



Actions and agreements
Thursday 30 September 2021
MS Teams

PRESENT

Joanne Livingstone	SAB Chair
Cllr Nick Chard	Scheme Employer Representative (LGA)
Cllr Nikki Hennessy	Scheme Employer Representative (LGA)
Cllr Roger Phillips	Scheme Employer Representative (LGA)
Cllr Leigh Redman	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
Craig Moran	First Actuarial
Claire McGow	SPPA (observer)
Alan Wilkinson	SPPA (observer)
Claire Hey	LGA – Board secretariat
Rachel Abbey	LGA – LGPC Pensions Team (Minutes)
Josh Goodkin	Home Office
Anthony Mooney	Home Office
Cat Weston	Home Office

1. Apologies and conflict of interest

- 1.1 Apologies were received from Cllr Roger Price, Cllr Ian Stephens, Roger Hirst, Rob Hammond, Frances Clark, and Ian Hayton.
- 1.2 Joanne Livingstone (JL) and the Board congratulated Claire Hey (CH) on her recent promotion and welcomed her to her first meeting as Senior Pensions Adviser. JL informed the Board that Rachel Abbey (RA) from the LGA LGPS team was attending to take minutes.
- 1.3 No conflicts of interest were declared. JL reminded the Board that any conflicts of interest must be declared at the meeting or by sending a note to the LGA.

2. Minutes from previous meeting and Chair's update

- 2.1 The minutes of the [meeting held on 24 June 2021](#) were accepted as true and accurate. The Board agreed not to publish any of the additional papers due to the confidentiality of their contents.

Table 1: Update on actions from meeting of 24 June 2021

Minutes reference	Action	Progress
5.1.14	Seek agreement from HM Treasury (HMT) to publish McCloud factsheet	Agreement received and McCloud factsheet published on fpsregs.org website
6.26	Board members were invited to provide comments by email in order for the SAB to write to software suppliers with follow-up questions. Secretariat to liaise with providers on availability of presentations.	No comments from the Board have yet been received. The Board is keen to maintain contact with software suppliers and to monitor their progress on remedy preparations. Providers have agreed to the publication of their papers on the Board website. Waiting for suppliers to comment on certain areas of interest. CH to work on follow up letter to suppliers to keep relationship going.
6.1 (11.06.2020)	SAB to provide views on eligibility of apprentices to the FPS and consider any updates needed to the eligibility factsheet.	No progress to report. JL asked for further comments from the Board to take this forward.

- 2.2 JL thanked First Actuarial for their input in responding to recent HMT consultations. The Board shared their responses with the Police SAB to assist with their consultation responses.

2.3 Other matters arising from the minutes of the last meeting and from the Chair's update will be covered in later agenda items.

3. Home Office legislative update

3.1 Cat Weston (CW), Anthony Mooney (AM) and Josh Goodkin (JG) from the Home Office delivered updates on current legislative issues.

3.2 CW thanked the Board for their continued input during a busy period, particularly for their recent responses to HMT consultations.

3.3 The Government is currently considering responses to the discount rate methodology consultation. HMT's review of the level of the discount rate may affect employer contribution rates from April 2024. The 2020 Scheme valuations will also be affected by the other recent HMT consultation on the public service pensions cost control mechanism.

3.4 The Public Service Pensions and Judicial Offices (PSPJO) Bill was introduced in the House of Lords on 9 July 2021 and had its second reading on 2 September 2021. Next stage is Committee, due to start in the second week of October. The latest on the Bill including minutes of the second reading is available on the [dedicated Bill webpage](#).

3.5 HMT intends to produce a policy note on remedy as a whole. CH asked whether that note would cover both prospective and retrospective remedy. CW confirmed that it would cover both, but that there would be more detail on retrospective remedy, although there is more that is yet to be determined.

3.6 Technical changes to the tax system will be introduced by the Finance Bill. This includes changes that will be necessary to make the remedy work.

3.7 The Home Office is working on drafting regulations to implement the remedy. CW expects a six-to-eight-week formal consultation to start in November. Secondary legislation will be laid in Parliament in February or March 2022 to come into force 1 April 2022.

3.8 More complexities lie in creating legislation to introduce the deferred choice underpin. The Home Office is grateful to the LGA and a group of administrators for their contribution to this project. The plan is to resolve as many issues as possible in 2021 ahead of drafting regulations and consultation in 2022. Those regulations must be in force by October 2023, and CW believes it is unlikely that they will be implementing earlier than this date due to multiple complexities.

