Firefighters' Pensions Annual Conference - (AGM and Reception)

Tuesday 19 September 2023
18 Smith Square, London

#LGAFirepensions

Chair's welcome

Joanne Livingstone, Chair, Firefighters' Pensions (England) Scheme Advisory Board

Agenda

- Chair's welcome and introduction
- The Pensions Dashboard Programme
- The Pension Regulator – General Code
- Local Pension Board Effectiveness
- Drinks reception

The Pensions Dashboard Programme

Chris Curry, Principal, Pensions Dashboard Programme
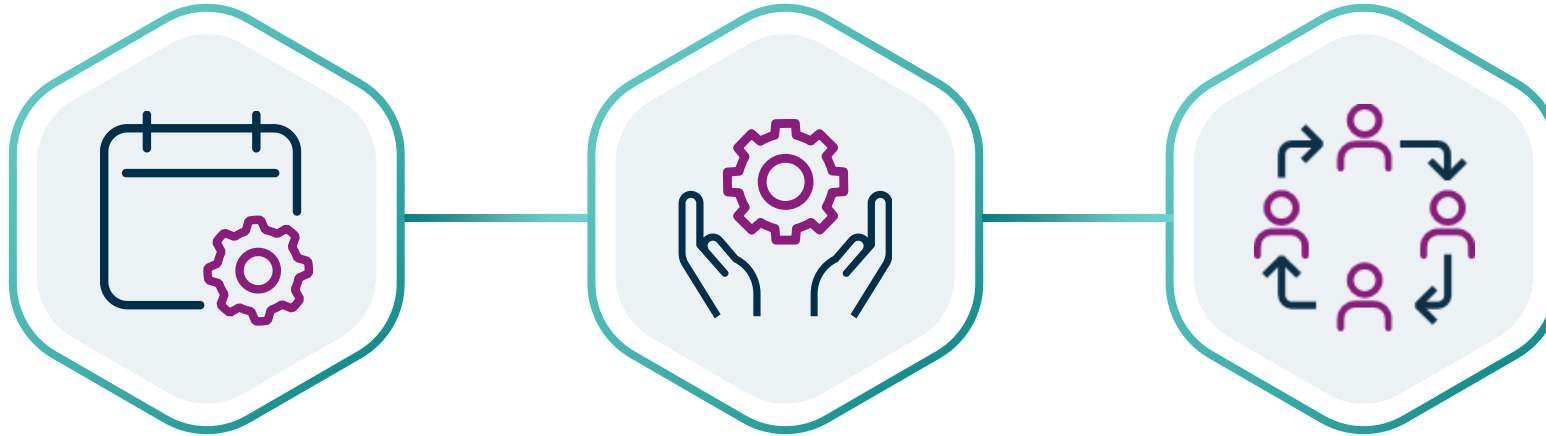
Pensions Dashboards Programme

Chris Curry, Principal

Pensions Dashboards Programme

19 September 2023
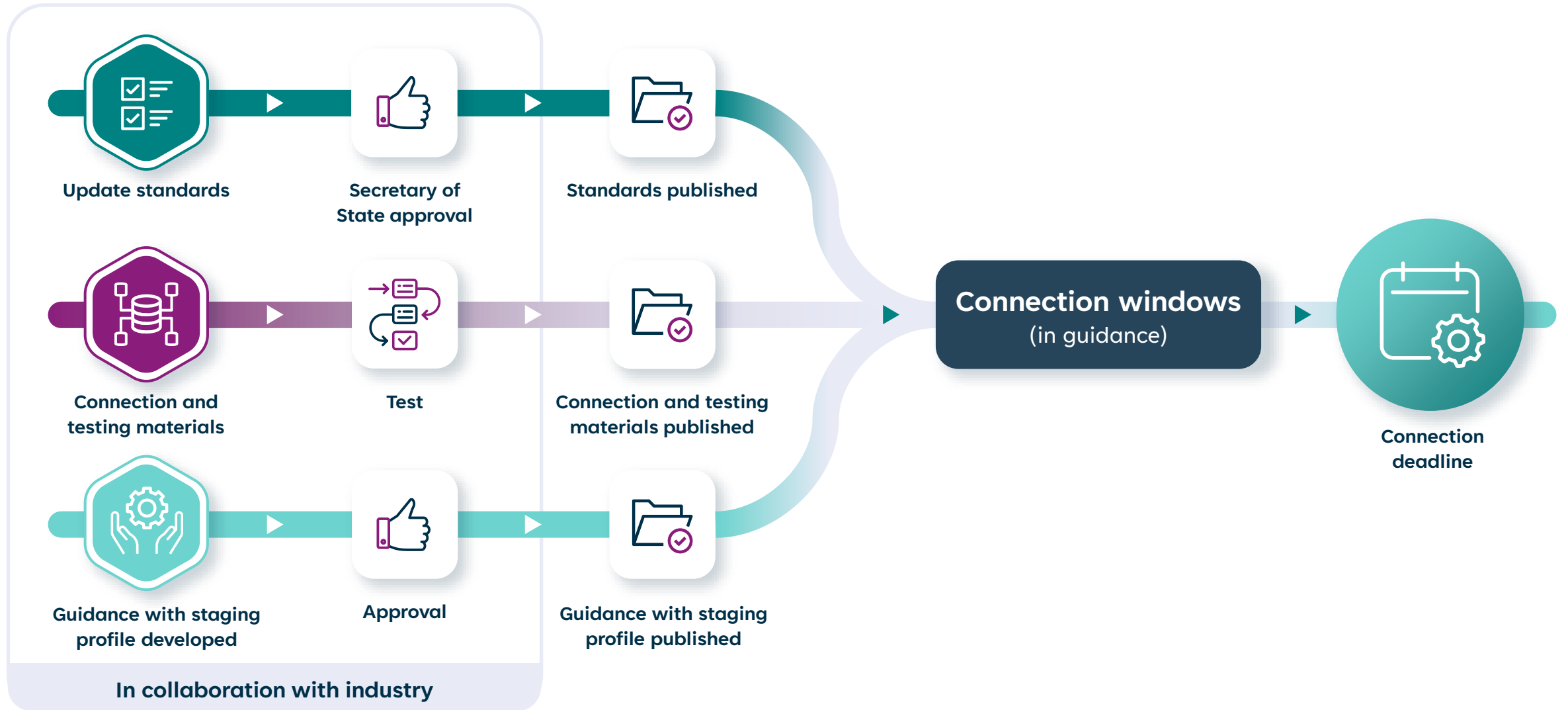
Connection deadline

DWP issued a [written ministerial statement](#) outlining that the previous connection staging timeline will be replaced with one connection deadline of **31 October 2026.**

The deadline will be complemented by guidance, which will set out when schemes will be expected to connect.

This allows DWP, PDP and our delivery partners to work even more collaboratively with the pensions industry to make dashboards a reality.

Pensions Dashboards Programme

What is coming up?

Update standards → **Secretary of State approval** → **Standards published**

Connection and testing materials → **Test** → **Connection and testing materials published**

Guidance with staging profile developed → **Approval** → **Guidance with staging profile published**

In collaboration with industry

Connection windows (in guidance) → **Connection deadline**

What can you be doing?

Preparing for dashboards

- Data preparation
- Matching criteria
- Dashboards awareness
- Engage with PDP & regulators
- Legal & regulatory obligations
- Method of connection

Consent comprehension research

- in-depth video interviews with 25 potential end-users of pensions dashboards

- explored current pensions knowledge and awareness and checked initial reactions to the concept of dashboards

- respondents were asked to provide feedback on draft versions of consent and authorisation wording that could appear on dashboards

Your pensions

Any questions?

Pensions
Dashboards
Programme

Stay in **touch**

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[envelope] Sign up to our newsletter via our website

Web : pensionsdashboardsprogramme.org.uk

**Pensions
Dashboards**
Programme

The Pensions Regulator – General Code

Nick Gannon, Policy Lead, The Pensions Regulator

TPR update

Nick Gannon
September 2023

Governance & Administration Survey

Methodology

- 191 public service pension schemes completed the survey, equating to a 94% response rate and covering 99% of all memberships

- This is consistent with the response rates achieved in the previous five waves of this survey (90-98%)

Scheme type	Interviews	Schemes		Memberships[1]	
		Universe	Survey coverage	Universe	Survey coverage
Other	11	11	100%	11,639,257	100%
Firefighters	45	49	92%	127,431	93%
Local Government	90	98	92%	7,104,352	97%
Police	45	46	98%	395,745	99%
Total	**191**	**204**	**94%**	**19,266,785**	**99%**

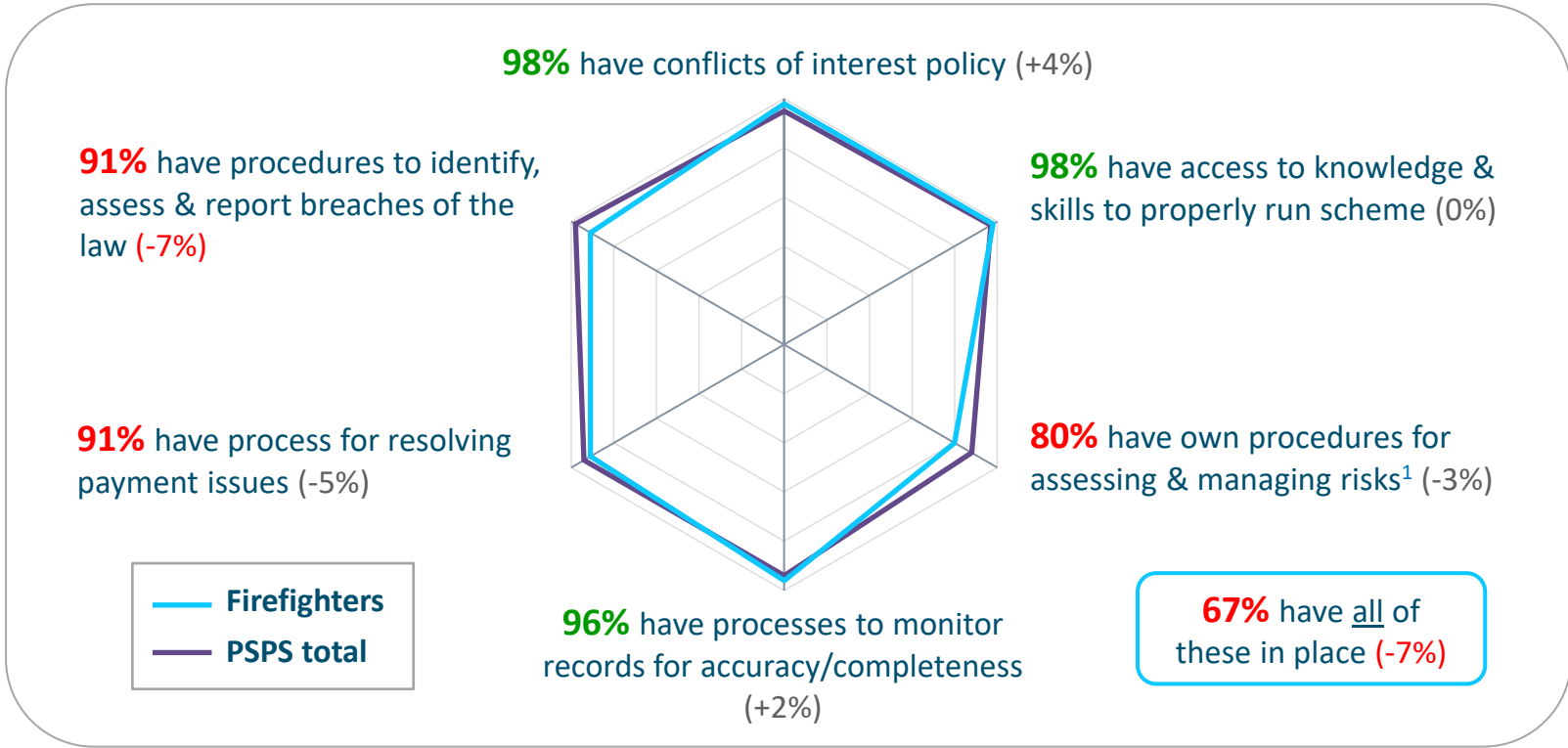- All surveys were completed between 25 January and 15 March 2023

