Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	**Local Pension Board Update – March 2020**
EXECUTIVE SUMMARY	This paper is being presented to inform the Committee of the work undertaken by the Local Pension Board (the Board) for Buckinghamshire and Milton Keynes Fire Authority (BMKFA). The key actions taken by the Board, and any actions outstanding, can be seen in Appendix A.
	Minutes of the most recent Board meeting can be seen in Appendix B.
	The Pension Regulator (TPR) is keen to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement.
	In 2018, 94% of all public service pension schemes completed a survey, which helped TPR build a comprehensive picture of governance and administration standards. The findings of this survey can be seen in Appendix C.
	In November 2019, David Fairs, Executive Director of Regulatory Policy, Analysis and Advice at The Pensions Regulator (TPR), commissioned OMB Research to carry out a survey into annual governance and administration of public service pension schemes, namely: Public Service Governance & Administration Survey 2019.
	This survey was designed to provide an update on how schemes are progressing, compared to previous results, as well as capturing data on some new areas.
	Our submission to that survey can be seen in Appendix D.
ACTION	Noting
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	The Board maintains a risk register, which is discussed and reviewed at each meeting. A copy of the most

	recent Risk Register and Trend Report can be seen in Appendix E and F.
	There is one identified "Red", which is as a consequence of the recent Court of Appeal ruling on the McLeod/Sergeant cases. It was determined that the transitional provisions introduced in 2015 to the Firefighters' pension schemes resulted in direct age discrimination.
	A copy of the most recent update issued by the Home Office and shared with staff can be seen in Appendix G.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	No direct impact.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The possibility of a joint Board with Royal Berkshire continues to be a matter for consideration. However, it is felt that this is not a key priority for the Collaboration Board at this time. This will continue to be kept under review.
	The Authority continues to collaborate with the Eastern and South regional pension groups; for networking, joint learning, development and understanding and the development of pension related policies and procedures. These groups feed into the regional technical groups and Scheme Advisory Board (SAB) and information is also cascaded to the Local Pension Board.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	**Communication with stakeholders;** The Board consists of three employer representatives and three employee representatives. The Authority is the Scheme Manager for the Firefighters Pension Schemes and this report seeks to keep senior managers informed of the work of the Board.
	Members of the Board attend the LGA pension briefing sessions with key and relevant information being shared with staff via the Intranet and though their representatives on the Board.
PROVENANCE SECTION & BACKGROUND PAPERS	None.
APPENDICES	Appendix A – Action Log for the Board

	Appendix B – Minutes of the Board, October 2019
	Appendix C – TPR Survey of FRA Local Pension Boards 2018 (published July 2019)
	Appendix D – Board TPR Survey response 2019
	Appendix E – Board Risk Register
	Appendix F – Board Risk Trend Report
	Appendix G – Fact Sheet, Transitional Protections
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Calum Bell cbell@bucksfire.gov.uk 07766 340974

Actions from the FF's Local Pension Board Meeting – 23rd Oct 2019

Carried over from meeting on 17th July 2019

Item 4 – Urgent Items

Outstanding Pension Issues regarding Temporary Promotions

MH & FM to bring a report to the Board with a summary reviewing of the actions taken regarding Pension issues due to temporary promotions.

MH informed the Board that this issue had not been completed – more information was required from some leavers (bank details) and a few employees have not been completed - It is hope that a report will be presented to the Board at the next meeting. Action to remain open (23rd October)

Item 5 - BFRS - Local Pension Activity Report

FM to bring figures regarding the number of apprentices that have joined the FF Pension Scheme since becoming fulltime Fire Fighters.

FM confirmed that she was unable to bring final figures regarding new FF's joining the FF's Pension Scheme to the meeting. FM to bring the information to the next meeting. Action to remain open (23rd October)

Actions from the FF's Local Pension Board Meeting – 23rd Oct 2019

Item 4 - Urgent Items

Communications between WYPF and BFRS.

FM to update the next meeting FM on new targets arising from the introduction of the new SLA and who will be accessing the dedicated Pension in-box.

Pensionable Allowances

FM to report to the Board any changes to pensionable allowances for discussion at the next meeting.

Board Members and Terms of Reference

All to look at changes to the Terms of Reference for the FF's Local Pension Board included number of Board Members and the tenure of the Chair (three years) for a discussion at the next meeting.

Item 5 - BFRS - Local Pension Activity Report

FM to save the monthly reports from WYPF in the Local Pensions folder and send copies to members.

FM agreed to bring the "Injury Pension Overpayments" paper presented at the Executive Committee in November to the next meeting.

Item 6 - WYPF Update including KPI Update

HS agreed to look at how the "Pension Estimates" numbers are calculated and report back to the next meeting.

Item 8 - National Pension Update

All Board Members - HS advised that all Board Members look at the TPR's Survey results published in July 2019 and discuss at the next meeting as the TPR have been making random visits to FRS Local Pension Boards.

CB to add to the next agenda.

Item 9 - Risk and Breaches Register Updates.

HS to send copy of the "Risk Trend Report" that other Pensions Boards are using.

CB and CJ to look at adapting the report for use at BFRS.

Item 10 - Communications and Training Needs

CJ to try and arrange Pension's training with either Clair Hay or Clair Alcock asap, may be at the next meeting in January.

All to send information regarding training/seminars/conferences attended to CJ so information can be added to Training Spreadsheet.

**Buckinghamshire & Milton Keynes Fire Authority
Fire Fighters Local Pension Board Meeting**

**23rd October 2019
Minutes of meeting**

Present: Calum Bell (CB) – Chair, Richard Priest (RP), Tony Cliffe (TC), Chris Wycherley (CW) Simon Tuffley (ST) & Marcus Hussey (MHu)

Also attending: Mark Hemming (MH) Faye Mansfield (FM) and Helen Scargill (HG) – West Yorkshire Pension Fund (WYPF)

Minutes: Caroline Jordan (CJ)