3.9 Where the Home Office is responsible for making decisions on outstanding policy issues, it will discuss these with the Board. This includes three issues raised by the Board in its recent letter to HMT.

- 3.10 The Home Office will share an updated high-level timeline in the next couple of weeks.
- 3.11 Cllr Roger Phillips (RP) asked whether the Minister is engaged and has been briefed on the process and the importance of the implications for the Fire and Rescue Service. CW confirmed that the Minister is thoroughly engaged.
- 3.12 Des Prichard (DP) asked whether there was any risk that competition for Parliamentary time could mean that the 31 March 2022 date for moving all members to the reformed schemes could be delayed. CW confirmed that the primary legislation fixes this date, but this is on the risk register. The dates will not change if all goes well with the passage of the Bill.
- 3.13 JL asked for more information on timescales. CW confirmed that the policy note and the updated timeline are expected in the next two weeks. When discussions on outstanding policy issues can take place depends on how many issues there are and what progress is made. The Home Office is hopeful that it will be in 2021.
- 3.14 JG greeted the group and gave a brief update on the Bill Clause Assessment spreadsheet. This provides the Home Office's informal view on the clauses of the PSPJO Bill that are relevant to the Police and Firefighters' Pension Schemes. The Home Office shared the spreadsheet with the Board at the beginning of September. The aim is for the spreadsheet to indicate areas for discussion and to identify whether policies will be led by the Home Office or by HMT.
- 3.15 One issue the spreadsheet covers is the adjustment of contributions for members of the FPS 2006. The Bill allows members to defer a refund of contributions in 2023 until they make their deferred choice. The Home Office will need to decide whether to offer this option. The Home Office will discuss this issue with the Board before making a final decision.
- 3.16 JL asked whether there was any disagreement about the split of responsibilities between the Home Office and HMT. CW confirmed that the split is based on a Home Office reading of the Bill, but that HMT would have oversight of decisions made by the Home Office.
- 3.17 AM introduced the prospective drafting note that was shared with the Board in advance of the meeting.
- 3.18 The PSPJO Bill provides the primary legislative powers to implement remedy. Each public service pension scheme will make secondary scheme-specific regulations to introduce remedy.
- 3.19 Prospective aspects of remedy have to be introduced from April 2022. These were covered in the drafting note and include:

- 3.19.1 Protected members to be moved to reformed scheme from 1 April 2022 (all unprotected or taper protected members will already have moved by that date)
- 3.19.2 Legacy schemes closed to future accrual from 1 April 2022
- 3.19.3 Protect final salary link for protected members who move from the legacy scheme to the reformed scheme.

3.20 There are two outstanding policy issues:

- 3.20.1 Ill health retirement where the process begins before 1 April 2022 but ends after that date. This is an issue across all unfunded public service schemes, and there is no decision yet on which scheme the member retires under. Helen Scargill (HS) noted that a member is not necessarily better off taking ill health benefits from the legacy scheme.
- 3.20.2 What happens to contracts to purchase additional service that are ongoing after 31 March 2022.

3.21 In response to questions from JL and CH, CW confirmed that:

- 3.21.1 The secondary regulations will be laid in Parliament as normal, but the individual scheme amendments will not be seen during the passage of the Bill.
- 3.21.2 The secondary regulations are currently being drafted, but decisions are needed on outstanding issues, such as how to prevent continued accrual in the legacy schemes after 31 March 2022, before they can be completed.
- 3.21.3 The formal consultation on draft amendment regulations will give pensions professionals the opportunity to comment on those regulations and highlight any drafting errors. CW welcomed comments on the drafting note if any errors or omissions are identified.

4. Paper 1: FRA remedy self-assessment survey

4.1 CH gave an overview of the contents of Paper 1. The paper covers the survey of FRAs conducted over the summer concerning:

- 4.1.1 How prepared they are for remedy to remove age discrimination.
- 4.1.2 How prepared they are for the second options exercise for special members of the FPS 2006.
- 4.1.3 What problems are caused by the reducing number of operators in the FPS administration market.