[1] Memberships figures refer to 2023 open and connected schemes

Key themes emerging from the research

- **Time and resources** to run the scheme is a growing issue, particularly in terms of recruitment and retention of staff

- **Risks** are being taken more seriously

- **Breaches of the law** are rarely reported to TPR

- TPR's new **enforcement policy** has not yet had an impact – low knowledge and no schemes report changes as a result

Firefighters' schemes

Green/red figures indicate result is higher/lower than PS total (any difference, not just statistically significant ones)

Figures in brackets on chart refer to % change since 2020-21 survey (with statistically significant changes highlighted green/red)

98% have conflicts of interest policy (+4%)

98% have access to knowledge & skills to properly run scheme (0%)

91% have procedures to identify, assess & report breaches of the law (-7%)

91% have process for resolving payment issues (-5%)

80% have own procedures for assessing & managing risks[1] (-3%)

96% have processes to monitor records for accuracy/completeness (+2%)

67% have <u>all</u> of these in place (-7%)

— **Firefighters**
— **PSPS total**

Internal controls

96% of schemes have their own risk register[1]

58% reviewed risk exposure at 4+ board meetings in last 12 months

93% have a process for dealing with remediation

20% identified breaches of the law in last 12 months (vs. 35% overall)[2]

7% reported any breaches to TPR in last 12 months (vs. 4% overall)[2]

Data & record keeping

89% of employers always provided **accurate & complete** data in last 12 months (mean)

88% of employers always provided the required data **on time** in last 12 months (mean)

78% of employers provided all data **electronically** in last 12 months (mean)

Scheme governance

80% believe scheme manager/board have sufficient time & resources to run scheme properly

62% had at least 4 board meetings in last 12 months

98% of board meetings were attended by scheme manager or their representative (mean)

Annual benefit statements

82% report that **all** active members received ABS on time

50% of those missing ABS deadline reported it to TPR

98% report that **all** ABS sent out contained all the data required

1 Schemes were instructed to answer 'no' if they relied on their local authority's risk procedures/register

2 Schemes were asked to exclude breaches of the law relating to ABS

Pension board meetings

(x%) = Change since 2020-21

Number of pension board meetings in the last 12 months that…

Scheduled to take place — Mean: **4.0**, At least 4: **86% (+8%)**

Actually took place — Mean: **3.8**, At least 4: **77% (+32%)**

Attended by scheme mgr or their representative — Mean: **3.6**, At least 4: **69% (+33%)**

Legend: None, 1, 2, 3, 4, 5 or more

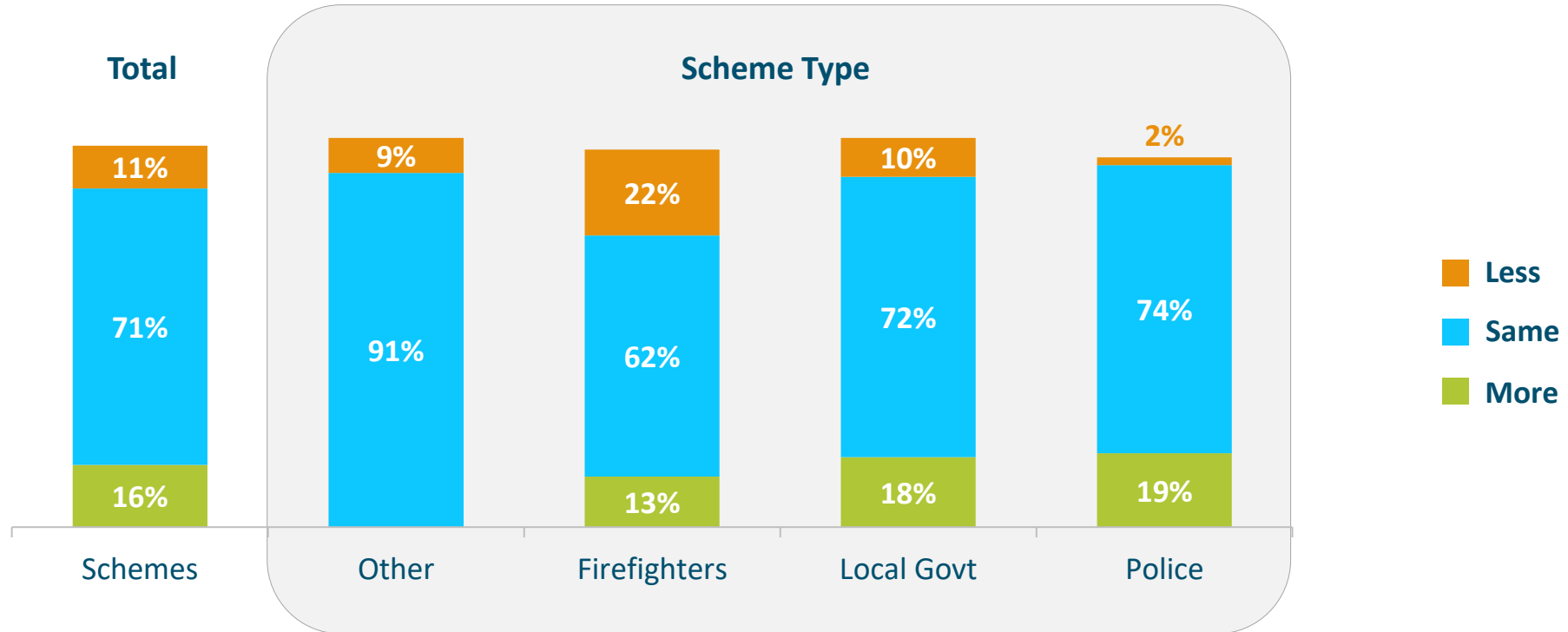|	
% of scheduled meetings that took place (mean)	95% (+11%)
% of meetings taking place that were attended by scheme manager/representative (mean)	94% (+1%)
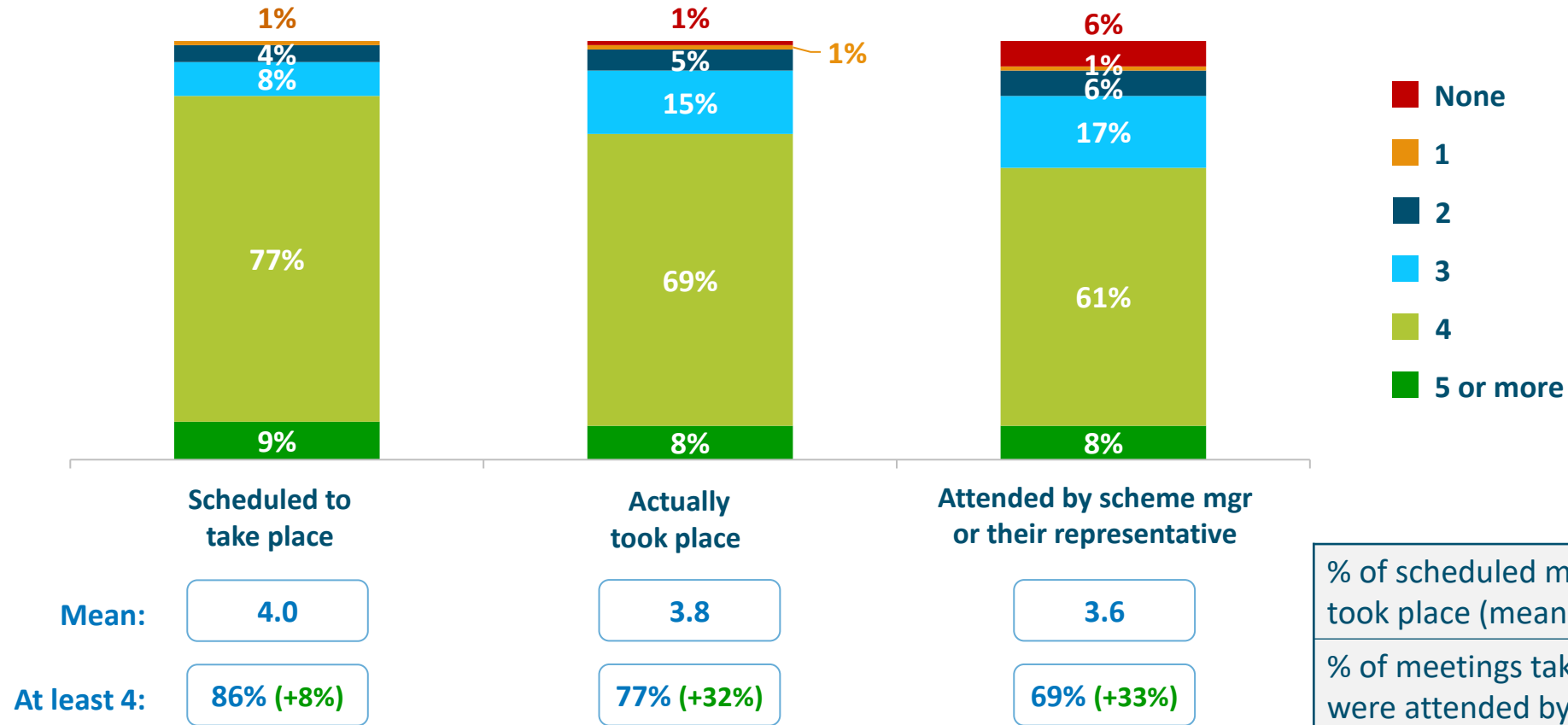
Question A1a/b/c base: All respondents (Base, Don't know, Did not answer question) - Total (191, 1%, 0%)

There was a marked increase in the number of board meetings, with 77% of schemes having at least four in the previous 12 months (up from 35% in the 2020-21 survey). This was partly due to more meetings being scheduled, and partly because more of the scheduled meetings actually went ahead. The vast majority (94%) of meetings were attended by the scheme manager or their representative.