Item		Action
1	**Apologies for Absence:**	
	No apologies	
	CB asked if any Board Members objected to the appointment of Simon Tuffley (ST) to the Board. There were no objections.	
	CB welcomed Simon Tuffley (ST) to the Fire Fighters Local Pension Board.	
2	**Minutes from Previous Meeting**	
	The minutes from the meeting held on the 17th July 2019 were agreed.	
	All but 2 actions were completed from 17th July. The two outstanding actions have been carried over for completion for the next meeting on 29th January 2020. For more information see the action log.	
	Item 4 – Urgent Items Outstanding Pension Issues regarding Temporary Promotions MH & FM to bring a report to the Board with a summary reviewing of the actions taken regarding Pension issues due to temporary promotions.	
	Item 5 - BFRS - Local Pension Activity Report FM to bring figures regarding the number of apprentices that have joined the FF Pension Scheme since becoming fulltime Fire Fighters.	
3	**Declarations of Interest**	
	No new declarations of interest declared.	
4	**Urgent Items**	
	Ill Health Retirement CW asked HS for an update on ill health retirement calculations. The FBU were suggesting that different calculation was required. HS informed the meting that at present the calculation would remain unchanged.	
	Communications between WYPF and BFRS. HS raised some issues regarding communications between BFRS & WYPS. Some e-mails are going to a general HR in-box or personal in-boxes, so work is being overlooked or not going	

	to the right person. Following meetings with BFRS and WYPF it has been decided to introduce an WYPF in-box to ensure that all e-mails are centralised.	
	BFRS are also looking at introducing a revised SLA between BFRS and WYPF. This will help to show what is expected of both WYPF and BFRS.	
	It was agreed that at the next meeting FM will update the Board on new targets arising from the introduction of the new SLA and who will be accessing the dedicated in-box.	**FM**
	Pensionable Allowances BFRS and WYPF will also be looking at all Firefighters allowances so a full register showing what allowances are pensionable can be published. FM agreed to report back to the Board for discussion at the next meeting.	**FM**
	Split Pensions CW asked about the changes to Split pensions. HS confirmed that letters had gone out to all effected. If any Firefighters are unhappy or have not received a letter they should get in touch so it can be looked at.	
	Board Members and Terms of Reference CB raised the Term of Reference for the FF's Local Pension Board and asked if the Board should look at them again. Issues discussed included how many people needed on the Board and the tenure of the Chair (three years). CB asked that everyone thought about this for discussion at the next meeting.	**All**
5	**BFRS - Local Pension Activity Report**	
	FM updated the meeting on the figures available regarding FF's pension schemes.	
	FM explained that sometimes the figures from WYPF and BFRS did into agree as some of their reporting dates were different. FM confirmed that BFRS receive a monthly report from WYPF, but the date of the report varies. FM agreed to save the monthly reports in the Local Pensions folder and send copies to members.	**FM**
	FM also confirmed that an "Injury Pension Overpayments" paper will be presented to the Executive Committee in November. FM agreed to update the Board at the next meeting.	**FM**
6	**WYPF Update including KPI Update**	
	HS updated the Board on current issues and KPI's.	
	• **KPI's**: There were two KPI's not meeting the set targets. The "Deferred Benefits" KPI was not met due to older more complicated cases taking longer than expected to be completed. As these cases are completed the targets will be meet as the newer straight forward cases are being completed in the timescales expected.	

	The "Pension Estimates" were more difficult to explain why targets had not been met. HS agreed to look at how these were calculated and report back at the next meeting.	**HS**
	Durham and Darlington FRS joined WYPF on 1st October 2019.	
7	**FPS Bulletins and Actions**	
	Bulletin 22: No actions	
	Bulletin 23: All actions completed	
	Bulletin 24: All actions completed	
8	**National Pension Update**	
	HS updated the meeting on national issues including:	
	• The McCloud pension case and how this affects the fire service. FRS's will have to wait until the remedy has been published to learn the full effect which is scheduled for December 2019. The Home Office have published a Q&A sheet on the case.	
	• The Annual Conference on 24 and 25 September. All presentations can be found on the LGA website.	
	• The LPB have carried out some random supervisory visits to FRS Local Pension Boards. The Board should be looking at the survey results published in July 2019 and discuss them at the next Board meeting. CB to add to the next agenda.	**All** **CB**
9	**Risk and Breaches Register Updates.**	
	The Board looked at the Risk Register and discussed Risk 11 (Staff Availability).	
	HS highlighted a Risk Trend Report that other Pensions Boards have used. CB asked CJ to look at adapting the report for use at BFRS. HS to send copy of report.	**CB/CJ/HS**
10	**Communications and Training Needs**	
	The Board discussed what training was required by members. All agreed that either Clair Hay or Clair Alcock from the LGA should be asked to BFRS for some training. CJ agreed to arrange the training, may be at the next meeting in January.	**CJ**
	CJ asked if everyone can send her information regarding what training/seminars/conferences they have attended so the training spreadsheet can be updated. All agreed.	**ALL**
11	**Date of Next Meeting**	
	RP confirmed that due to his position within BFRS changing he had tendered his resigning from the Board and this would be his last meeting.	
	Wednesday 29th January 2020 - Meeting Room 3	

Public service governance and administration survey 2018

Commentary on results

Background

Public service pension schemes provide pensions for nearly 17 million civil servants, judiciary, local government workers, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces.

Our code of practice 14 sets out the standards we expect of the people who manage these schemes. Our aim is to improve standards across the board, focusing our interventions on the schemes that we consider present the greatest risk.

In the past year we have engaged with a number of pension scheme managers and pension board members. This, together with one-to-one relationships with large schemes, has helped to inform our understanding of the landscape.

To gather further information about public service pension schemes, we carried out our fourth annual governance and administration survey in November and December 2018. Previous surveys identified that key features of good governance were becoming more commonplace across public sector schemes. In the latest survey, we looked in more depth into how these features were operating in practice.

The survey findings support our existing assessment that the top risks in this landscape are around governance, record keeping, and member communications. They also identify cyber security as a significant issue requiring attention.

The survey is anonymous by default, although scheme representatives can attribute their answers so that we and/or their Scheme Advisory Board can see them. We do not take direct regulatory action based on the answers given, but the answers in aggregate may inform our regulatory approach.

This commentary accompanies the full research report which details all the survey results. It is intended to draw out the key points and areas of concern we have identified. Scheme managers should read the full results of the survey to understand more about the issues highlighted in this statement.

Key issues

Three-quarters (74%) of public service schemes had all six of our key processes in place, an improvement on previous years. However, it is disappointing that the remainder of schemes still did not have all six of these simple measures in place.

Pension Board meetings

Only half of schemes had four or more pension board meetings in the previous 12 months. We have previously highlighted that scheme governing bodies should meet at least quarterly. We are concerned that irregular meetings may be an indicator of poorly-governed schemes. We note that Fire schemes had both infrequent meetings and were the most likely cohort to postpone meetings. We expect to see an improvement in this area.

Knowledge and understanding

Almost all respondents believed that the scheme manager and pension board had access to all the knowledge and skills necessary to run the scheme and were more confident than in previous years that they had sufficient time and resources to do so. However, the survey results did not fully support this view. Only in four-fifths (82%) of schemes did the scheme manager and pension board evaluate the board's knowledge and understanding at least annually. Furthermore, 39% of schemes saw recruitment, training and retention of staff and knowledge as a barrier to improving their governance and administration over the next 12 months, and 47% cited lack of resources or time. We see this lack of knowledge and resources as a key reason for scheme managers not being able to drive the improvements that we expect.

