Firefighters' Pensions England Scheme Advisory Board

SCHEME MANAGEMENT & ADMININSTRATION COMMITTEE

ACTIONS AND AGREEMENTS
Friday 16 July 2021
MS Teams

PRESENT

Des Prichard (DP)	Chair
Joanne Livingstone (JL)	SAB Chair
Vicky Jenks (VLJ)	Technical/ Admin representative (Warks CC)
Cllr Peter Harrand (PH)	FRA/ LPB representative (West Yorkshire LPB)
Clair Alcock (CA)	LGA – Board secretariat
Claire Hey (CH)	LGA – Board secretariat (minutes)

1. **Introductions**

    1.1. Apologies were received from Martin Reohorn and Jonathan Hurford-Potter. Cllr Peter Harrand substituted Chris Lawton for West Yorkshire FRS LPB. The SAB members positions remain vacant on the committee.

    1.2. DP welcomed all to the meeting. As the committee had not met in some time, introductions were made and DP outlined the purpose of the committee. CA informed the group that she would be leaving the LGA at the end of August.

2. **LGA Update: Remedy Project Management**

    2.1. CA outlined the context of the committee's workplan for the coming months, which will provide a link between the SAB and the sector to provide governance of remedy challenges.

    2.2. CA described the five pillars of the LGA's project implementation document:

        2.2.1. Communications – of workforce and pension changes.

        2.2.2. Collaboration – consistency between the 44 FRAs and interpretation of regulations and policy.

2.2.3. Guidance on legislation – technical and administrative.

2.2.4. Peer working – understanding what others are doing.

2.2.5. Governance – actions for LPBs.

2.3. CA confirmed that the committee will primarily be involved with the first two pillars of communication and collaboration. Communications items in progress include the launch of the member website with remedy specific information. Areas of focus for the committee to progress are member communications and modellers.

2.4. CA said that different members will be affected in different ways and have different communication requirements, for example, various age cohorts, members with an immediate detriment, and fully protected members. Accessibility of communications will be a key consideration, with resources to be provided in a range of mediums and styles. Previous communications exercises have been predominantly text driven letters and guides; however, there is need to move to more digital solutions such as videos and online webinars.

2.5. CA asked the group to brainstorm what good communications look like, while considering procurement and value for money issues.

2.6. CA explained that a suite of member scenarios would be developed, comprising profiles of different members with calculations. CA noted that modellers have previously been provided as Excel spreadsheets which could not be embedded to websites and would not function across different platforms. They also rely heavily on member input, increasing the potential for error.

2.7. CA said that the Government Actuary's Department (GAD) have demonstrated a new prototype modeller which can be hosted online and embedded, although would still rely on member input. Other providers are also likely to offer a solution. Providing a modeller as an interim solution until software is operational in 2023 would require a procurement process.

2.8. CA highlighted the complex administration and management structure of the FPS, with 44 individual FRAs as scheme managers and the ability to delegate this within the organisation. Each FRA must appoint an administrator, of which there are currently 16 in the marketplace, who in turn appoint one of two software providers. There is no direct contract management in place and processes can therefore be disjointed.

2.9. CA added that all parties are currently acting without legislation and sight of wider policy objectives. There is a consequential impact on costs. The LGA is working centrally with administration and software suppliers to address cost consistency, by setting central specifications and ensuring value for money. FRAs will need to be able to evidence these costs to Government for the spending review.

2.10. CA advised that both software suppliers had attended the June SAB meeting to present their current thinking on remedy. CA asked whether providers should report to the committee in the future, in order for the committee to report to the full SAB. JL supported this.

2.11. CA said that a remedy survey has been undertaken to understand current FRA arrangements and plans. The closing date was 30 June, and a report will be presented to the SAB and its committees in September to consider outcomes and actions. Following this, an administrator engagement group will be created to consider process and best practice. It is not yet known what level of automation will exist in the software solutions and this will be key to administration.

2.12. PH asked how many FRAs had responded to the survey and whether the data was likely to be credible. CH confirmed that 42 of the 44 FRAs had submitted data, but analysis had not yet started.

3. Remedy Challenges

3.1. DP raised a concern about the rising cost of software chargeable to the administrator and passed on to the FRA through contractual arrangements. DP also highlighted the risk of administrators withdrawing from the market and asked what mitigations could be considered.