Change in number of pension board meetings

Change in number of pension board meetings that took place in comparison to the previous 12 month period

Total

Scheme Type

	Less	Same	More
Schemes	11%	71%	16%
Other	9%	91%	
Firefighters	22%	62%	13%
Local Govt	10%	72%	18%
Police	2%	74%	19%

Legend:
- Less
- Same
- More

Question A2 base: All that knew number of board meetings in last 12 months (Base, Don't know, Did not answer question)
Total (189, 1%, 1%), Other (11, 0%, 0%), Firefighters (45, 2%, 0%), Local Govt (90, 0%, 0%), Police (43, 2%, 2%)
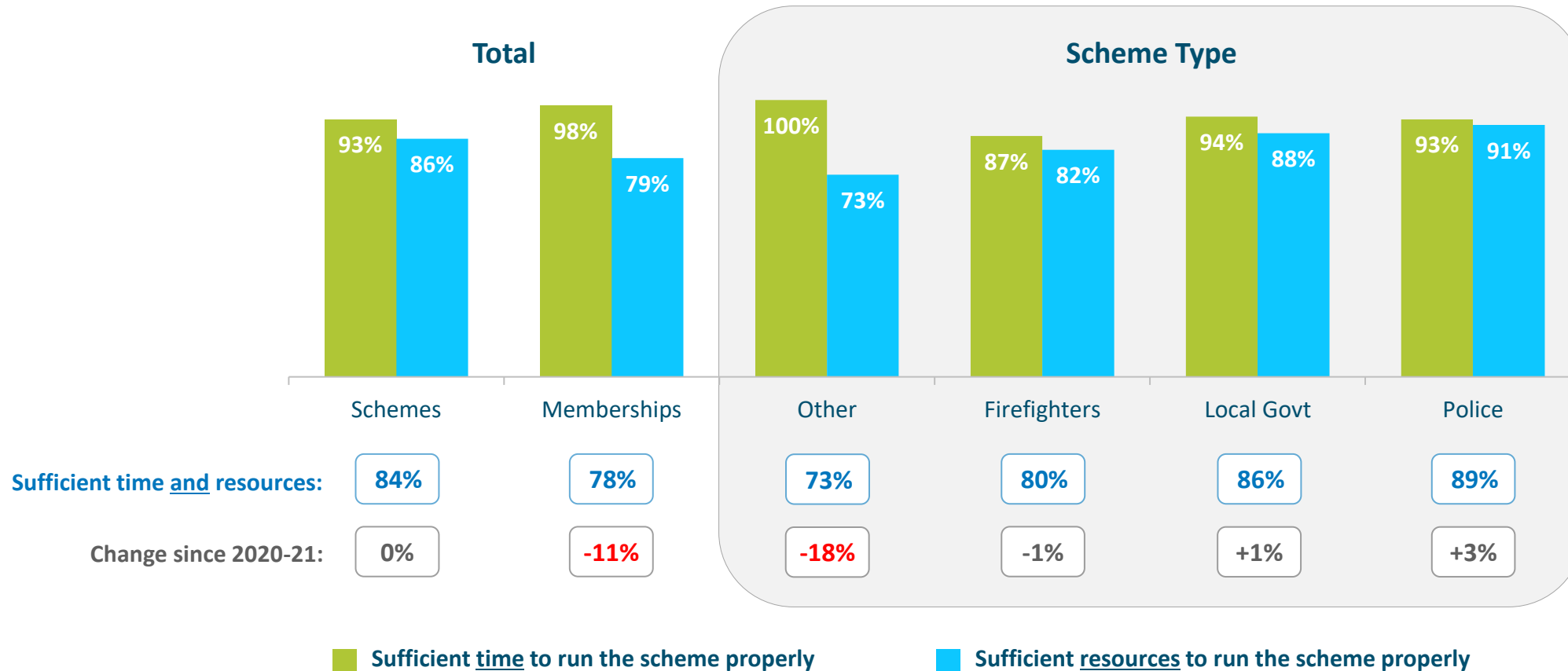
Please note that this chart shows a self-reported comparison with the **previous year** (i.e. 2021), whereas the earlier slides showed a comparison with the results of the **previous survey** (covering 2020).

When asked how the number of board meetings held in 2022 compared with the previous year (2021), the majority reported no change. However, slightly more reported an increase (16%) than a decrease (11%).

Sufficient time & resources

Proportion where the scheme manager and pension board have sufficient time and sufficient resources to run the scheme properly

Total

Scheme Type

	Schemes	Memberships	Other	Firefighters	Local Govt	Police
	93% / 86%	98% / 79%	100% / 73%	87% / 82%	94% / 88%	93% / 91%
Sufficient time and resources:	84%	78%	73%	80%	86%	89%
Change since 2020-21:	0%	**-11%**	**-18%**	-1%	+1%	+3%

■ **Sufficient time to run the scheme properly**   ■ **Sufficient resources to run the scheme properly**
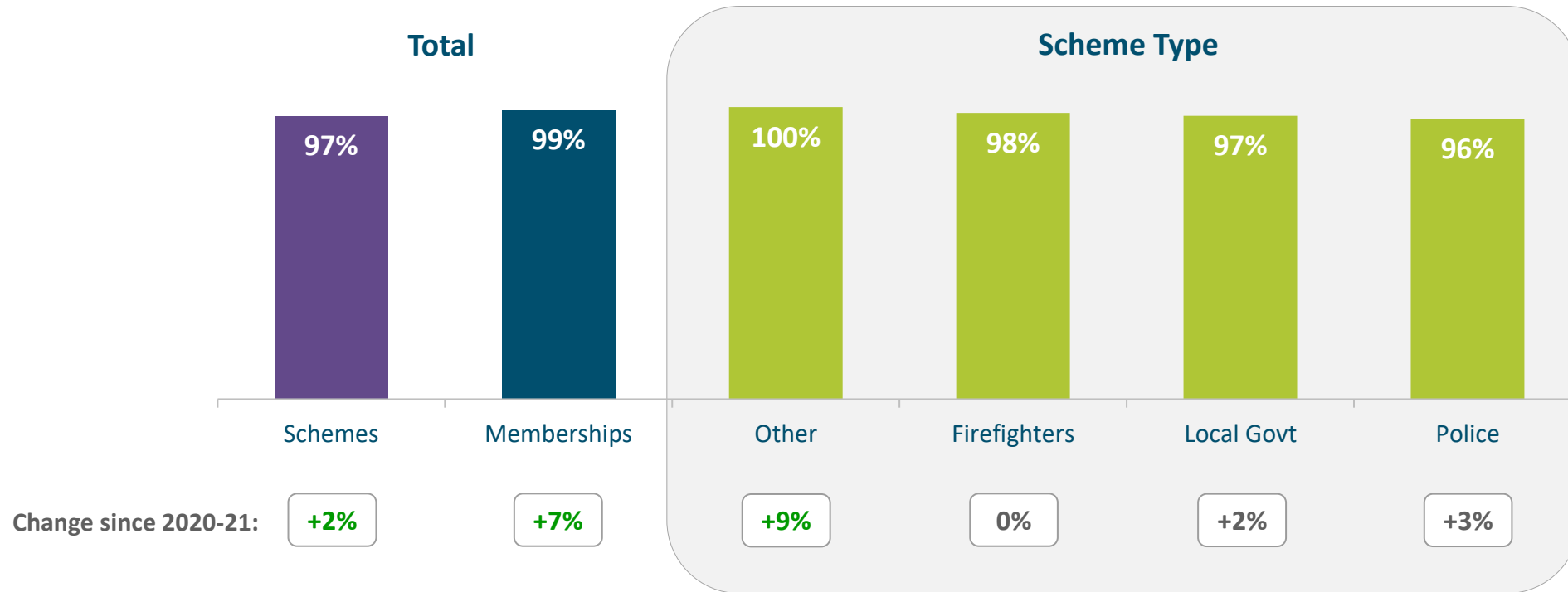
Question A3/A4 base: All respondents (Base, Don't know, Did not answer question)
Schemes (191, 1-2%, 1%), Memberships (191, 0-1%, 0-6%), Other (11, 0%, 0-9%), Firefighters (45, 0%, 0%), Local Govt (90, 1%, 1%), Police (45, 2-7%, 0%)

84% of schemes felt they had sufficient time and resources, unchanged from the 2020-21 survey. However, fewer members were in a scheme that had sufficient time and resources, due to a fall among 'Other' schemes (who account for 60% of all PS memberships).