The concerns expressed by respondents about knowledge and understanding may partly be driven by the significant annual turnover in pension board members. On average schemes reported that 20% of the total positions on their pension board had left in the previous 12 months. The loss of knowledge and understanding that this represents is significant. It is essential that pension boards have documented processes in place to ensure the preservation of knowledge and should carry out a skills analysis to assess the areas where their knowledge may be weakest. This will also highlight situations where there is a concentration of knowledge in particular individuals. This will help in the recruitment of members with the knowledge, skills and experience required. Pension boards should also ensure that they have all appropriate training in place for new recruits to build their own understanding.

Board membership

We have very significant concerns about 11 schemes that reported that at the time they completed the survey they were operating with fewer pension board members than required by their respective scheme regulations. The situation appears to have been temporary in most cases until new pension board members could be recruited. In the meantime, however, these schemes were breaching the law. We urge scheme managers to maintain a pension board with more than the minimum number of members to avoid this situation. They should also take steps to ensure that pension board members are recruited before a vacancy exists to enable an effective handover to take place.

Risk registers

While more schemes had a risk register than in previous years, it does not appear that every scheme recognises their value. Only half of schemes had reviewed their exposure to new and existing risks at least quarterly in the previous 12 months. The risk register should be a living document that recognises how risks are emerging, developing and being mitigated or controlled. The pension board and scheme manager are key players in identifying and controlling risks, and a review of the risk register should form part of every meeting.

Collecting data

We expected to see that multi-employer schemes had lower levels of employers presenting data in a timely or accurate and complete manner. This was borne out by the survey findings, although some single employer Police and Fire schemes also reported that they were facing issues. However, we feel that some schemes, particularly the local government schemes, could do more to facilitate the collection of data. Only half of Local Government schemes said that all their employers submitted data electronically and just two-fifths said that all their employers submitted their data monthly. Monthly electronic data submission should be the default for all schemes and we recommend that schemes take steps to put this in place. Aligning data submission with payroll cycles makes it easier for employers to comply as information can be provided as part of the payroll process. Current practices that allow data to be submitted by annual paper return increase the burden for both participating employers and the schemes processing that data. Paper schedules also increase the chances of mistakes occurring that take longer to rectify.

Cyber security

In recent years we have asked schemes to recognise the importance of cyber security. The survey found that there were generally high levels of compliance with basic security measures such as system and access controls and policies on data and use of devices. However, these basic measures were not universal - for example, 17% of schemes did not report that they have controls restricting access to systems and data. A similar number (18%) did not report that they have systems controls such as firewalls, antivirus or software updates. Around half of schemes said that they had experienced a cyber breach or attack in the previous 12 months. The majority of these involved staff receiving fraudulent emails or being directed to fraudulent websites and attacks that try to take down websites or online services.

It is vital that schemes also consider their cyber footprint. Pension schemes share large amounts of data with third parties such as administrators, actuaries, employers and legal advisors. An awareness of the security processes that these bodies have in place is necessary too. Cyber security is not just about reducing the risk of incidents occurring, but also requires preparation for when things go wrong. Schemes need to have an incident response plan in place, and the scheme manager must be aware of the contingencies in place. The lack of pension boards and scheme managers who received regular updates on cyber risks, incidents and controls indicates that this risk is still not being taken seriously.

Data quality

Around three-quarters of schemes that had reviewed their common data in their most recently completed review said that they had identified problems with it. This is lower than we would expect, given that common data includes addresses which can rapidly become out of date. We therefore think it is likely that schemes are not reporting on all elements of common data. Fewer Police schemes reported identifying issues with their common and scheme specific data in their most recently completed review than other cohorts. We are aware that data cleansing has been a focus for Police schemes for some time now and we trust that their results indicate that a well-functioning and effective data cleansing process has now been widely adopted. To ensure comparability within cohorts, we support the work of Scheme Advisory Boards to develop a common definition and standard for their schemes to report on.

Annual benefit statements

There was a general improvement in the number of annual benefit statements issued on time again this year. However, there is still considerable scope for improvement by schemes in this area. We are troubled by the 10% of schemes (15% of Local Government schemes) that did not report that all the annual benefit statements they sent out in 2018 contained all the data required by regulations. We understand that schemes may be taking this action to meet the 31 August deadline for issuing statements. In our view however, deliberately sending out a statement with missing or incorrect data is worse than sending out an accurate statement late. Those schemes that have given us a Breach of Law report in relation to annual benefit statements in recent years have typically had a plan to get their statements out very soon after the deadline, for the few members it affected. We are unlikely to take action on the basis of a breach of law report on its own where there is a reasonable plan for rectification of the situation.

Administration

Pension boards have two fundamental responsibilities - to oversee both the governance and administration of the scheme. A board that is failing to meet its basic responsibilities by not having administration as a feature of every meeting is failing in one of its fundamental functions. We are pleased to see that more schemes are giving administration the attention it deserves, with three-quarters of schemes considering it at every pension board meeting in the previous 12 months. We do still see some space for improvement in the locally administered (Police, Fire and Local Government) schemes, however. It is notable that most of the complaints received by schemes continue to stem from poor administration. This might be around disputes or queries about the amount of benefit paid, slow or ineffective communication, delays to benefit payments, or inaccuracies or disputes around pension value or definitions. Pension boards should continue to ensure that administration is considered on every agenda to identify persistent and emerging issues, and to advise the scheme manager to make improvements.

Conclusion

The pattern of results this year indicates that while pension boards have managed to drive improvements in some areas, they continue to struggle in many others. The locally administered schemes appear to find it particularly hard to meet their responsibilities. There are a variety of reasons for this depending on the exact circumstances of the scheme. Scheme managers and pension boards need to drive improvements in the key areas highlighted here. Some are more straightforward than others but taken together will improve the running of the scheme. We suggest that pension boards, scheme managers and scheme advisory boards examine ways in which collaboration and sharing of resources can deliver better governance and administration.

The information gathered in the survey will be used to inform our regulatory initiatives with all schemes. Over the course of the next year some public service schemes will experience greater engagement from us through our new supervisory processes. This new range of regulatory tools and techniques, which includes one-to-one relationships with schemes of strategic importance and broader scheme supervision and thematic work, helps clarify our expectations of schemes on whom millions of savers rely.

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The Pensions Regulator

Public Service Governance and Administration Survey 2019

This document is intended to be used as a guide to help you gather the information required for the survey. Please note, however, that we need you to complete the questionnaire through the <u>online survey link</u> contained in your invitation email.

Thank you for taking the time to complete this survey. Please answer the questions in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful.

<u>SECTION A – GOVERNANCE</u>

The first set of questions is about how your pension board works in practice.

A1. EVERYONE TO ANSWER

Does your scheme have a documented policy to manage the pension board members' conflicts of interest?