4.2 The main points from the results of the survey are:

- 4.2.1 100 percent response rate achieved by extending the closing date, but some FRAs did not fully answer all questions.
- 4.2.2 60 percent of FRAs are covered by two administrators and smaller providers are leaving the market.
- 4.2.3 Half of FRA contracts with their administrator will end in the next five years and a third of FRAs plan to tender for a supplier at the end of the contract.
- 4.2.4 Difference of opinions about the future of the market, with half wanting to keep the current arrangements and a quarter favouring a smaller number of specialist suppliers.
- 4.2.5 85 percent have started looking at data for the Sargeant remedy, the main concern in this area is timing. The exercise to update records should not be complicated but it is expected to be time consuming. Software suppliers have started work on programmes to convert CARE into final salary service.
- 4.2.6 91 percent expect to be able to get updated contributions data for members moving from the reformed to the legacy scheme for the remedy period (and potentially back again when the member makes a deferred choice).
- 4.2.7 The mechanics of the Matthews settlement have not yet been established and so progress is limited. Some FRAs have started basic scoping for eligible individuals and working on communications.
- 4.2.8 87 percent expect to need additional resources to be able to deliver remedies, but most do not have an allocated budget for direct and indirect remedy costs. CH is working closely with the Fire Finance Network to monitor finance implications of the remedies.
- 4.2.9 Over half had changed administrator or payroll provider since the start of the remedy and this could cause problems in accessing data. The Matthews special members exercise may require payroll data from the 1970s.
- 4.2.10 Tax will cause complications – both in amending pension contributions and potentially re-opening past annual allowance pension input periods. Some processes and calculations will be the responsibility of administrators.

- 4.2.11 FRAs expressed their preference for tools to be made available to members to help them understand their options and make decisions concerning remedy. The most popular options were a suite of member scenarios and online tools with a link to the member's pension record. Standalone tools were less popular as they rely on member input to get meaningful and accurate results.
- 4.2.12 Half of FRAs are providing member-specific information, generally in relation to immediate detriment cases. They are also providing generic information based on templates produced by the LGA or the Government. The LGA is the first choice to produce member communications, although this is expected to be a collaborative effort. FRAs are expected to provide information to their workforces, although administrators may be the main point of contact for queries.
- 4.2.13 The take-up rate of the first special options exercise was lower than expected. Consistency of information and guidance may help to improve understanding and take-up rate for the second exercise.
- 4.2.14 Most FRAs have remedy on the corporate risk register (85 percent).
- 4.2.15 Most FRAs agreed that the LGA is best placed to lead on remedy implementation including policy engagement with the Government, communication, and engagement with administrators.

4.3 There are a number of recommendations following the completion of the survey:

- 4.3.1 Conducting an abridged version of the survey at regular intervals to monitor progress.
- 4.3.2 Improving routes to administration procurement – although this will not introduce any additional options. Views on this recommendation are welcomed.
- 4.3.3 Technical Group, in consultation with the Board, to set the approach to take where data is not available.
- 4.3.4 Monitoring information from Government and working with the Technical Group to produce guidance on contribution adjustments.
- 4.3.5 Work with administrators and software suppliers on pensions tax adjustments when more information is known.

- 4.3.6 Work with the Fire Finance Network on finance implications and LGA Workforce team to ensure nominated contact details are up to date and information shared with those who need it. The nominated contact at each FRA receives information about the legal processes in Sargeant and Matthews.
 - 4.3.7 The Communications Group to add some remedy specific information to the member website by the end of October and make sure members receive timely information in order to make choices.
 - 4.3.8 Encourage all FRAs to have a remedy project team with named leads.
 - 4.3.9 LGA to consider training needs and how these can best be met.
- 4.4 DP expressed concerns about the FRAs that have not reported remedy as a risk to their local pension board and can't obtain historical data, for example. DP asked whether the same FRAs that are struggling in all areas. JL acknowledged that FRAs may not be able to access payroll data from 20 years ago but expected more recent pay information to be available. The Board has a role to help develop solutions where data is not available.
- 4.5 RP echoed DP's concerns as to whether the Board could identify the FRAs that are struggling and encourage them to improve. The Home Office may get involved if they do not. An administrator survey will tell us if some FRAs are trying to abdicate their responsibilities to their administrator.
- 4.6 RP's view is that the remedy issue should be brought up with the National Fire Chiefs' Council (NFCC). There is a reputational issue for all FRAs if one fails in these exercises. CH will be presenting the survey results at a future meeting of the Age Discrimination Senior Stakeholder Group. Any gap analysis could be taken forward through the NFCC.
- 4.7 Matt Lamb (ML) believes that LPBs are best placed to concentrate efforts to improve FRA performance in these areas.
- 4.8 AM pointed out that members eligible for the second options exercise should already have been identified, although it does cover service before the year 2000. There are provisions in the scheme rules that allow the calculation of pensionable pay where complete data is not available.
- 4.9 Cllr Nick Chard (NC) asked about the cost of switching contributions when members move from one scheme to another.