Sufficient knowledge, understanding & skills

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

Total

Scheme Type

Schemes	Memberships	Other	Firefighters	Local Govt	Police
97%	99%	100%	98%	97%	96%

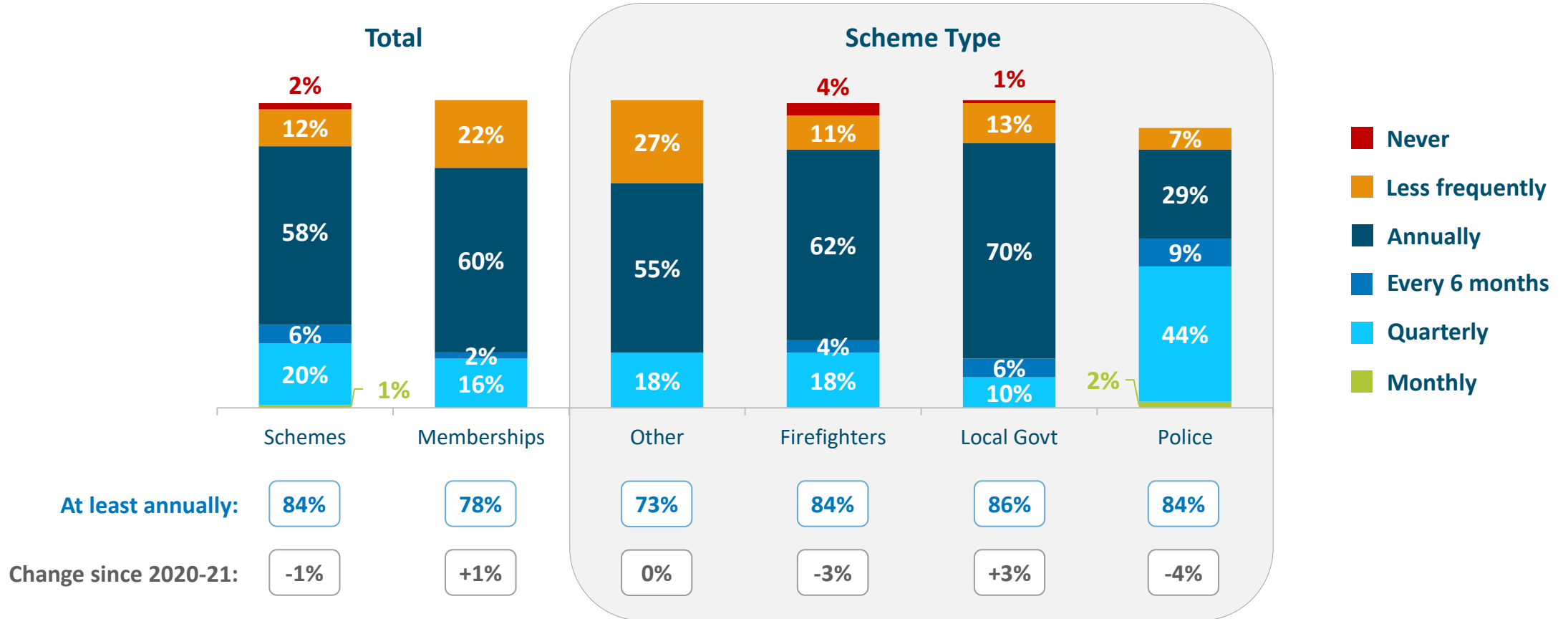Change since 2020-21: **+2%** **+7%** **+9%** **0%** **+2%** **+3%**

Question A5 base: All respondents (Base, Don't know, Did not answer question)
Schemes (191, 1%, 0%), Memberships (191, 0%, 0%), Other (11, 0%, 0%), Firefighters (45, 0%, 0%), Local Govt (90, 1%, 0%), Police (45, 2%, 0%)

The vast majority believed that their scheme manager and pension board had access to all the information needed to fulfil their functions.

Evaluating the pension board

Frequency of the scheme manager or pension board carrying out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme

Total

Schemes:
- 2% Never
- 12% Less frequently
- 58% Annually
- 6% Every 6 months
- 20% Quarterly
- 1% Monthly

Memberships:
- 22% Less frequently
- 60% Annually
- 2% Every 6 months
- 16% Quarterly

Scheme Type

Other:
- 27% Less frequently
- 55% Annually
- 18% Quarterly

Firefighters:
- 4% Never
- 11% Less frequently
- 62% Annually
- 4% Every 6 months
- 18% Quarterly

Local Govt:
- 1% Never
- 13% Less frequently
- 70% Annually
- 6% Every 6 months
- 10% Quarterly
- 2% Monthly

Police:
- 7% Less frequently
- 29% Annually
- 9% Every 6 months
- 44% Quarterly

Legend:
- Never
- Less frequently
- Annually
- Every 6 months
- Quarterly
- Monthly

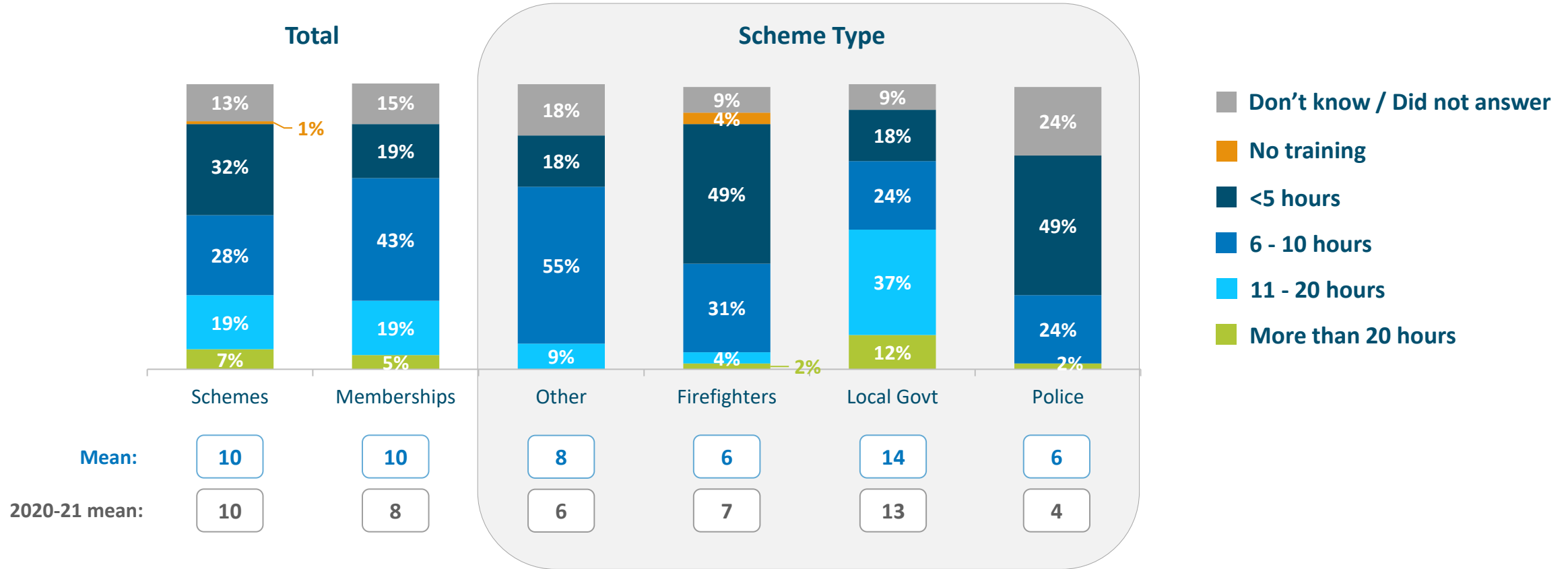|	Schemes	Memberships	Other	Firefighters	Local Govt	Police
At least annually:	84%	78%	73%	84%	86%	84%
Change since 2020-21:	-1%	+1%	0%	-3%	+3%	-4%

Question A6 base: All respondents (Base, Don't know, Did not answer question)
Schemes (191, 2%, 0%), Memberships (191, 0%, 0%), Other (11, 0%, 0%), Firefighters (45, 0%, 0%), Local Govt (90, 0%, 0%), Police (45, 9%, 0%)

No change since 2020-21 in the proportion evaluating the board at least annually (84%). This was least likely among 'Other' schemes (73%), but almost half (47%) of Police schemes did this at least every quarter.

Pension board training

Average hours of training per year received by each pension board member in relation to their role on the pension board
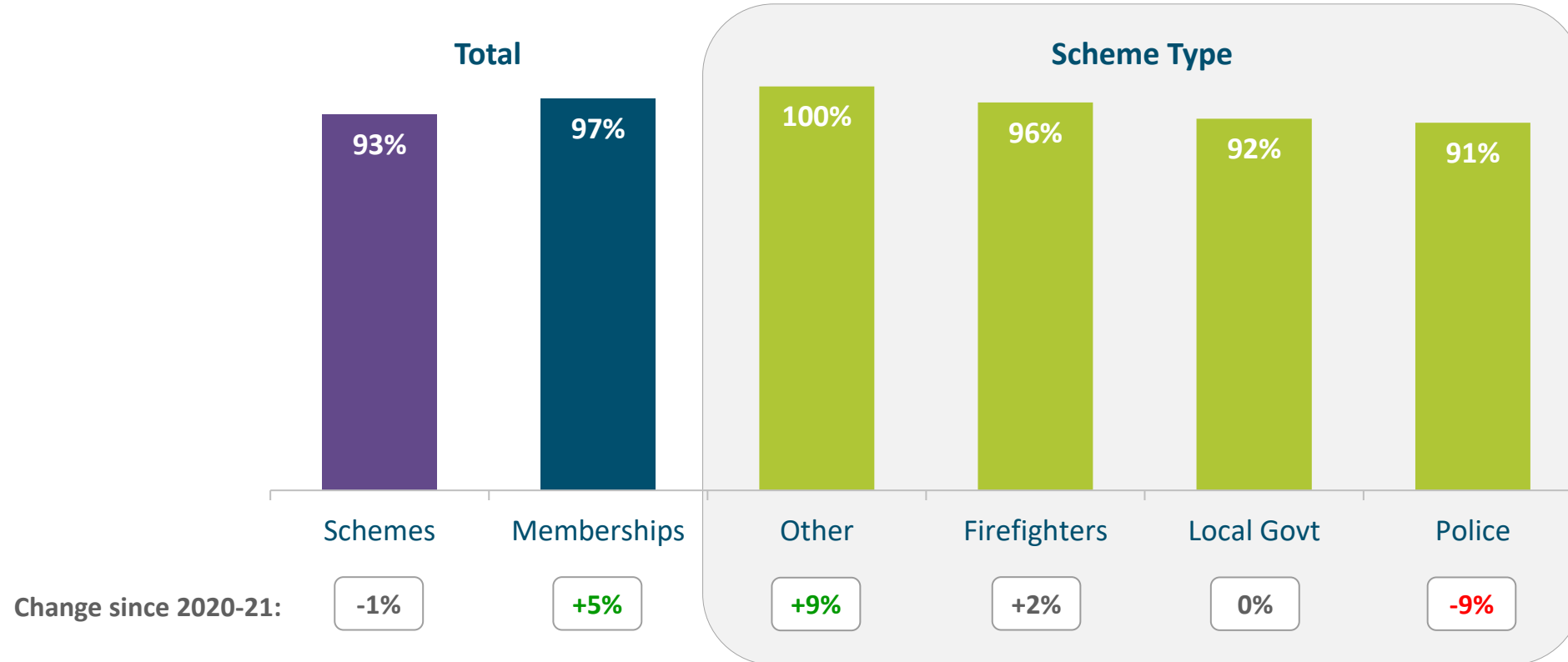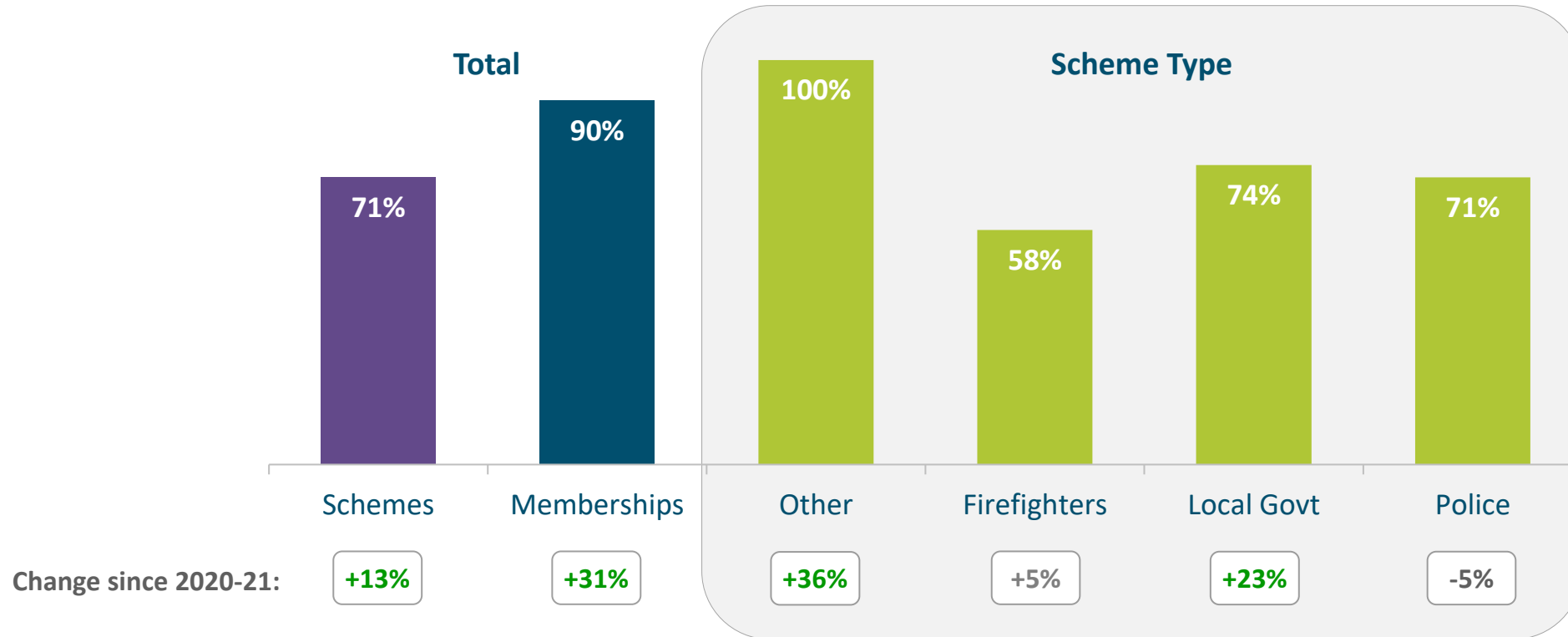