3.2. CA said that this is frequently raised with the SAB[1], as there are limited procurement options available to FRAs. Currently they can enter into a shared service local arrangement, use an existing framework such as National Frameworks (however this only includes one FPS provider), or carry out a long and costly OJEU process. It is being considered whether a specific framework is required.

3.3. CA added that consistent decision making is also a challenge for scheme managers and thought could be given to an employer advice arm as part of any framework. CA said that consideration had also been given to a separate, central scheme manager body, which FRAs could delegate to. However, there is further work to do, and these questions have been included in the remedy survey to gather views.

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[1] https://www.fpsboard.org/images/PDF/Meetings/17092020/Paper-2-Pension-administration-market-and-complexity.pdf

3.4. DP commented that these challenges should be reflected on an FRA's corporate risk register. JL noted that it may be some time before the increased costs are known and a future survey may be more useful to monitor this. JL suggested that costs that were felt to be exorbitant could be reported to the SAB. DP said that prices could legitimately be increased due to additional workloads.

3.5. VLJ has recently moved from administration for Shropshire FRS to Warwickshire FRS. VLJ explained that Warwickshire is part of the local county council, which is a different arrangement to Shropshire as a standalone FRA. Shropshire Pension Fund administer the FPS for Shropshire FRS, as well as the Local Government Pension Scheme (LGPS). VLJ said that the Fund look after 50,000 LGPS members and only 1,000 FPS member, but the amount of time spent on each scheme can be the same. VLJ highlighted that this does not make good business sense.

3.6. VLJ said that Warwickshire CC has recently gone to tender as smaller administrators are struggling with the time and expertise needed for the FPS, added to which, firefighters have high expectations and there is an associated risk of reputational damage. VLJ explained that administrators can only act in accordance with the regulations and instructions from a scheme manager whose priority is running an FRS, not pensions. VLJ said that the system changes needed for remedy will be a significant development cost on top of existing software contracts and will be passed on to FRAs.

3.7. JL asked if any organisations had tendered. VLJ confirmed two bids had been received. VLJ opined that the future administration marketplace would consist of two large providers.

3.8. JL asked what role the committee would play in getting administrator groups set up. CH confirmed that this would be added to the committee's workplan as an action to be progressed.

i. ***Following publication of remedy survey outcomes, LGA to facilitate administrator groups to consider process and best practice.***

3.9. VLJ stated that Warwickshire CC has appointed Aon as remedy project manager for the LGPS and FPS. However, they are reliant on the software system to perform calculations and automate most of the processes. VLJ explained that the project has been split into workstreams: data, communications, benefits, and benefit recalculations (further split into priority groups). The first data phase should be underway and there is a good understanding of what needs to be done, planning alongside when tools will be available. The communications group will provide consistent messaging to and for the sector

3.10. CA confirmed that the LGA is working with software suppliers at a national level in collaboration with NPCC colleagues and has had confidential sight of development plans and costings. CA noted that the software suppliers are currently operating on different timescales which is making is difficult to assess value for money.

3.11. CA explained that a senior stakeholder group has been convened, with representatives from NFCC, FSMC, and the FFN. Whereas the SAB has governance oversight, this group provides an operational perspective. The LGA is also feeding into the spending review with NFCC and the FFN.

3.12. CA noted that the LGA currently has no oversight of administrator plans and these will be highly dependent on software development. JL commented that administrators are not commercial bodies and therefore may be more willing to share plans with the group. CA suggested that the committee could be utilised to track the timeline and risks of this key dependency, to avoid commitment of additional resource.

ii. ***SMA committee to sponsor a coffee morning session to spotlight dependencies and risks between administrators and software suppliers.***

4. **Communication plans and considerations of communication groups recommendations**

4.1. CA noted that the Fire Communications Working Group (FCWG) had recently reflected on the challenges of effective communication to members and discussed at length the risk of member misunderstanding. Although the meeting minutes are not yet available, a key recommendation was to procure member videos on remedy. Work has also started on a suite of letters for fully protected members, and those that will not be affected by remedy at all.

4.2. The LGA took an action from the FCWG to obtain quotes for videos and present them to the committee. Additionally, if agreed, GAD can be asked to deliver a presentation on their prototype modeller and procurement options for modellers considered.

4.3. VLJ strongly supported the procurement of videos and stated that videos provided by the LGPS team were very popular. VLJ stated that members are less likely to read written text and so alternative means should be investigated. VLJ added that videos would be particularly effective for groups.