- 4.10 NC asked whether 60 percent of FRAs using two administrators introduces a problem of resilience, particularly if more FRAs move to the large suppliers. HS believes that county council operators are likely to have a single expert on fire which presents a risk. A single administrator would not work due to the lack of competition. A small number of specialists in competition with each other is the best option of the three and yields the best results in HS's view.
- 4.11 JL asked where struggling FRAs can get support other than the LGA. CH is not aware of any mentoring or support networks but is looking at forming administrator working groups as the projects develop.
- 4.12 Cllr Nikki Hennessy (NH) asked whether there was any data on the numbers of complaints from retired firefighters. JL noted that complaint cases may end up with the Ombudsman. LPBs will know about complaints, but this is not data that the Board collects. CH pointed out that the Board does gather data on IDRPCs, but these results are not split based on member type.
- 4.13 Glyn Morgan (GM) asked whether it is possible for FRAs to attract new staff and train them to deliver remedies within a short timeframe. HS does not expect to be able to recruit experienced pension staff. They are more likely to appoint new staff to work on business as usual, with more experienced and knowledgeable staff working on immediate detriment and remedy cases.
- 4.14 HS gave the administrator perspective. Her expectation is that requests for information about remedy should go to the FRA. The administrator expects to supply specific member figures including complex annual allowance calculations. She would be happy to complete a survey as an administrator to provide an update on their position.
- 4.15 JL asked for views on the tone of the cover note that accompanies the survey results. JL believes the cover note can be used to note any surprising results from the survey. RP believes that the tone should reflect the Board's concern that some FRAs do not appear to have prioritised remedy issues. This should be followed up by contacting FRAs that are struggling directly, passing this information to the Home Office if no progress is made.
- 4.16 In CW's view it is important to emphasise the need for FRAs to be prepared for remedy. The Home Office would be pleased to work with the Board to see how they can support those who are struggling. AM pointed out the FRAs should be aware of the legal consequences of not dealing with remedy correctly.

Action 03.10.2019 (7)

- (1) Secretariat to prepare a similar but shorter survey for FPS administrators.
- (2) Secretariat to undertake further analysis to see whether gaps identified in the survey results are spread or concentrated in a small number of FRAs with a view to following up with them directly.
- (3) Cover note to be drafted on behalf of Board to accompany survey results.

5. Paper 2: Remedy tools procurement

- 5.1 CH delivered the main points from Paper 2, which follows on from the last agenda item.
- 5.2 The Fire Communications Working Group (FCWG) has been considering what materials and tools members will need to make the best choices concerning remedy.
- 5.3 The Board is asked to consider what options would be best in terms of value for money and how useful they will be for scheme members.
- 5.4 The most popular option is a collection of scenarios and personas that reflect real life situations that members may find themselves in. The purpose would be to explain how they might be impacted by the remedy and what choices are open to them. Scenarios may cover calculation of CARE and final salary benefits and the impact of the deferred choice. Scenarios could also cover the position when a member attains 30 years' service.
- 5.5 It would not be possible to cover every member's circumstances. This option would mean the information could be provided in an easily understandable format and target as much of the member population as possible. Different member types could be prioritised based on areas of greatest concern.
- 5.6 GAD can provide this tool and have produced an example. This is an early draft that does not include full information, the impact of reaching 30 years' service is omitted, for example. Other companies have expressed an interest in supplying these personas and scenarios. The Board was asked to decide on how they want to proceed.
- 5.7 Craig Moran (CM) declared that his organisation would be interested in bidding to supply these resources. He questioned whether GAD may be the preferred provider if a consistent message was required across all public service schemes. CH's view is that workforces of different schemes have different requirements that may not be met by the same tools and resources.