Total

	Schemes	Memberships
Don't know / Did not answer	13%	15%
No training	1%	
<5 hours	32%	19%
6 - 10 hours	28%	43%
11 - 20 hours	19%	19%
More than 20 hours	7%	5%

Scheme Type

	Other	Firefighters	Local Govt	Police
Don't know / Did not answer	18%	9%	9%	24%
No training		4%		
<5 hours	18%	49%	18%	49%
6 - 10 hours	55%	31%	24%	24%
11 - 20 hours	9%	4%	37%	2%
More than 20 hours		2%	12%	

Legend:
- Don't know / Did not answer
- No training
- <5 hours
- 6 - 10 hours
- 11 - 20 hours
- More than 20 hours

	Schemes	Memberships	Other	Firefighters	Local Govt	Police
Mean:	10	10	8	6	14	6
2020-21 mean:	10	8	6	7	13	4

Question A7 base: All respondents
Schemes (191), Memberships (191), Other (11), Firefighters (45), Local Govt (90), Police (45)

Pension board members received an average of 10 hours training per year, rising to 14 for Local Government schemes. While the overall mean was unchanged, there was some indication of increased training provision since 2020-21 for 'Other' and Police schemes.

Pension board access to information

Proportion of schemes where the pension board had access to all the information about the operation of the scheme it needed to fulfil its functions in the last 12 months

Total

Scheme Type

Schemes	Memberships	Other	Firefighters	Local Govt	Police
93%	97%	100%	96%	92%	91%

Change since 2020-21:

| -1% | +5% | +9% | +2% | 0% | -9% |

Question A8 base: All respondents (Base, Don't know, Did not answer question)
Schemes (191, 4%, 1%), Memberships (191, 2%, 0%), Other (11, 0%, 0%), Firefighters (45, 0%, 0%), Local Govt (90, 6%, 1%), Police (45, 4%, 0%)

The vast majority of schemes continued to believe that their pension board had access to all the information it needed to fulfil its functions.

Pension board succession planning

Proportion of schemes with a succession plan in place for the members of the pension board

Total

	Schemes	Memberships	Scheme Type			
			Other	Firefighters	Local Govt	Police
%	71%	90%	100%	58%	74%	71%
Change since 2020-21:	+13%	+31%	+36%	+5%	+23%	-5%

Question A9 base: All respondents (Base, Don't know, Did not answer question)
Schemes (191, 5%, 1%), Memberships (191, 1%, 0%), Other (11, 0%, 0%), Firefighters (45, 2%, 0%), Local Govt (90, 2%, 1%), Police (45, 13%, 0%)

Board succession plans were more widespread than in the 2020-21 survey (71% vs. 58%). This increased uptake was primarily driven by 'Other' and Local Government schemes.

Risk management processes & procedures

(x%) = Change from 2020-21

Proportion where the scheme has…

Proportion of schemes that had reviewed each process/procedure in the last 12 months

	Total		
	Schemes	Firefighters	**Firefighters**
Documented procedures for assessing and managing risk*	88% (+3%)	80% (-3%)	72% (-13%)
Risk register*	97% (+8%)	96% (+13%)	88% (n/a)
Documented policy to manage the pension board members' conflicts of interest	95% (+3%)	98% (+4%)	64% (+19%)
Processes to monitor records for all membership types on an ongoing basis to ensure they are accurate and complete	94% (-1%)	96% (+2%)	88% (+2%)
Process for monitoring the payment of contributions	97% (+8%)	98% (+2%)	80% (+18%)
Process for resolving contribution payment issues	94% (+2%)	91% (+5%)	71% (+11%)
Procedures to identify breaches of the law	98% (+3%)	91% (-7%)	59% (+5%)
Procedures to assess breaches of the law and report these to TPR if required	99% (+2%)	96% (+2%)	58% (+4%)
Process for dealing with remediation	87% (n/a)	93% (n/a)	86% (n/a)
Process to monitor resourcing levels and address any issues	90% (n/a)	80% (n/a)	81% (n/a)

Question B1a-j base: All respondents (Base, Don't know, Did not answer question)
Schemes (191, 0-3%, 0-1%), Memberships (191, 0-7%, 0-5%), Other (11, 0-9%, 0-9%), Firefighters (45, 0-4%, 0-2%), Local Govt (90, 0-6%, 0%), Police (45, 0-4%, 0%)

* This relates to the scheme's **own** risk procedures/register (i.e. excluding those relying on those of their local authority)

These processes and procedures were widespread (87-99%) and in most cases there was increased uptake since 2020-21, particularly for risk registers and monitoring contributions. Around 9 in 10 had processes for remediation and monitoring resourcing (new this year).

Governance & administration risks

The most common **other risks** mentioned were: Employer issues (e.g. contributions, knowledge/compliance) (3%), Economic conditions/inflation (2%), Climate change (2%), Introducing new systems (e.g. payroll, financial, administration) (2%)

To what do the top <u>three</u> governance and administration risks on your register / facing your scheme relate?

	Total	
	Schemes	Firefighters
Remediation (i.e. McCloud/Sergeant)	63%	80%
Recruitment and retention of staff or knowledge	43%	42%
Cyber risk	34%	18%
Record-keeping (i.e. receipt & management of correct data)	32%	31%
Securing compliance with changes in scheme regulations	30%	36%
Lack of resources/time	18%	22%
Systems failures (IT, payroll, administration systems, etc)	15%	24%
Scheme funding or investment	14%	0%
Administrator issues (expense, performance, etc)	13%	16%
Ensuring the scheme is compliant with pensions dashboards requirements	9%	7%
Production of annual benefit statements	7%	4%
Other ongoing court cases	5%	18%
Guaranteed Minimum Pension (GMP) reconciliation	4%	0%
Other	11%	4%

Question B4 base: All respondents (Base, Don't know, Did not answer question) - Schemes (191, 0%, 0%), Memberships (191, 0%, 0%), Other (11, 0%, 0%), Firefighters (45, 0%, 0%), Local Govt (90, 0%, 0%), Police (45, 0%, 0%)

In line with 2020-21 findings, remediation was seen as the greatest risk (63%). This was the case for all scheme types aside from Local Government. Approaching half mentioned staff recruitment/retention (43%) and a fifth also highlighted lack of resources/time (18%).