Please select one answer only

1. Yes ✔
2. No
3. Don't know

A2. EVERYONE TO ANSWER

Does your scheme maintain a register of pension board members' interests?

Please select one answer only

1. Yes ✔
2. No
3. Don't know

A3. EVERYONE TO ANSWER

Focusing on the scheme's pension board meetings in the <u>last 12 months</u>, please tell us the following:

Please write in the number for each of a-c below

a) **Number of board meetings that were <u>scheduled</u> to take place (in the last 12 months)**   4

b) **Number of board meetings that actually <u>took place</u> (in the last 12 months)**   4

c) **Number of board meetings that were attended by the scheme manager or their representative (in the last 12 months)**   4

A4. EVERYONE TO ANSWER

Do the scheme manager and pension board have sufficient time and resources to run the scheme properly?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A5. EVERYONE TO ANSWER

Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A6. EVERYONE TO ANSWER

How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

Please select one answer only

1. At least monthly
2. At least quarterly
3. At least every six months
4. At least annually
5. **Less frequently** ✓
6. Never
7. Don't know

A7. EVERYONE TO ANSWER

On average, how many hours of training <u>per year</u> does each pension board member have in relation to their role on the pension board?

Please write in the number below

2 – 3 hours per year

A8. EVERYONE TO ANSWER

Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A9. EVERYONE TO ANSWER

Is the pension board able to obtain sufficient specialist advice on the following matters when it needs to?

Please select one answer per row	Yes	No	Don't know
a) **Administration**	✓	○	○
b) **Cyber security**	✓	○	○
c) **Legal**	✓	○	○

A10. EVERYONE TO ANSWER

Focusing on the composition of your pension board, please tell us the following:

Please write in the number for each of a-d below

a) **Number of <u>current</u> board members**   **5**

b) **Number of <u>vacant</u> positions on the board**   **1**

c) **Number of members that have <u>left</u> the board
   in the last 12 months**   **3**

d) **Number of members that have been <u>appointed</u>
   to the board in the last 12 months**   **2**

A11. EVERYONE TO ANSWER

Does the scheme have a succession plan in place for the members of the pension board?

Please select one answer only

1. Yes   ✔
2. No
3. Don't know

A12. EVERYONE TO ANSWER

Has the scheme manager delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person?

Please select one answer only

1. Yes   ✔
2. No
3. Don't know

SECTION B – MANAGING RISKS

The next set of questions is about managing risks.

B1. EVERYONE TO ANSWER

Does your scheme have its own documented procedures for assessing and managing risk?

Please select 'No' if your scheme relies on your local authority's documented procedures for assessing and managing risk.

Please select one answer only

1. Yes   ✔
2. No
3. Don't know

B2. EVERYONE TO ANSWER

Does your scheme have its own risk register?

Please select 'No' if your scheme relies on your local authority's risk register.

Please select one answer only

1. Yes   ✔
2. No
3. Don't know

In the last 12 months, how many pension board meetings reviewed the scheme's exposure to new and existing risks?

Please write in the number below

4

To what do the top <u>three</u> governance and administration risks on your register relate? If you do not have a risk register, please tell us to what the top <u>three</u> governance and administration risks facing your scheme relate.

Please select up to three options below

1. Funding or investment
2. Record-keeping (i.e. the receipt and management of correct data)   ✓
3. Guaranteed Minimum Pension (GMP) reconciliation
4. Securing compliance with changes in scheme regulations   ✓
5. Production of annual benefit statements
6. Receiving contributions from the employer(s)
7. Lack of resources/time
8. Recruitment and retention of staff or knowledge
9. Lack of knowledge, effectiveness or leadership among key personnel
10. Poor communications between key personnel (board, scheme manager, administrator, etc.)   ✓
11. Failure of internal controls
12. Systems failures (IT, payroll, administration systems, etc.)
13. Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
14. Administrator issues (expense, performance, etc.)
15. Other (please specify): ....
16. Don't know

SECTION C – ADMINISTRATION AND RECORD-KEEPING PROCESSES

The next set of questions is about administration and record-keeping.

Does the scheme have an administration strategy?

Please select one answer only

1. Yes   Our Scheme Administrator does
2. No
3. Don't know

Which of the following best describes the scheme's administration services?

Please select one answer only

1. Delivered in house
2. Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract   ✓
3. Outsourced to a commercial third party
4. Other
5. Don't know

C3. EVERYONE TO ANSWER

Which of the following do you use to measure the performance of your administrators (whether in-house or outsourced)?

Please select all the options that apply

1. Performance against a service level agreement or service schedule ✔
2. Member satisfaction ratings
3. 'Right first time' statistics
4. Testing the accuracy of calculations
5. Analysis of errors
6. Complaints volumes and trends ✔
7. Volumes of rework required
8. Assessing project delivery against initially agreed time and cost ✔
9. Benchmarking against the market
10. Auditing administration functions and systems
11. None of these
12. Don't know

C4. EVERYONE TO ANSWER

To what extent are the following processes automated?

A process is automated if it is completed through the use of technology, for example through a software platform, with minimal human intervention.

Please select one answer per row

	Fully automated	Mainly automated with some manual intervention	Mainly done manually	All done manually	Don't know
a) **Verification and input of employer data**	○	✔	○	○	○
b) **Reconciliation of contributions**	○	✔	○	○	○
c) **Reporting – data quality**	✔	○	○	○	○
d) **Reporting – complaints and issues**	○	○	✔	○	○
e) **Benefit value calculations**	○	✔	○	○	○
f) **Transfer value calculations**	○	✔	○	○	○
g) **Production of benefit statements**	○	✔	○	○	○
h) **Monitoring workload and resourcing**	○	✔	○	○	○

What, if any, barriers do you face to automating more of the scheme's processes?

Please select all the options that apply

1. Lack of suitable technology
2. Difficulty in integrating it with the scheme's existing systems
3. The initial set-up costs involved
4. Securing the necessary internal approval
5. Internal resistance to (further) automation
6. Lack of knowledge/expertise about how to implement this
7. Poor quality of the data
8. Other (please specify): **Time constraints and resource issues**
9. No barriers to automating more of the scheme's processes
10. Don't know

In the last 12 months, how many pension board meetings had administration as a dedicated item on the agenda?

Please write in the number below

4

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

Does the scheme have an agreed process in place with the employer(s) to receive, check and review data?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

Is your scheme single employer or multi-employer?