- 5.8 CM pointed out that scenarios present less risk as they present generic information only. An online portal purports to supply information specific to an individual and therefore there is more risk that a member will base decisions on the results a portal returns.
- 5.9 GM likes the idea of personas but wants to see proposals from other potential suppliers. CH noted that GAD is likely to produce scenarios with correct results, but they may not be the best to produce communications in plain English for members. JL agreed that the ideal provider is someone who can help members understand what will make a difference to their benefits.
- 5.10 The Scheme Management and Administration (SMA) committee saw a demonstration of the GAD prototype modeller in August. The tool is intended to allow members to model total retirement benefits in both schemes, giving members an idea of what remedy means for them, what option may be better for them and what level of income they might expect in retirement. Its use relies on the member inputting data – salary increases, average weekly earnings increases, commutation options, and retirement date. It does not reflect member-specific circumstances such as pension sharing, annual allowance debits, promotional salary increases or additional commutation options. The estimated cost of the modeller is around £60k to £80k, plus ongoing maintenance costs.
- 5.11 Half of respondents to the survey would like a modeller, but three quarters favoured an online tool directly linked to the member’s pension record. The modellers are expected to be available sooner, but a downside is its reliance on members inputting the correct information.
- 5.12 The modeller would be intended only to be used in advance of the October 2023 deadline for amending member records. Cllr Roger Price provided a view in advance of the meeting that significant spending on a short-term solution may not be the best use of funds.
- 5.13 GM agreed with Cllr Price – members want to know accurate information based on their own circumstances, not a tool that provides indicative estimates. NH noted that many members would prefer to talk to someone in person about their own position, not use a tool.
- 5.14 HS does not expect calculators for administrators to be available until after October 2023, and that member calculators will be developed separately. Member tools may not be available until 2024, and this might influence the Board’s decision on which resources to procure now.
- 5.15 ML noted that accuracy is paramount to individuals and that any tools must be readily available for members to use. The results must be accurate enough that members can make a valid decision about which scheme to choose for the remedy period.

5.16 DP made the point that any modeller can only provide indicative results. It is not possible for the modeller to reflect changes in a member's pay or allowances, or their annual allowance tax position.

5.17 CM noted that a limited number of members will be asked to make a choice of scheme for the remedy period. Only members who have already retired will have to make an immediate choice. JL said that tools to improve understanding will help to prevent members making decisions now that affect the value of their pension. There may not be a need for precise pension figures if the purpose of the resources made available is to help members understand the implications for them based on what type of member they are.

5.18 HS agreed that improving understanding was important and that scenarios could be used to convey that message to members. Administrators will not have the resources to perform multiple calculations for each member. Any calculations up to 2023 will have to be done outside of the pension administration system.

5.19 The view of the majority of the group is to proceed with scenarios.

Action 30.09.2021 (5.19)

Secretariat to pursue commissioning work on scenarios and personas to represent different member types and the impact that remedy may have on their benefits – via SMA committee.

5.20 CH went on to explain that some members do not engage with long written materials. Member videos could be an alternative to provide alongside written materials. Videos with subtitles meet accessibility requirements and could reach a large number of members. The LGPS uses animations to communicate simple messages about the scheme to members. CH asked if the Board would support the procurement of a video covering remedy for firefighters.

5.21 Videos would be hosted on the fpsmember.org website. JL asked whether members are using the national site. One of the reasons members are not using the member site at present is because it does not contain any information about remedy. RA pointed out that the LGPS videos are available on the national member website but that individual administering authorities also host the videos on their websites or provide direct links to them.

5.22 RP asked whether a simpler, cheaper option might be a video of a person describing the remedy and how it will affect members.

5.23 Mark Rowe (MR) commented that communications about the scheme are shared widely through social media and he would welcome a format that can be shared easily through these channels.

5.24 Philip Hayes (PH) raised a concern about the cost. The cost of delivering the videos would depend on how much of the work could be done by the LGA internally. The cost quoted included producing Welsh language versions of the LGPS animations and so the cost to the FPS would be lower.

5.25 CM related the experience of the NHS who launched member videos a few years ago. Members were not engaging with the written resources that were available and so videos were used to provide basic information about certain topics and directing members where to go for more information.

5.26 DP expressed concern about how much useful information you could include in short video about such a complex subject. CH pointed out that the cost was based on 90 second videos, but that they were not restricted to that timing for explaining remedy.

Action 30.09.2021 (5.26)

Secretariat to progress the procurement of videos to explain remedy.

6. Updates from committees

6.1 RP updated the Board on the meeting of the [Cost Effectiveness Committee held on 13 July 2021](#).

6.1.1 The main purpose of the meeting was to review HMT consultations on the cost control mechanism and the discount rate methodology.