Actions taken in relation to remediation proposals

(x%) = Change since 2020-21

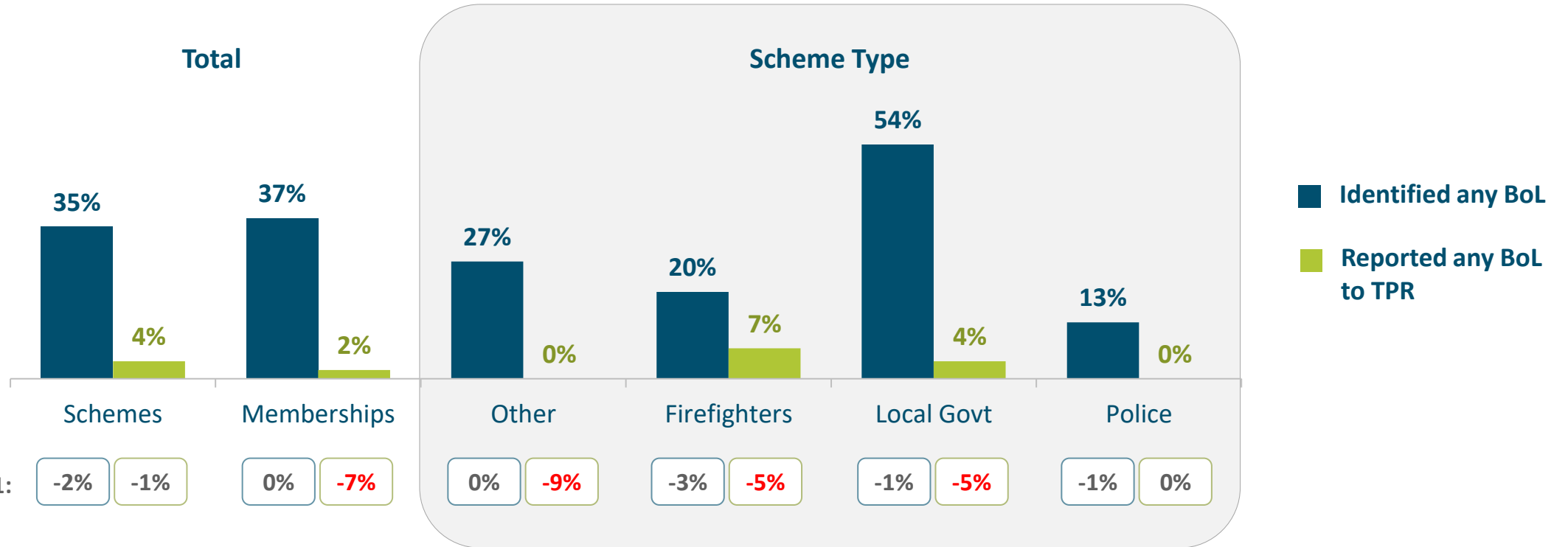**Which, if any, of the following actions have you taken in relation to the remediation proposals?**

	Total	
	Schemes	Firefighters
Assessed the data requirements	95% (+16%)	96% (+30%)
Assessed the possible administration impacts	88% (0%)	91% (+12%)
Commenced a specific data cleansing or data gathering exercise	87% (+39%)	84% (+52%)
Assessed any additional resources likely to be required	86% (+18%)	89% (+25%)
Discussed system requirements with IT suppliers	78% (+18%)	51% (+19%)
Recruited or made plans to recruit additional staff	72% (n/a)	82% (n/a)
Secured budget for additional requirements	65% (n/a)	58% (n/a)
Established a dedicated project team	54% (n/a)	40% (n/a)
Engaged with your Scheme Advisory Board or relevant authority	54% (n/a)	67% (n/a)
Provided specific information to members	51% (+19%)	78% (+52%)
Carried out immediate detriment calculations	31% (n/a)	62% (n/a)
Taken other actions	7% (-16%)	4% (-11%)
None of these	1% (-1%)	0% (-4%)

Question B5 base: All respondents (Base, Don't know, Did not answer question) - Schemes (191, 0%, 0%), Memberships (191, 0%, 0%), Other (11, 0%, 0%), Firefighters (45, 0%, 0%), Local Govt (90, 0%, 0%), Police (45, 0%, 0%)

Clear indications of increased action on remediation since the 2020-21 survey, across all scheme types. While only a third (31%) had carried out immediate detriment calculations, this was more widespread among Firefighters' (62%) and 'Other' (55%) schemes.

Breaches identified & reported in last 12 months
(excluding those related to annual benefit statements)

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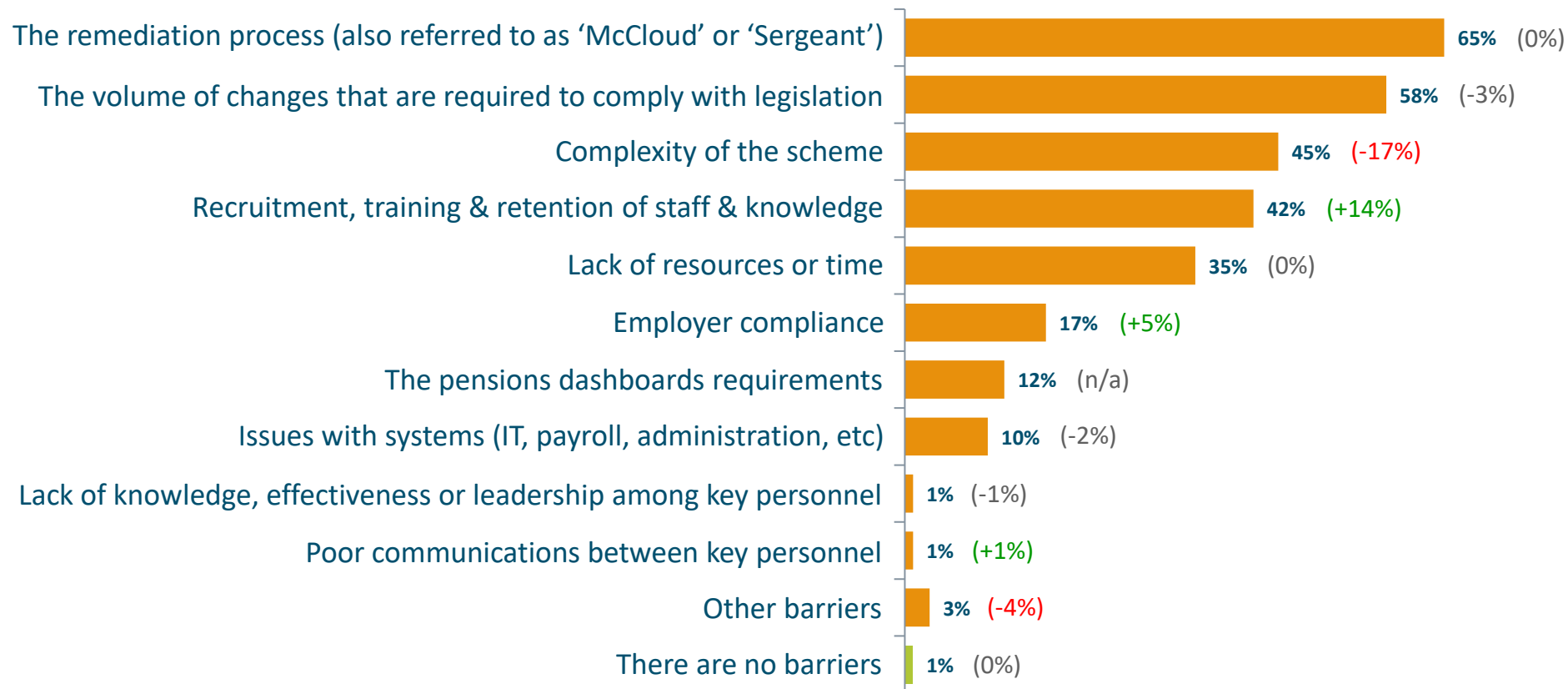

Total

Scheme Type

- ■ **Identified any BoL**
- ■ **Reported any BoL to TPR**

	Schemes	Memberships	Other	Firefighters	Local Govt	Police
Identified any BoL	35%	37%	27%	20%	54%	13%
Reported any BoL to TPR	4%	2%	0%	7%	4%	0%

Change since 2020-21:

	Schemes	Memberships	Other	Firefighters	Local Govt	Police
Identified	-2%	0%	0%	-3%	-1%	-1%
Reported	-1%	-7%	-9%	-5%	-5%	0%

Question E4/E6 base: All respondents (Base, Don't know if identified BoL, Did not answer if identified BoL. Don't know if reported BoL, Did not answer if reported BoL)
Schemes (191, 4%, 0%, 1%, 0%), Memberships (191, 1%, 0%, 0%, 5%), Other (11, 0%, 0%, 0%, 9%), Firefighters (45, 0%, 0%, 0%, 0%), Local Govt (90, 2%, 0%, 1%, 0%), Police (45, 11%, 0%, 0%, 0%)

Similar to the 2020-21 survey, a third (35%) of schemes had identified non-ABS breaches of the law in the last 12 months but very few (4%) had reported any of these to TPR. Local Government schemes were most likely to have identified breaches, but Firefighters' schemes were most likely to have reported them.

Barriers to improved governance & administration

(x%) = Change since 2020-21

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

Barrier	Total	Change	Firefighters	Change
The remediation process (also referred to as 'McCloud' or 'Sergeant')	65%	(0%)	78%	(-1%)
The volume of changes that are required to comply with legislation	58%	(-3%)	64%	(+4%)
Complexity of the scheme	45%	(-17%)	84%	(+24%)
Recruitment, training & retention of staff & knowledge	42%	(+14%)	18%	(-5%)
Lack of resources or time	35%	(0%)	31%	(+8%)
Employer compliance	17%	(+5%)	0%	(-2%)
The pensions dashboards requirements	12%	(n/a)	9%	(n/a)
Issues with systems (IT, payroll, administration, etc)	10%	(-2%)	11%	(-2%)
Lack of knowledge, effectiveness or leadership among key personnel	1%	(-1%)	2%	(+2%)
Poor communications between key personnel	1%	(+1%)	2%	(+2%)
Other barriers	3%	(-4%)	4%	(-5%)
There are no barriers	1%	(0%)	0%	(-2%)

The most common **other barriers** mentioned were: Member issues (e.g. not updating details, not able to access info online) (1%), Administrator performance/management (1%)

Question F2 base: All respondents (Base, Don't know, Did not answer question) - Total (191, 1%, 0%)

As in 2020-21, remediation was the most widespread barrier to improved G&A (65%), followed by the volume of changes. Fewer cited scheme complexity as a top barrier (45%, down from 62%), but more highlighted recruitment/training/retention (42%, up from 28%).