Please select one answer only

1. Single employer scheme (i.e. used by just one employer) ✓
2. Multi-employer scheme (i.e. used by several different employers)

C10. ANSWER IF SINGLE EMPLOYER SCHEME (C9=1)
Does your participating employer…

Please select one answer per row

	Yes	No	Don't know
a) **Always provide you with timely data?**	✔	○	○
b) **Always provide accurate and complete data?**	✔	○	○
c) **Submit data to you monthly?**	✔	○	○
d) **Submit data to you electronically?**	✔	○	○

C11. ANSWER IF MULTI-EMPLOYER SCHEME (C9=2)
What proportion of your scheme's employers…

Please write in the percentage (from 0% to 100%) for each of a-d below. If you do not know exactly, please give an approximate percentage.

a) **Always provide you with timely data?** .... %

b) **Always provide accurate and complete data?** .... %

c) **Submit data to you monthly?** .... %

d) **Submit data to you electronically?** .... %

C12. EVERYONE TO ANSWER
Does the scheme have a process in place for monitoring the payment of contributions?

Please select one answer only

1. Yes ✔
2. No
3. Don't know

C13. EVERYONE TO ANSWER
Does the scheme have a process in place for resolving contribution payment issues?

Please select one answer only

1. Yes ✔
2. No
3. Don't know

SECTION D – CYBER SECURITY

The next set of questions is about your scheme's cyber security.

D1. EVERYONE TO ANSWER

Which, if any, of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'? <mark>Yes to all bar last two</mark>

By 'cyber risk' we mean the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes.

Please select all the options that apply

1. Roles and responsibilities in respect of cyber resilience are clearly defined and documented
2. Cyber risk is on the risk register and regularly reviewed
3. Assessment of the vulnerability to a cyber incident of the key functions, systems, assets and parties involved in the running of the scheme
4. Assessment of the likelihood of different types of breaches occurring in the scheme
5. Access to specialist skills and expertise to understand and manage the risk
6. System controls (e.g. firewalls, anti-virus and anti-malware products and regular updates of software)
7. Controls restricting access to systems and data
8. Critical systems and data are regularly backed up
9. Policies on the acceptable use of devices, passwords and other authentication, and on home and mobile working
10. Policies on data access, protection, use and transmission which are in line with data protection legislation and guidance
11. An incident response plan to deal with any incidents which occur
12. The scheme manager has assured themselves of third party providers' controls (including administrators)
13. The scheme manager receives regular updates on cyber risks, incidents and controls
14. The pension board receives regular updates on cyber risks, incidents and controls
15. ~~None of these~~
16. ~~Don't know~~

D2. EVERYONE TO ANSWER

Have any of the following happened to your scheme, including at your administration provider, in the last 12 months?

Please select all the options that apply

1. Computers becoming infected with ransomware   No
2. Computers becoming infected with other viruses, spyware or malware   No
3. Attacks that try to take down your website or online services   Yes
4. Hacking or attempted hacking of online bank accounts   No
5. People impersonating your scheme in emails or online   No
6. Staff receiving fraudulent emails or being directed to fraudulent websites   Yes
7. Unauthorised use of computers, networks or servers by staff, even if accidental   No
8. Unauthorised use or hacking of computers, networks or servers by people outside your scheme   No
9. Any other types of cyber security breaches or attacks No
10. ~~None of these~~
11. ~~Don't know~~

Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months (including at your administration provider), which, if any, of the following happened as a result?

Please select all the options that apply

1. Software or systems were corrupted or damaged
2. Personal data (e.g. on members, beneficiaries or staff) was altered, destroyed or taken
3. Permanent loss of files (other than personal data)
4. Temporary loss of access to files or networks
5. Lost or stolen assets, trade secrets or intellectual property
6. Money was stolen
7. Your website or online services were taken down or made slower
8. Lost access to any third-party services you rely on
9. None of these ✓
10. Don't know

SECTION E – DATA REVIEW

The next set of questions is about your scheme's approach to reviewing and improving its data.

E1. EVERYONE TO ANSWER
When did your scheme last <u>complete</u> a data review exercise?

Please select one answer only

1. Within the last 12 months ✓
2. More than 12 months ago
3. Never completed one
4. Don't know

Did your scheme's most recently completed data review exercise identify any issues or problems with the following?

Please select one answer per row	Yes	No	Don't know
a) **National insurance number**	✓	○	○
b) **Date of birth**	○	✓	○
c) **First name**	○	✓	○
d) **Surname**	○	✓	○
e) **Gender**	○	✓	○
f) **First line of address**	✓	○	○
g) **Postcode**	✓	○	○
h) **Membership start date**	✓	○	○
i) **Membership end date** (if applicable)	○	✓	○
j) **Expected retirement age**	○	✓	○
k) **Anticipated income at retirement** (based on expected retirement age)	○	✓	○
l) **Other data item(s)**	○	✓	○

Focussing just on the specific data items that you identified issues or problems with in your most recently completed data review, approximately what percentage of the scheme memberships were affected by each one?

Please select one answer per row (just for those selected at E2)	% of memberships affected					
	<1%	1-9%	10-19%	20-29%	30%+	Don't know
a) **National insurance number**	✔	○	○	○	○	○
b) **Date of birth**	○	○	○	○	○	○
c) **First name**	○	○	○	○	○	○
d) **Surname**	○	○	○	○	○	○
e) **Gender**	○	○	○	○	○	○
f) **First line of address**	✔	○	○	○	○	○
g) **Postcode**	✔	○	○	○	○	○
h) **Membership start date**	✔	○	○	○	○	○
i) **Membership end date** (if applicable)	○	○	○	○	○	○
j) **Expected retirement age**	○	○	○	○	○	○
k) **Anticipated income at retirement** (based on expected retirement age)	○	○	○	○	○	○

Has any action been taken to address the issues or problems identified with the data?

Please choose <u>one</u> answer that most closely describes the action your scheme has taken to date

1. An improvement plan is in development
2. An improvement plan is in place but rectification work is not yet complete ✔
3. An improvement plan has been put in place and rectification work has been completed
4. Rectification work has been undertaken without an improvement plan
5. No improvement plan has been developed and no work has been undertaken
6. Don't know

SECTION F – ANNUAL BENEFIT STATEMENTS

The next set of questions is about members' annual benefit statements.

In 2019, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

100 %

F2. ANSWER IF DEADLINE WAS MISSED FOR ANY MEMBERS (F1=0-99%)

Was the missed deadline for issuing active member statements reported to TPR?

Please select one answer only

1. Yes - and Breach of Law report made
2. Yes - but decided not to make a Breach of Law report
3. No - not reported
4. Don't know

F3. ANSWER IF MISSED DEADLINE WAS NOT REPORTED TO TPR (F2=3)

What was the <u>main</u> reason for not reporting the breach?

Please select one answer only

1. Not material - few statements affected
2. Not material - very short delay
3. Other reason (please specify): ....
4. Don't know

F4. EVERYONE TO ANSWER

What proportion of all the annual benefit statements the scheme sent out in 2019 contained <u>all</u> the data required by regulations?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

100 %

SECTION G – RESOLVING ISSUES

The next set of questions is about resolving issues or complaints the scheme has received.

