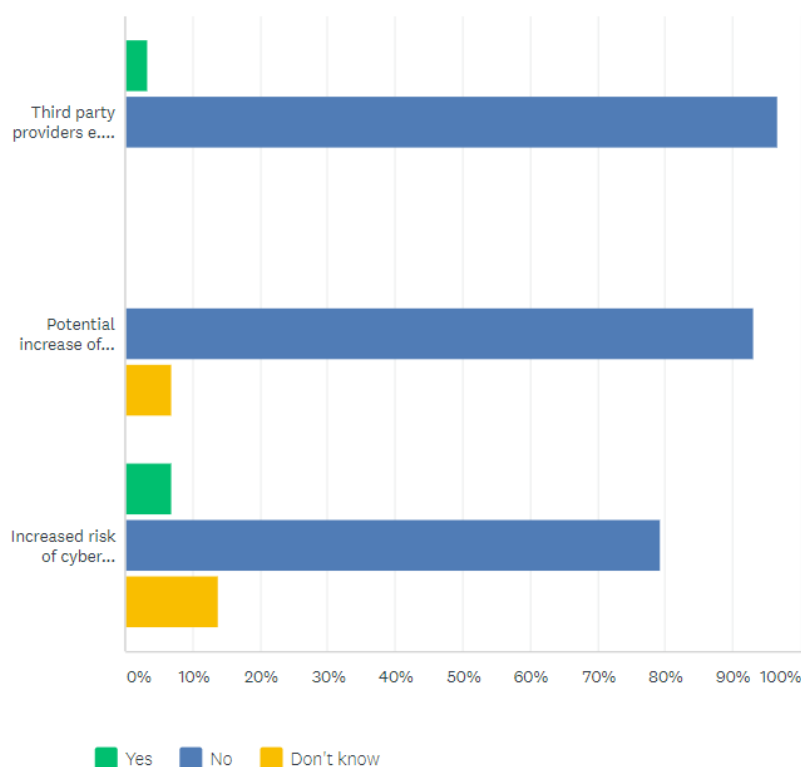


Figure 7. Responses to Q9.

22. There did not appear to be a high level of concern in any of the three areas, with a negative response of almost 80% or above in every category. There was some uncertainty as to whether the pandemic would have an impact on occurrence of breaches of the law (7%) and cyber security (14%).

23. Where there was concern, this was limited to one authority (3%) in respect of third-party providers and two organisations (7%) citing an increased risk of cyber-attacks or scams.

24. Several explanatory comments were provided to expand on this section but may have compromised the anonymity of the respondents if included.

25. Finally, respondents were asked to confirm whether their pensions risk register had been reviewed and amended in light of the current situation.

Has your pensions risk register been reviewed and amended due to COVID-19?

Answered: 29 Skipped: 0

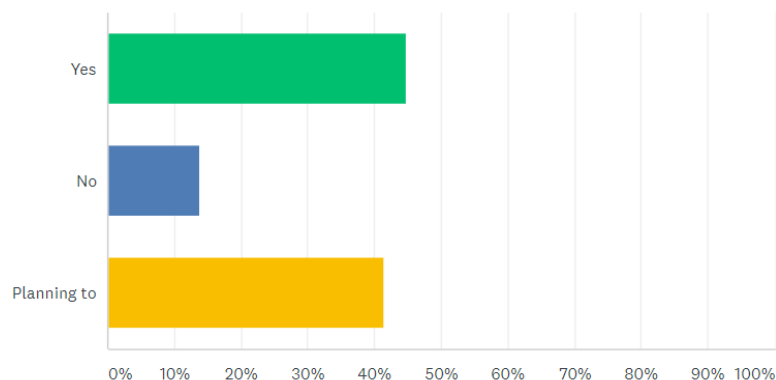


Figure 8. Responses to Q10.

26. Close to 90% of those responding confirmed that the risk register had been amended or there were plans to do so. Eleven FRAs provided additional commentary to detail the outcome of the review and any new risks added. One confirmed that although the review had taken place, risk was not deemed to have increased.

27. New risks identified related to business continuity arrangements for administration, potential difficulty in recruitment, and lack of occupational health provision including the suspension of medical appeal boards.

Findings

28. It was disappointing that only just over half of FRAs provided a response to the survey as the number of questions was kept to a minimum to ensure that completion would not be onerous, and the bulletin clearly detailed why the data was being collected. However, this is quite reflective of the level of engagement shown by FRAs, particularly in relation to pension scheme governance.
29. Based on the responses that were received, it is clear that organisations have taken steps to mitigate any challenges arising from the current situation and are embracing online technology to fulfil their governance responsibilities.
30. In line with the similar survey on administrative resilience, most organisations have good risk management in place and have coped well with the transition to new working arrangements, and in some respects have seen an

improvement, which would reflect the experience of the secretariat, such as increased attendance at meetings and reduced travel time and costs.

31. The secretariat has held two virtual sessions for the LPB annual wrap-up training which were well attended and well received. Each board is entitled to a free training session under the SAB statutory levy and this can be offered as an online session, or in person as travel and workplace restrictions are gradually eased.

32. As the new technologies and ways of working are becoming more embedded and have in some cases proven to be more effective, we do not plan to repeat this survey to assess the specific impact of COVID-19. The [LPB effectiveness committee](#) have an action to repeat the [survey of boards](#) carried out in 2017. However, this will be postponed until at least 2021.

Recommendations

33. The Board are recommended to note the contents of this report.

Actions for Board members

34. To note the contents of this report.

Board Secretary
August 2020