Drivers of improvements to governance & administration
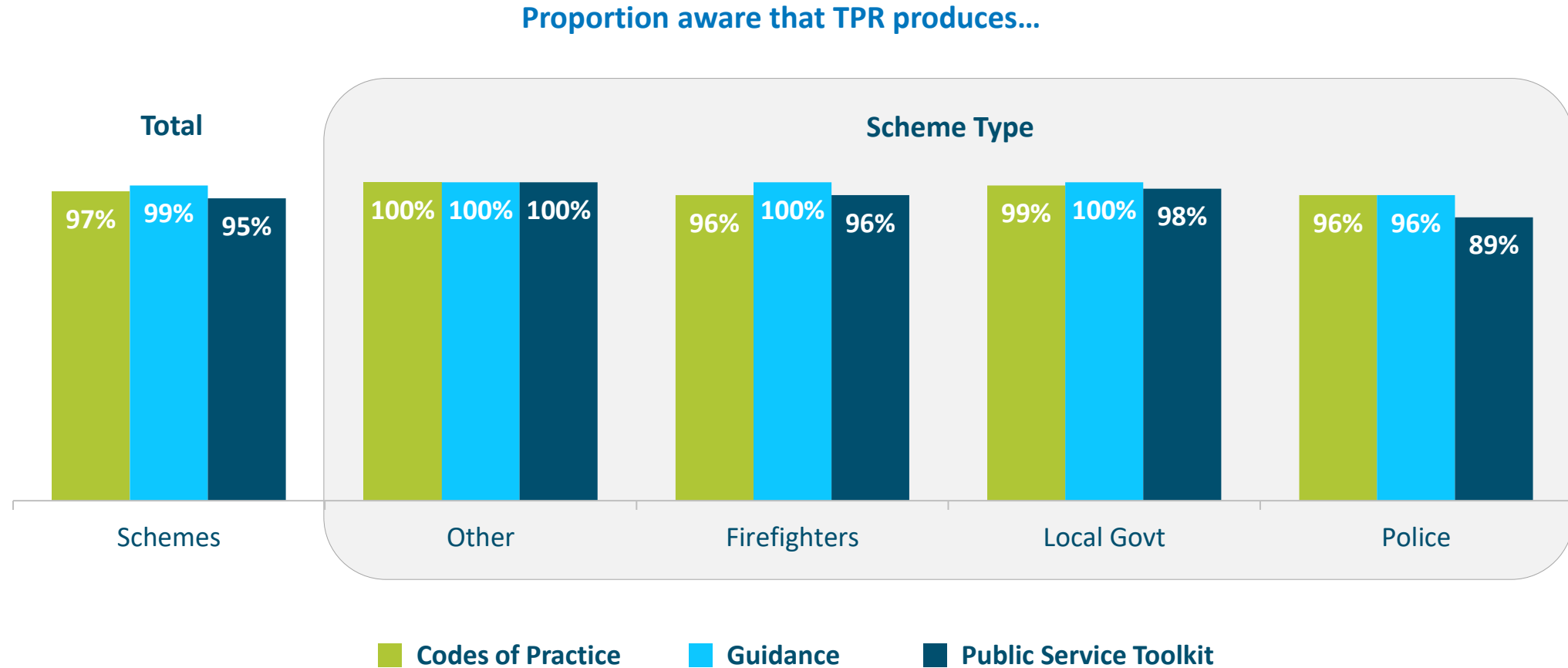
(x%) = Change since 2020-21

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

	Firefighters
Improved understanding of the risks facing the scheme — 71% (+3%)	87% (+15%)
Resources increased or redeployed to address risks — 61% (+19%)	56% (+33%)
Improved understanding of underlying legislation & standards expected by TPR — 50% (+4%)	53% (+10%)
Administrator action — 25% (-6%)	24% (-2%)
Pension board action — 16% (-7%)	13% (-8%)
Scheme manager action — 15% (-7%)	13% (-2%)
Improved engagement by TPR — 10% (-4%)	13% (0%)
Other — 10% (+2%)	2% (-4%)
No improvements in last 12 months — 3% (-3%)	7% (-10%)

Question F1 base: All respondents (Base, Don't know, Did not answer question) - Total (191, 2%, 0%)

The primary drivers of improved G&A were better understanding of risks (71%), increased or redeployed resources (61%) and better understanding of legislation/standards (50%). More mentioned increased/redeployed resources than in 2020-21.

Awareness of TPR's Codes of Practice, guidance and Trustee Toolkit

Proportion aware that TPR produces…

Total

Scheme Type

Schemes: Codes of Practice 97%, Guidance 99%, Public Service Toolkit 95%

Other: Codes of Practice 100%, Guidance 100%, Public Service Toolkit 100%

Firefighters: Codes of Practice 96%, Guidance 100%, Public Service Toolkit 96%

Local Govt: Codes of Practice 99%, Guidance 100%, Public Service Toolkit 98%

Police: Codes of Practice 96%, Guidance 96%, Public Service Toolkit 89%

Codes of Practice   **Guidance**   **Public Service Toolkit**

Question I1a-c base: All respondents (Base, Don't know, Did not answer question)
Total (191, 1-2%, 1%), Other (11, 0%, 0%), Firefighters (45, 0-2%, 0%), Local Govt (90, 0%, 1%), Police (45, 4-7%, 0%)

Awareness was universally high across all areas and scheme types, although Police schemes were comparatively less likely to have heard of the tookit.

Codes of Practice used/consulted

Which of the following Codes of Practice have you ever used or consulted?
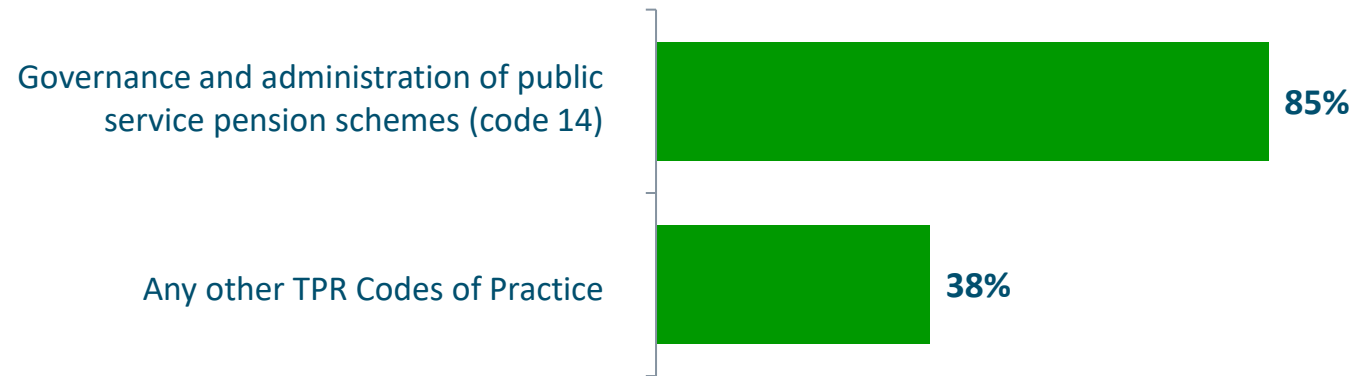
Governance and administration of public service pension schemes (code 14) — **85%**

Any other TPR Codes of Practice — **38%**

Other	Fire-fighters	Local Govt	Police
100%	80%	92%	71%
36%	29%	47%	29%

Question I3 base: All respondents (Base, Not aware of/used codes, Don't know, Did not answer question)
Total (191, 10%, 3%, 0%), Other (11, 0%, 0%, 0%), Firefighters (45, 16%, 2%, 0%), Local Govt (90, 6%, 1%, 0%), Police (45, 18%, 9%, 0%)

Majority (85%) had used the PS code, rising to 100% of 'Other' schemes.

Awareness of TPR's new Single Code of Practice

Proportion aware that TPR will be introducing a new Single Code of Practice
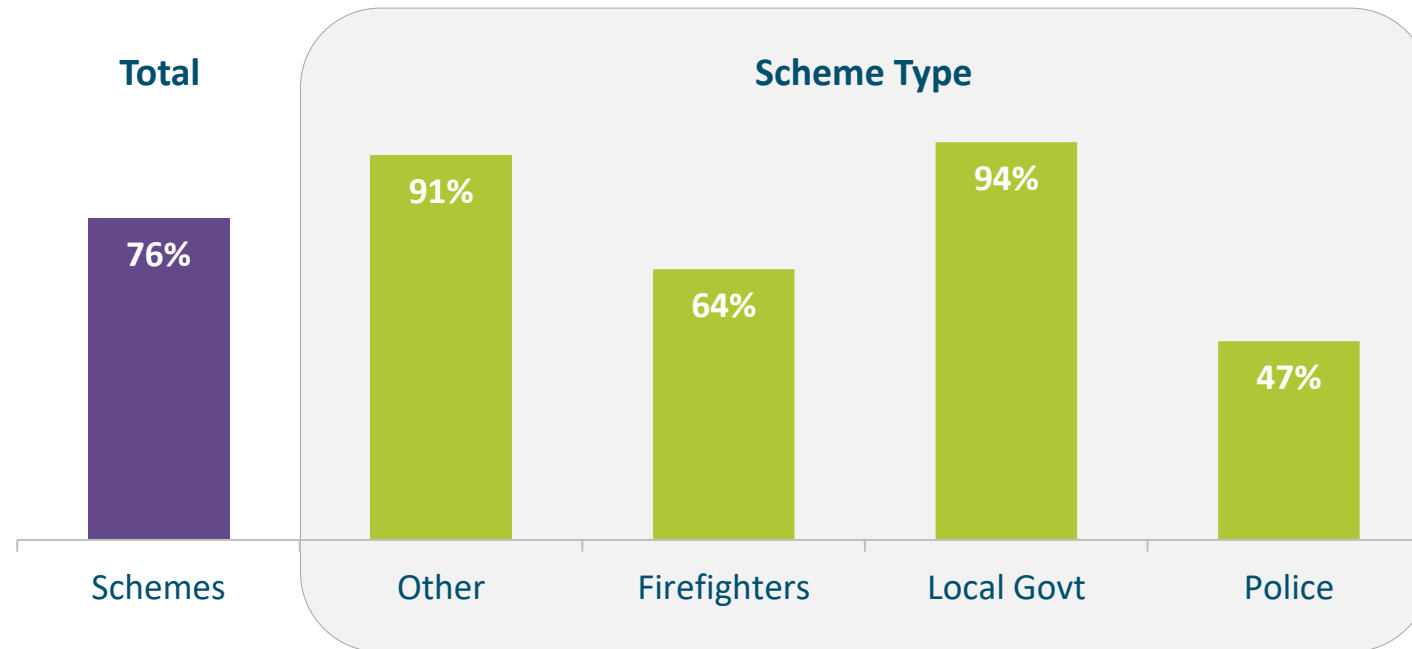
Question I4 base: All respondents (Base, Don't know, Did not answer question)
Total (191, 3%, 0%), Other (11, 0%, 0%), Firefighters (45, 0%, 0%), Local Govt (90, 0%, 0%), Police (45, 13%, 0%)

While over 90% of 'Other' and Local Government schemes knew of the Single Code, awareness was lower among Police (47%) and Firefighters' (64%) schemes.

General Code of Practice

The purpose of codes of practice

- Our COPs are not statements of the law, except in certain circumstances set out in legislation. Instead, our COPs set out our expectations for the conduct and practice of those who must meet the requirements set in pensions legislation.