G1. EVERYONE TO ANSWER

Does the scheme have a working definition of what constitutes a complaint?

Please select one answer only

1. Yes   ✓
2. No
3. Don't know

G2. EVERYONE TO ANSWER

Focusing on the complaints you have received in the <u>last 12 months</u> from members or beneficiaries in relation to their benefits and/or the running of the scheme, please tell us the following information.

Please write in the number for each of a), b) and c) below. The number at b) should be equal to or lower than the number at a). The number at c) should be equal to or lower than the number at b).

a) **<u>Total</u> number of complaints received**   **0**

b) **Number of these complaints that have entered the Internal Dispute Resolution (IDR) process**   **0**

c) **Number of these complaints that were upheld by the IDR process**   **0**

To what did the top <u>three</u> types of complaint going through the IDR process relate?

Please select up to three options below

1. Slow or ineffective communication
2. Inaccuracies or disputes around pension value or definitions
3. Delays to benefit payments
4. Disputes or queries about the amount of benefit paid
5. Delay or refusal of pension transfer
6. Inaccurate data held and/or statement issued
7. Pension overpayment and recovery
8. Eligibility for ill health benefit
9. Other (please specify): ....
10. Don't know

SECTION H – REPORTING BREACHES

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

H1. EVERYONE TO ANSWER

Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify breaches of the law?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

H2. EVERYONE TO ANSWER

In the last 12 months, have you identified any breaches of the law that are <u>not</u> related to annual benefit statements?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

What were the root causes of the breaches identified?

Please select all the options that apply

1. Systems or process failure
2. Failure to maintain records or rectify errors ✓
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of the employer(s) to provide timely, accurate or complete data ✓
5. Late or non-payment of contributions by the employer(s)
6. Other employer-related issues (please specify): ....
7. Something else (please specify): ....
8. Don't know

H4. EVERYONE TO ANSWER

Are there procedures in place to assess breaches of the law, and report these to TPR if required?

Please select one answer only

1. Yes   ✓
2. No
3. Don't know

H5. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do <u>not</u> include any breaches that related to annual benefit statements.

Please select one answer only

1. Yes   ✓
2. No
3. Don't know

<u>SECTION I – GOVERNANCE AND ADMINISTRATION</u>

The next set of questions is about your progress in addressing governance and administration issues.

I1. EVERYONE TO ANSWER

What do you believe are the top <u>three</u> factors behind any improvements made to the scheme's governance and administration in the last 12 months?

Please select up to three options below

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved engagement by TPR
3. Improved understanding of the risks facing the scheme
4. Resources increased or redeployed to address risks
5. Administrator action (please specify): ....
6. Scheme manager action (please specify): ....
7. Pension board action (please specify): ....
8. Other (please specify): ....
9. No improvements made to governance/administration in the last 12 months
10. Don't know   ✓

I2. EVERYONE TO ANSWER

What are the main <u>three</u> barriers to improving the governance and administration of your scheme over the next 12 months?

Please select up to three options below

1. Lack of resources or time   ✓
2. Complexity of the scheme   ✓
3. The volume of changes that are required to comply with legislation
4. Recruitment, training and retention of staff and knowledge
5. Lack of knowledge, effectiveness or leadership among key personnel
6. Poor communications between key personnel (board, scheme manager, administrator, etc.)
7. Employer compliance
8. Issues with systems (IT, payroll, administration systems, etc.)
9. The McCloud judgement   ✓
10. Other (please specify): ....
11. There are no barriers
12. Don't know

SECTION J – PERCEPTIONS OF TPR

The final set of questions is about your views of TPR.

J1. EVERYONE TO ANSWER

Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) **Tough**	○	○	✓	○	○	○
b) **Efficient**	○	○	✓	○	○	○
c) **Visible**	○	○	✓	○	○	○
d) **Fair**	○	○	✓	○	○	○
e) **Respected**	○	○	✓	○	○	○
f) **Evidence-based**	○	○	✓	○	○	○
g) **Decisive**	○	○	✓	○	○	○
h) **Clear**	○	○	✓	○	○	○
i) **Approachable**	○	○	✓	○	○	○

J2. EVERYONE TO ANSWER

Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?

Please select one answer only

1. Very effective
2. Fairly effective
3. Neither effective nor ineffective
4. Not very effective
5. Not at all effective
6. Don't know   ✓

J3. EVERYONE TO ANSWER

To what extent do you agree or disagree with the following statements?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) **TPR is effective at bringing about the right changes in behaviour among its regulated audiences**	○	○	✓	○	○	○
b) **TPR is proactive at reducing serious risks to member benefits**	○	○	✓	○	○	○

SECTION K – ATTRIBUTION

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

K1. EVERYONE TO ANSWER
Which of the following best describes your role within the pension scheme?
Please select one answer only

1. Scheme manager*
2. Representative of the scheme manager
3. Pension board chair ✓
4. Pension board member
5. Administrator
6. Other (please specify): ....

*In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.

K2. EVERYONE TO ANSWER
What other parties did you consult with to complete this survey?
Please select all the options that apply

1. Scheme manager ✓
2. Representative of the scheme manager ✓
3. Pension board chair
4. Pension board member ✓
5. Administrator ✓
6. Other ✓
7. Did not consult with any other parties

K3. EVERYONE TO ANSWER
To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?
Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose ✓
2. No, I would like my responses to remain anonymous

K4. EVERYONE TO ANSWER
And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.
Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board ✓
2. No, I would like my responses to remain anonymous

K5. EVERYONE TO ANSWER

TPR may conduct some follow up research on this topic to improve their advice and engagement with schemes such as yours. Would you be willing for us to pass on your name, contact details and relevant survey responses to them so that they, or a different research agency on their behalf, could invite you to take part?

You may not be contacted and, if you are, there is no obligation to take part. Your contact details will be stored for a maximum duration of 12 months, before being securely destroyed.

Please select one answer only

1. Yes, I am happy to be contacted for follow-up research
2. No, I would prefer not to be contacted for follow-up research ✓

K6. EVERYONE TO ANSWER

Please record your name below. This is just for quality control purposes and will not be passed on to TPR (unless you have agreed that they can contact you for follow-up research).

Please write in below

Calum Bell

K7. EVERYONE TO ANSWER

Finally, please use the space below if you have any other comments or would like to clarify/ explain any of the answers you have given.

Please write in below if applicable

N/A

....

....

....

....

....

....

Thank you. Please now submit your responses through the <u>online survey link</u> contained in your invitation email. If you have any queries or technical issues please contact James Murray (Director, OMB Research) at james.murray@ombresearch.co.uk or on 01732 220582.