6.1.2 The purpose of the cost control mechanism was stability, but the first time the process ran, all public service schemes breached the cost cap floor. HMT has proposed adding an economic check to the cost control mechanism to ensure that the scheme remains affordable and sustainable. The Government's response to the consultations is awaited.

6.1.3 JL understands that HMT responses to these consultations is expected soon. The Board is likely to call on the Cost Effectiveness Committee when those responses are published.

6.2 ML updated the board on the meeting of the [LPB Effectiveness Committee held on 8 July 2021](#). This was the first meeting of the committee since March 2020.

6.2.1 The Committee considered the results from [TPR's Public service governance and administration survey](#). This survey ran from January to March 2021 and concentrates largely on the six key processes that TPR monitors as indicators of public service scheme performance.

- 6.2.2 The Committee intends to use the results of the survey to assist LPBs. There was implied criticism that LPB membership was low. Membership of the 44 boards should be compared against the single board for the centrally administered schemes; context is important.
- 6.2.3 Important issues arising from the survey results included scheme complexity, the number of LPB meetings in the year and the impact of lockdown, risk and risk registers, annual benefit statements, knowledge and understanding of LPBs and cyber security.
- 6.2.4 The Committee considered what it could do to best assist LPBs. They want to help Boards to be able to scrutinise pensionable pay decisions and ensure the remedy process is successfully implemented in each FRA. The Committee considered project plans, training, peer support and timelines to assist LPBs.
- 6.2.5 The Committee will re-convene to finish considering the results of the survey and the rest of the agenda. They plan to invite TPR to attend a future meeting to talk about their expectations.
- 6.2.6 JL suggested that this meeting could also cover the new combined code of practice.

6.3 DP provided an update from the meeting of the [SMA committee held on 16 July 2021](#).

- 6.3.1 The priority of the Committee is to support the work of the SAB and FRAs to make sure that the scheme is well managed and administered. They focus on communicating scheme changes and facilitating collaboration to improve consistency of interpretation of the scheme rules across FRAs.
- 6.3.2 The Committee discussed the development of scenarios and the use of modellers.
- 6.3.3 The Committee discussed the reduced number of administrators and the possible impact of further reductions in the future. Fewer administrators may result in more consistency. FRAs want to minimise cost, but administration of the scheme is complex. The amount of work that an FRA undertakes in-house may impact on the administration cost. The Committee is interested to understand the LPB's involvement in overseeing the responsibilities of the FRA and the administrator and their views on the effectiveness of their respective remits.

- 6.3.4 Rising software costs will be passed on to FRAs. The survey results show that 40 percent of FRAs want to commission more services from their administrator, but it is not clear whether they have the funding in place to do so.
- 6.3.5 A member of the Committee recounted their experience of going out to tender for a new administrator. The tender process is very time-consuming, and the complexity of the FPS may make it more likely that smaller administrators will leave the market.
- 6.3.6 If a small number of larger administrators remain, there is a concern that they will not be able to recruit new staff with expertise in the fire scheme to increase their capacity.
- 6.3.7 The Committee considered how they could facilitate administrator groups so that they can better understand the issues that administrators are facing. The Committee intends to 'sponsor' a coffee morning to address the issues faced by administrators and software suppliers.
- 6.3.8 JL suggested a coffee morning for LPB chairs to improve engagement, to be added to the LPB effectiveness committee action summary.
- 6.3.9 CH raised the issue of the number of software suppliers. The two biggest administrators both use the same software supplier and if more FRAs choose to appoint them that supplier moves closer to a monopoly position. This represents a risk that the Board should be aware of.
- 6.3.10 JL asked whether anything could be done to mitigate this risk, and what might happen if the software supplier were to go bankrupt. JL asked for input from anyone on the Board who had experience in this area.

7. Paper 3: Resourcing and risk register review

- 7.1 CH went through the risk register highlighting proposed additions and changes to the risk register.
- 7.2 The key person risk is increased following the departure of Clair Alcock from the LGA team. Although Clair's post has been filled, there is still a vacancy and the team will be operating at reduced capacity until Christmas. This risk is mitigated by increasing the team size to increase resilience.
- 7.3 The wording of the 'Excessive charges' risk has been amended to emphasise the small number of suppliers who have the expertise to deliver scheme resources and tools.