- In most cases there is no specific penalty for failing to follow a COP, or to meet the expectations set out in it.

- However, we may rely on COPs in legal proceedings as evidence that a requirement has not been met. In those situations, a court must take a COP into account when considering their verdict.

- Similarly, if we find grounds to issue an improvement or a compliance notice, they may be worded in relation to a COP issued by us.

Rolled into general code of practice

Code of Practice	Code in force from
Reporting breaches of the law	April 2005
Notifiable events	April 2005
Funding defined benefits	July 2014 (2015 NI)
Early Leavers	May 2006
Late payment of contributions (occupational pension schemes)	September 2013
Late payment of contributions (personal pension schemes)	September 2013
Trustee knowledge and understanding	November 2009
MNTs/MNDs putting arrangements in place	November 2006
Internal controls	November 2006
Modification of subsisting rights	January 2007
Dispute resolution – reasonable periods	July 2008
The material detriment test	June 2009
DC code	July 2016
Public service code	April 2015
Master trusts	October 2018
CDC schemes	August 2022

Structure

- Aims for consistency in expectations for all scheme types

- Just over a third the length of the codes it replaces

- Separates content into 5 key areas:

  ➤ The Governing Body

  ➤ Funding and investment

  ➤ Administration

  ➤ Communication and disclosure

  ➤ Reporting to TPR

- Other codes being designed to fit into the new format and framework

New approaches

- Application
  - DB, DC, PS
  - Master Trusts & CDC
- Guidance uplifted
  - Cyber Security
  - Environmental, social and governance (ESG)
- Broadened expectations
  - Financial transactions

Web-based

- The new code is designed to be a web-based product

- Designed for ease of use, simple navigation and an efficient search

- Online look and feel developed alongside code text

Remuneration and fee policy

This module forms part of our expectations for trustees of those schemes required to operate an effective system of governance, see **Systems of governance**.

1. This module is for those schemes with more than 100 members that are required to operate an effective system of governance, see **Systems of governance**. There are some exceptions[1]. Other schemes may wish to adopt these principles as good practice.

2. A remuneration policy sets out the basis and means for paying those undertaking activities in relation to the scheme that are paid for by the governing body.

3. Relevant governing bodies should establish a remuneration policy and keep a written record of it. This policy should:

   a. be in proportion to the size, scale, nature, and complexity of scheme activities

   b. support the sound, prudent, and effective management of the scheme

   c. be aligned with the scheme's long-term interests and help assess the value of the remunerated services

   d. set out the principles for determining pay and the decision-making process for payment levels

   e. cover all persons or corporate bodies including service providers, who effectively run the scheme, those who carry out key functions, or whose activities materially impact the scheme's risk profile

   f. include measures to mitigate potential conflicts of interest and focus on 'in-house' roles, such as trustees, trustee secretary, administrators, and subcommittees

   g. be reviewed at least every three years, but in most cases, it will be appropriate to do so annually, or immediately following any significant changes to the scheme's governance arrangements

   h. include an explanation of the decision-making process for the levels of remuneration, and why these are considered appropriate

Glossary

Chair
The person selected to take charge of the governing body in leading meetings and may often have the deciding vote on scheme matters. For defined contribution schemes, the chair is also required to sign the annual **Chair's statement**.

Risk profile
Includes consideration of the scheme's membership demographics, funding, asset allocation, and sponsor covenant (where applicable).

1   Section 249A (3) Pensions Act 2004 [Article 226A (3) Pensions (Northern Ireland) Order 2005]

The governing body

- The governing body is responsible for running a scheme

- It may be the trustees or managers of an occupational pension scheme

- In a public service pension scheme it is the scheme manager

- PS governance needs to take into account the differing responsibilities of the scheme manager, pension board and, where appropriate, pension committee

- Each PS scheme should determine who fulfils the role of scheme manager according to their regulations and local arrangements

- The code also sets out expectations for the pension board in their role

Increased importance: Internal controls

- Internal controls are the policies, processes and procedures carried out in running the scheme

- Governing bodies may delegate operational tasks but they retain accountability

- Several modules within the new code focus on risk management and specific controls that should be in place

- The modules set out below contain systems, arrangements or procedures that governing bodies should have in place

• Identifying, evaluating and recording risks • Internal controls • Assurance reports on internal controls • Scheme continuity planning • Risk management function • Financial transactions	• Record keeping • Data monitoring and improvement • Receiving contributions • Monitoring contributions • Maintenance of IT systems • Cyber controls

New Elements: ESOG & ORA

- Most private sector schemes have to have and operate an Effective System of Governance

- The elements of an ESOG includes the processes and procedures in around half the code

- In place now (technically)

- Most private sector schemes with 100 or more members must complete an Own Risk Assessment

- The ORA is a regular process where the governing body assesses the effectiveness and risks of the ESOG

- Regulations set out frequency

- Code sets out content and approach

When?

- Coming into force soon

- Currently in final approval process

- Needs to sit in Parliament for 40 days

- Will be widely publicised

- Familiarise yourself with the draft

https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice

Questions

Local Pension Board Effectiveness

Joanne Livingstone, Chair, Firefighters' Pensions (England) Scheme Advisory Board

Hands up if you are on a Local Pensions Board

We want to hear your experiences

Local Pension Boards – the remit

Introduced by the Public Service Pension Act 2013 and FPS governance regulations [Rule 4A to 4D]…

• … to assist the scheme manager to secure compliance with the regulations, any other legislation relating to the governance and administration of the scheme, and any requirements imposed by TPR in relation to the scheme.

• The board also assists the scheme manager to ensure the effective and efficient governance and administration of the scheme.

It is worth noting that under regulation 4A(6) 8 of the Regulations a Local Pension Board shall have the general power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions

How far does governance go?

Terms of reference

The function of the Local Pension Board is to assist the Scheme Manager in administering the various firefighter pension schemes.

Most do not spell out how this will be achieved but see below

This will be achieved by providing governance and by scrutiny of policies, pension documentation, decisions and outcomes.

Annual reports mentioned for most covering improvements required and highlighting good practice

What might the Local Pension Board assist with- guidance on LGA page of SAB website

In support of the Scheme Manager's role to secure compliance , the Local Pension Board could:

- Review regular compliance monitoring reports which shall include decisions made under the Regulations

- Review management, administrative and governance processes and procedures in order to ensure they remain compliant with regulations

- Review the compliance of the scheme employer with its duties under the regulations

- Assist with the development of and continually review scheme member and employer communications as required by regulations

- Monitor complaints and assist with the application of the Internal Dispute Resolution Process

- Review Pensions Ombudsman cases

- Review the implementation of revised policies and procedures following the changes to the Scheme

- Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.

- Review what discretions would be regarded as employer or scheme manager discretions

- Review the outcome of internal and external Audit reports

- Review the compliance of particular cases, projects or process on request of any committees with delegated Scheme Manager functions

- Review the compliance of the scheme employer with its duties under the regulations

What might the Local Pension Board assist with-continued

- Assist with the development of improved customer services

- Monitor performance against key performance indicators

- Monitor Board and committee member/delegated officer personal training needs analysis

- Review the effectiveness of processes for the appointment of advisors and suppliers to the scheme manager

- Review the risk register as it relates to the scheme manager function of the authority

- Assist with the development of improved management, administration and governance structures and policies

- Assist in the development and monitoring of process improvements on request of any committees with delegated Scheme Manager functions

What is the role of the SAB re the Local Pension Boards

To provide advice to scheme managers and local pension boards in relation to the effective and efficient administration and management of this scheme and any connected scheme.

Local Pension Board Effectiveness Committee – new Chair, Tony Curry from FBU

Visits to Local Pension Board meetings

What are the existing challenges?

- Data improvement plans
- Cyber Security
- Breach reporting
- Existing discretions- 52!
- Administration
- Costs – SAB survey for benchmarking

New challenges- Rectifications from Sergeant, Matthews and Treasury Orders

- Identifying the members

- Doing the calculations

- Timescales for calculations

- Costs of new software and administration

New challenges- Impact on members of so much change

- Loss of confidence

- Increased volume of queries

- Need to support members in new processes, eg with HMRC

- Prioritisation and "queuing"

New challenges for Scheme Managers and Boards- operating new processes and procedures

- More manual calculations where systems are not available
- More calculations for contribution purposes
- New communications eg RSSs to create
- New items to forecast re costs
- Increased administration costs
- More procedures to support the new discretions

New challenges for Scheme Manager and Board- operating new discretions

It was suggested that detailed guidance should be provided with respect of the numerous employer discretions within the draft regulations to include application of abatement, handling members who have not made elections, reasonable times for deferred choice elections, contingent decisions, waiving overpayments, dealing with payments made under immediate detriment, and handling interest and indirect compensation

It should be noted that it is not the role of regulations to provide   guidance or tools – they are there to provide the legislative framework within which the scheme operates (Home Office)

New challenges for Scheme Manager and Boards- operating new discretions

- Scheme Managers have discretion to waive liabilities owed by a member to the scheme in certain circumstances. The application of this discretion will be undertaken in accordance with HM Treasury Directions. Whilst the Home Office does not own this policy, we are willing to work with the fire sector to create informal guidance for employers to consider

- On scheme managers having discretion, this is a consequence of the complexity and variety of individual circumstances. Scheme Managers need to be able to consider individual cases when making certain decisions, rather than a blanket set of rules applying.

New challenges for Scheme Managers and Boards- operating new processes and procedures

- More manual calculations where systems are not available
- New communications eg RSSs to create
- More calculations for contribution purposes
- More procedures to support the new discretions
- New items to forecast re costs
- Increased administration costs

What can Local Pension Boards do to assist in ensuring effective governance and administration

- Ensure that Board members are aware of the latest development
- Consider if the Board receives the necessary reports for its remit and has a regular review cycle for processes and procedures
- Consider what help the Scheme Manager has asked for and what might be required going forward
- Consider what networks might be created between the various Boards or scheme managers to compare policies and procedures and to commission extra advice where necessary
- Review and update standing agendas

What can SAB do to assist?

Suggestions welcome:

Eg   Seek to obtain centralised data on say opt out rates and costs,

        Visits

        Help create networks

        Clarify regulatory uncertainty where possible

Questions

Thank you for coming!

Day two: Wednesday 20 September in Bevin Hall from 10.00am – 3.30pm

bluelightpensions@local.gov.uk

www.fpsboard.org

www.fpsregs.org

www.fpsmember.org

Drinks reception – Beecham Room and Terrace on the 7th Floor