4.4. JL asked several questions around the scope and scripting of the videos and whether the Home Office were aware of this potential budget spend. VLJ explained that the LGPS LGA team had written the script for the LGPS videos and stressed that scripts must be written in plain English. CA noted that this would form part of the procurement process, utilising experience of LGA colleagues and the FCWG.

4.5. CA noted that the FCWG has a long list of actions that it wants to take forward, however, there has been a decline in group members volunteering for items due to workloads and additional resource is needed.

iii. *LGA to obtain quotes for member videos, liaising with LGPS and FCWG colleagues on scope and content.*

4.6. CA reiterated that modellers are now more advanced and highlighted that the Police scheme are proceeding with GAD modeller which may create an expectation for Fire. CA asked the group for views on procurement.

4.7. VLJ expressed a preference for making using of online member self-service for greater accuracy. VLJ said that members are likely to query figures generated by a modeller with their administrator.

4.8. JL noted that the GAD prototype is limited on individual member decisions and scenarios; however, the timescale on software delivery is much longer and a modeller could offer an interim solution. DP commented that it would be useful to seek member representatives' views on this. DP supported VLJ's point that modellers cannot always reflect personal circumstances.

4.9. VLJ said that a modeller may be useful to provide a baseline calculation, but as the software will use correct member data, the cost resource for developing a modeller may be better used elsewhere. DP agreed. PH commented on the benefit of doing something sooner rather than later and asked what representative bodies would be likely to add to the discussion. DP agreed that member views are needed.

4.10. JL said that the group should consider the GAD modeller and draw out any limitations. CA recommended that member self-service be incorporated in some way, even if only to extract the relevant data.

iv. *GAD to be invited to present prototype to committee and invited SAB members. Committee to consider future action, e.g., procurement.*

Scheme Advisory Board Secretariat
18 Smith Square, Westminster, London SW1P 3HZ **T** 020 7664 3189/ 020 7664 3205 **E bluelight.pensions@local.gov.uk**

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5. Sector collaboration and uniformity: The role of the scheme manager

5.1. Having spoken at length about the challenges of remedy to the sector, CA noted that the scheme manager is key to collaboration. The LGA is currently engaging with those who are open to engagement. CA asked if any action should be taken to engage with specific parties and whether dedicated scheme manager training is required.

5.2. DP suggested that it would be useful to ask Ian Hayton (IH), chair of NFCC, in his employer role, as it would be difficult to continue the conversation without scheme manager input. DP noted that previous training has been well received.

5.3. JL remarked that the Pension Regulator's single code of practice out responsibility on the scheme manager for compliance and that there are governance requirements for effective delegation.

5.4. CA agreed that IH be invited to the committee as an observer.

v. Chair to invite IH as an observer to the committee.

6. Chair's summary of next steps

6.1. DP thanked the group for their attendance and participation in the meeting. DP summarised the actions and next steps noted. CA confirmed that the coffee mornings are now well-established and take place fortnightly. The committee will be offered a mutually convenient date.

6.2. On modellers, VLJ commented that it would be remiss to disregard GAD's solution; however, consideration should be given to the amount of time and resource required.

7. Future meeting dates and venues

7.1. DP said that meetings will be held quarterly with a special meeting to discuss modellers. CA confirmed that committees will remain virtual due to the range of stakeholders involved.

   ➢ Special meeting 24 August 2021 (GAD modeller) – MS Teams
   ➢ 28 October 2021 – MS Teams

8. AOB

8.1. No items of AOB were raised.

SCHEME MANAGEMENT & ADMININSTRATION COMMITTEE: ACTION SUMMARY

Date/ Number	Action	Comments	Priority	Owner
16 07 2021 (i)	Following publication of remedy survey outcomes, LGA to facilitate administrator groups to consider process and best practice.		Medium	LGA
16 07 2021 (ii)	SMA committee to sponsor a coffee morning session to spotlight dependencies and risks between administrators and software suppliers.		High	DP/ LGA
16 07 2021 (iii)	LGA to obtain quotes for member videos, liaising with LGPS and FCWG colleagues on scope and content.		Medium	LGA
16 07 2021 (iv)	GAD to be invited to present prototype to committee and invited SAB members. Committee to consider future action, e.g., procurement.	Complete. Special meeting 24 08 2021.	High	LGA
16 07 2021 (v)	Chair to invite IH as an observer to the committee.		High	DP