- 7.4 The 'Responsible body' risk has been significantly reduced as a result of the positive engagement with the Home Office throughout the remedy process.
- 7.5 The 'Regulatory' risk has been split into two to recognise two separate issues, although both risks lead to the same result:
- 7.5.1 The first legislation risk relates to new legislation and the risk that it may be poorly drafted or contain errors that are not picked up or corrected during the consultation process.
 - 7.5.2 The second risk is that existing legislation may contain historic drafting errors or may be inconsistent between the schemes because they have been drafted at different times.
- 7.6 Both legislative risks impact on the Board's ability to provide consistent and robust advice, for example on pensionable pay and the definition of 'temporary' within the schemes.
- 7.7 A cost / funding risk has been added. This reflects the Board's interest in monitoring the costs and liabilities of the scheme. In particular the Board will interrogate the assumptions that are being used for the valuations. The Board also has a concern that historical changes in the definition of pensionable pay could lead to cross-subsidisation across FRAs.
- 7.8 There is a risk that the scheme will become unsustainable due to increased costs. There is also a reputational risk to the Board associated with not taking timely action to mitigate such risks.
- 7.9 First Actuarial has assisted the Board in providing robust responses to recent consultations. The Cost Effectiveness Committee also has a role to analyse assumptions and feed into consultation responses.
- 7.10 All risks to be reviewed in greater detail at the meeting in December 2021.
- 7.11 GM is content with proposed changes to the risk register. The Board previously considered including a breach in the cost-cap on the register in 2018. GM considers that the Board has a role to keep costs controlled and a breach in the cost-cap could be lead to a perceived failure of the Board to perform its role.
- 7.12 In JL's view, the role of the Board is to make sure that FRAs are operating consistently. All FRAs having to meet the cost of an expensive decision made by one FRA could be considered a failure of the Board. Very little discretion has been given to the Board to implement cost-cap decisions. JL asked for input about the earlier discussion.

- 7.13 In DP's view, the risk register should include risks that the Board has some degree of influence over mitigating. In his view, the Board has little control to put anything in place to mitigate the effect of the cost-cap. CM echoed DP's comments. Including the cost-cap on the risk register could mean that the Board would be criticised as a result of a breach. The Board has a role to respond to a breach in the cost-cap, but not in influencing whether such a breach occurs.
- 7.14 GM's view is that costs are central to the work of the Board and so is happy for the funding to appear on the risk register. Cllr Leigh Redman (LR) agreed that this risk should be included as the register should include all risks.
- 7.15 JL agreed that risks should be those that the Board can influence. But a risk should still be on the register even if it cannot be totally mitigated so that the Board understands the consequences of that risk.
- 7.16 CH then gave an update on resourcing. The existing adviser post has been split into two roles: one to deliver employer support, the other to provide governance support including facilitation of the Board and its committees. Splitting the roles increases resilience, ensures recruitment of high-quality individuals, and clearly defines responsibilities.
- 7.17 The Board will need to approve the additional spend to increase the team size. The budget is currently being finalised. In the interim, approval in principle from the Board would be sufficient to start the recruitment process. The additional cost would also include a half time post to provide technical support, primarily to work on web development.
- 7.18 MR asked whether employers would need to sign off this additional expenditure and what the result would be if the NFCC did not approve the spend. CH pointed out that the LGA may need to reduce the services they offer if the increased budget was not approved.
- 7.19 RP stated that the Department is responsible for approving the budget – sign off is with the Minister. Participating employers then meet that agreed budget. The general principle is the need to build capacity and resilience of the Board. A small number of FRAs present a risk of bringing down the integrity of the scheme. The Board must have the capacity to meet that challenge.
- 7.20 CH confirmed that the Minister only approves the SAB part of the budget.
- 7.21 The Board agreed to the additional funding to create a new post and a new part time post.

8. Paper 4: LGA project management update

- 8.1 CH gave a brief update on the LGA project management paper and asked the Board to note its contents.

9. Paper 5: Update on action summary

9.1 The Board was asked to note the contents of paper 5.

10. Any other business and date of next meeting

10.1 No other business was raised by the Board

10.2 The date of the next meeting is 9 December, and the meeting will be held in person at 18 Smith Square. The meeting dates for 2022 will be decided at that meeting. Hybrid meetings may be held in the future, depending on the technology and whether it distracts from those who are attending in person.