Buckinghamshire & Milton Keynes FIRE AUTHORITY *we save lives*

Risk Register for: Local Pensions Board

Appendix E

Completed by:	Local Pension Board
Date completed:	Sep-18
Reviewed by:	Local Pension Board
Date reviewed:	Oct-19
Next review date:	Feb-20

Risk No.	Risk Description	IMPACT Description	LIKELIHOOD Description	Gross Risk Rating			Opportunities	Mitigating actions and timeframes	Net Risk Rating			Responsible Person(s)
				IMPACT	LIKELIHOOD	RISK Rating			IMPACT	LIKELIHOOD	RISK Rating	
1	Operational Disaster (e.g. Flood, Fire, Cyber Crime)	Serious - Loss of Pension Data, Loss of Pension contribution information	Unlikely, whilst this event is unlikely business continuity procedures need to be in place	4	1	4	Demonstrate adequate BCP arrangements are in place	Up to date business continuity and disaster recovery arrangements are in place at Buckinghamshire Fire and Rescue Service (Scheme Manager) and West Yorkshire Pension Fund (Scheme Administrator)	4	1	4	Scheme Manager
2	Pension Payroll and data not being transferred to the Scheme Administrator accurately or in a timely manner. Risk of delay in pension payroll, risk of incorrect pension calculations	Serious - if the pension payroll is delayed or data not transferred correctly for Scheme members	Likely: if data is not transferred by Payroll to WYPF in an accurate and timely manner	4	3	12	Resilience for pension services and administration has been improved with the transfer to WYPF and the move to a more robust provider in April 2016	West Yorkshire have pension advisors with excellent knowledge and skills	4	2	8	Scheme Manager, Director of People & Organisational Development
3	Member Data incomplete or inaccurate	Serious - incorrect data will result in incorrect pension calculations and Annual Benefit Statements and incorrect reporting to Home Office and The Pension Regulator	Likely: without clear checks and audits performed on a regular basis, or pension administration documentation unclear or out of date	4	3	12	Demonstrate effective management and administrations of the Fire Pensions Schemes	Scheme membership data checking exercise being undertaken. Internal Audits annually undertaken. Monthly payroll reporting from iTrent being established	4	2	8	Scheme Manager, Scheme Administrator
4	Administration process failure/ maladministration	Serious - pension administration not undertaken to the required standard	Likely: if loss of key staff or inexperienced staff employed to work on pensions	4	3	12	Demonstrate that the Fire Pension Schemes are professional administered by competent and qualified staff	Pension SLA in place at WYPF, these need to be established within the Service, Scheme of delegation in place, regular communication with Scheme Administrator. WYPF have significant experience of administering for a number of Fire Authorities, and has resilience in numbers of experienced staff	4	2	8	Scheme Manager, Director of People & Organisational Development, Scheme Administrator
5	Annual Benefit Statement (ABS) not produced in time	Serious - pension administration not delivered the Annual Benefit Statements in line with required timescales by TPR / need to report the event (breach) to The Pensions Regulator	Likely: if errors are found within pension data or system errors are evident within statements produced or system can not produce statements	4	3	12	Demonstrate effective administration by production of ABS in line with requirements	System development in 2017 resulted in a delay in issuing ABS. For 2018 ABS were issued on time	4	2	8	Scheme Administrator
6	Officers acting outside of delegated responsibility	Serious - Any approval or agreement that is outside of delegated responsibility could lead to additional financial implications for the pension schemes	Likely: without clear procedures, delegations and discretions in place	4	3	12	Ensure procedures and policies are in place and adequate	Approved Scheme of Delegation in Place. Pension discretions approved by the Scheme Manager. FPS 1992 and 2006 need discretions reviewed and transferred into updated format	4	3	12	Director of People & Organisational Development
7	Employer fails to deduct correct pension contributions from Scheme members	Serious - incorrect pension contribution being recorded and collected	Likely: without necessary check and reconciliations being in place	4	3	12	Ensure procedures are in place and adequate	Deduction and rules checked with payroll provider; reconciliation of deduction carried out by Finance on a monthly basis; internal audit review deductions as part of audit scope	4	2	8	Director of People & Organisational Development
8	Failure to interpret rules or legislation correctly	Serious - resulting in incorrect pension calculations and estimates	Likely: without continued professional development, training and keeping up to date with changes to pension legislation	4	3	12	Ensure procedures are in place and adequate training provided. Effective communication between all parties	Regular attendance at pension training and update events. Regular monitoring of key sources of information e.g. through Fire Pensions Forum and LGA	4	2	8	Scheme Manager, Scheme Administrator, People & Organisational Development
9	Annual Statutory Accounts criticised by external auditors / The Pension Regulator	Serious: this would mean that major issues exist with the Management and Administration, and/or accounting for the Firefighter Pension Schemes	Likely: if Scheme not administered correctly or financial reconciliation not kept up to date	4	3	12	Ensure pension data is maintained, administered and accounted for correctly	Trained, experienced officers produce the accounts to a detailed timescale. Pension data for the accounts is provided by the Governments Actuary Departments (GAD)	4	1	4	Director of Finance & Assets

	Completed by:	Local Pension Board
	Date completed:	Sep-18
	Reviewed by:	Local Pension Board
	Date reviewed:	Oct-19
	Next review date:	Feb-20

Risk No.	Risk Description	IMPACT Description	LIKELIHOOD Description	Gross Risk Rating			Opportunities	Mitigating actions and timeframes	Net Risk Rating			Responsible Person(s)
				IMPACT	LIKELIHOOD	RISK Rating			IMPACT	LIKELIHOOD	RISK Rating	
10	Staff Availability - Emerging risks of industrial action due to pension change - Risk CRR 014.4 on Corproate Risk Registar	Serious: 27 August 2019 Informal SMB - Early analysis of the potential impact of the pensions decision indicates that senior and middle ranking officers are likely to be most affected. In light of this the risk has been elevated to red RAG status (with a 4 x 4 = 16 probability and impact score).	Likely: Out of our control - will depend on the courts and the remedy	4	4	16	Ensure pension data is maintained, administered and accounted for correctly	To be discussed at the Local Pension Board Meeting and aligned to Corpate Risk outcomes	4	4	16	SMB and Fire Authority

Buckinghamshire Fire and Rescue Service Local Pension Board
Risk Management Trend Report
As at October 2019

No	Risk	Trend	Sept 18	Jan 19	April 19	July 19	Oct 19
1	**Operational Disaster (e.g. Flood, Fire, Cyber Crime)**	No Change ➡	4	4	4	4	4
2	**Pension Payroll and data not being transferred to the Scheme Administrator accurately or in a timely manner. Risk of delay in pension payroll, risk of incorrect pension calculations**	No Change ➡	12	12	12	12	12
3	**Member Data incomplete or inaccurate**	No Change ➡	12	12	12	12	12
4	**Administration process failure/ maladministration**	No Change ➡	12	12	12	12	12
5	**Annual Benefit Statement (ABS) not produced in time**	No Change ➡	12	12	12	12	12
6	**Officers acting outside of delegated responsibility**	No Change ➡	12	12	12	12	12
7	**Employer fails to deduct correct pension contributions from Scheme members**	No Change ➡	12	12	12	12	12
8	**Failure to interpret rules or legislation correctly**	No Change ➡	12	12	12	12	12
9	**Annual Statutory Accounts criticised by external auditors / The Pension Regulator**	No Change ➡	12	12	12	12	12
10	**Staff Availability - Emerging risks of industrial action due to pension change - Risk CRR 014.4 on Corporate Risk Register**	No Change ➡	N/A	N/A	N/A	16	16

Home Office – Sargeant fact sheet

Background

CARE Schemes

In 2014 or 2015 all main public service pensions, including the firefighters' scheme, were reformed to provide defined benefits on a career-average basis.

In a career average scheme, members build up pension each year based on a percentage of their pensionable earnings and this is added to their pension account. The pension account contains the pension built up in previous years and is revalued each year. When a member retires, the total built up in your pension account is received as an annual pension. This is called Career Average Revalued Earnings (CARE).

Reforms were made that reflected the recommendations of Lord Hutton's Independent Public Service Pensions Commission, which produced its final report in March 2011, and were intended to make public sector pensions affordable and sustainable in the long term.

Transitional Protection

In all the main public service CARE schemes introduced in 2015, those closest to their scheme's Normal Pension Age (NPA), which is when a member could choose to retire with an unreduced pension, were given 'full' transitional protection. In practical terms this meant that those within 10 years of their NPA as at April 2012 were allowed to remain in their current scheme.

In most of these schemes those who were between 10 and 14 years from normal retirement age were given 'tapered' transitional protection, meaning they did move to the new 2015 scheme, but at a later date than those members who were not afforded transitional protection.

McCloud/Sargeant

Two claims were brought, one against the judges' pension scheme (the *McCloud* case), the other against the firefighters' pension scheme (the *Sargeant* case) claiming that transitional arrangements were discriminatory on the basis of age, sex and race. The claims were heard together.

The Court of Appeal determined, amongst other things that transitional protection gave rise to unlawful age discrimination in the judges' and firefighters' pension schemes. The Supreme Court refused the Government's application for permission to appeal, meaning that the Court of Appeal decision stands.

On 15 July 2019 the Chief Secretary to the Treasury made a written ministerial statement (HCWS1725) confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. The statement set out that government, alongside the Employment Tribunal process, will also engage with employer and member representatives, and the devolved administrations, to help inform proposals to the Tribunal and in respect of the other public service pension schemes.

A case management hearing was scheduled for 18 December 2019 in the *Sargeant* case, with a view to setting out the procedural steps to appropriately implement the Court of Appeal decision.

Last updated: 20 December 2019

1. What happened at the Firefighters' case management hearing on the 18 December?

The Court of Appeal determined in its judgment in *Sargeant* that the transitional provisions in the Firefighters' pension schemes resulted in direct age discrimination between:

a) those who were members of the old scheme (the Firefighters' Pension Scheme 1992) ("FPS") and were fully transitionally protected by remaining in that Scheme after 31st March 2015 as a result of being an active member under the 1992 Scheme on 31st March 2012,

b) those who were members of the FPS as at 31st March 2012 and were not treated as fully transitionally protected and moved to the new English Firefighters' Pension Schemes after 31st March 2015,

In the light of this, the Tribunal in the *Sargeant* case gave an interim declaration that the claimants (who all fell in within category (b)) are entitled to be treated as if they had been given full transitional protection and had remained in their current scheme after 1 April 2015.

The Government intends to extend the same treatment to all members of the public service pension schemes (whether claimants or not) who are in the same legal and factual position as the claimants.

The Government is also aware that many non-protected members may be better off in the new career average pension arrangements than they would have been in the old pre-2015 pension schemes and would suffer a detriment if they simply moved back to the old schemes. It is therefore the government's intention to ensure that such persons can keep the benefits they have accrued and making the required changes to the public service pension schemes will take time.

2. Changes to the Firefighter Pension Schemes

The difference in treatment will in due course be removed for all members with relevant service across all the main public service pension schemes – not just those who have lodged legal claims. Any solution will need to ensure that all members can instead keep the pensions they have earned to date.

The Government will be launching a public consultation on changes to the schemes and before that will hold a series of technical discussions with stakeholders. This will progress alongside the remedy directed by the Tribunals in the *Sargeant* case.

For the Firefighters' pension scheme, some members are likely to have been better off remaining in their old scheme, while others may benefit more from the new scheme – that will depend on the individual circumstances of affected members. Any changes to the scheme must take account of this in order to ensure members can keep benefits they have already accrued.

Technical discussions will be held with the Firefighters' Pensions Scheme Advisory Board (SAB). The SAB comprises members of the Fire Brigade's Union, Fire and Rescue Services Association, the Fire Officers' Association and the Fire Leaders' Association as well as employer representatives.

These discussions will consider changes to the scheme which are necessary:

- in order to remove discriminatory provisions from the public service pension schemes for non-claimants; and

- to ensure individuals can keep benefits they have accrued regardless of changes needed to remove discrimination, for example if they would have been better off in the new scheme.

Following these discussions, the Government will formally consult on its proposals, providing a further opportunity for input.

3. What about ill-health retirees and those who have already retired?

The Government is committed to urgently addressing the position of scheme members who have been ill-health retired or have already retired from the 2015 scheme. Changes of this nature require time to implement and the Home Office will provide further detail in due course. Please contact your FRA if you are an affected claimant.

4. Does the McCloud/Sargeant judgment increase the costs of public service pensions?

Initial estimates suggest removing the difference in treatment the discrimination will add around £4bn per annum to scheme liabilities across the public services from 2015.

The underlying aims of the 2015 reforms remain: public service pensions are and will continue to be a significant cost for the taxpayer. The McCloud/Sargeant judgment does not alter the government's commitment to ensuring that the cost of public service pensions is both affordable for taxpayers and sustainable for the long term.

5. Will the additional cost of removing the difference in treatment be borne by employers?

The most recent valuation process set employer contribution rates until 2023. The next valuation will assess scheme costs in the round, in the usual way, and will set employer contribution rates from 2023. There are numerous factors that could affect the valuations between now and then, of which the McCloud ruling is just one.

It is too early to say whether employer contribution rates will increase from 2023. If deficits do emerge in the scheme, they will need to be paid off over the deficit recovery period in the usual way.