

 **Compliance**

# **FPS Administration, Management, and Governance Strategy**

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## 1 Background

In 2018, Aon were commissioned by the Firefighters’ Pensions (England) Scheme Advisory Board (SAB) to undertake a benchmarking review of the administration and management of the Firefighters’ Pension Scheme (FPS).

One of the recommendations made within the report was the implementation of a locally developed pension administration strategy to formalise standards and expectations of the Fire and Rescue Authority (FRA) and their administrator:

*“We suggest that the Board considers recommending regulatory changes to encourage best practice among all scheme managers/FRAs and administrators across the Scheme. This could be achieved by setting out requirements for each Scheme Manager to have a locally developed pensions administration strategy in place. This could be mandated but as a minimum it could set out the need to have one to demonstrate best practice (as is the case in other schemes such as the LGPS). An administration strategy should set out the scheme manager’s aims and objectives and how those are going to be achieved in conjunction with the administrator. Performance against those aims, and objectives, must then be appropriately measured and monitored and where administration levels are not to the required standard, plans should be in place to address those areas of concern. An administration strategy should be determined locally (with support in doing so made available from centrally prepared guidance).*

*A range of target timescales should be determined by each FRA and it is good practice for them to be included in an administration strategy. Scheme managers may wish to set shorter timescales or other targets for specific processes rather than relying on legal timescales in all cases. The administration strategy should be publicly available for all stakeholders (including members). It could also set out the consequences of what not achieving those targets would be.”*

While there is no legislative requirement for FRAs to have such a strategy in place, the SAB secretariat have provided this template for authorities to adopt to demonstrate best practice in the administration and management of the FPS. With each of the 445 FRAs in England responsible for managing the scheme and making decisions in their own right, this document also seeks to ensure a level of consistency in the service offered to scheme members, with FRAs working in conjunction with their administrator. There are currently 168 different administrators providing administration services across the 445 FRAs.

As the FRA as [scheme manager](#) has responsibility for both administering and managing the scheme, it was determined by the SAB [Administration and Benchmarking committee](#) (“the Committee”) that the scope of the document be extended to include each of these roles, and that the expectations of Local Pension Boards in their role of assisting the scheme manager should also be included.

This document has been prepared by the SAB secretariat in conjunction with the Committee and the Fire Communications Working Group. Our thanks go to the following organisations for assistance with the project: Shropshire Pension Fund, West Yorkshire Pension Fund, and Leicestershire County Council.

## 2 Introduction

[\[INSERT NAME Fire and Rescue Authority/ PFCC/ London Fire Commissioner\]](#) (“the Employer”) is defined in law as the scheme manager<sup>1</sup> and is therefore responsible for the management and administration of the Firefighters’ Pensions Schemes for scheme members employed by [\[INSERT NAME of Fire and Rescue Service\]](#).

[Although the scheme manager function can be delegated<sup>2</sup> within the authority, \[INSERT NAME Fire and Rescue Authority/ PFCC/ London Fire Commissioner\] retains legal responsibility for the scheme.](#)

[In the employer role, \[INSERT NAME of Fire and Rescue Service\] will provide pension related functions such as HR, finance, and payroll.](#)

[Administration is generally outsourced to a third party.](#) Administration of the scheme has been outsourced to [\[INSERT NAME of administrator\]](#).

This document is the FPS Administration, Management, and Governance Strategy statement which outlines formal standards and expectations of the Fire and Rescue Authority (FRA) and their administrator, along with expectations of the Local Pension Board<sup>3</sup> in their role of assisting the scheme manager.

[A template governance policy statement is included at Appendix 2.](#)

The aim of the document is to ensure that a consistent, cost-effective, and high-quality pension service is provided to members, recognising that full and transparent collaboration between stakeholders is key to achieving this aim.

## 3 Compliance

The following stakeholders have been consulted in the development of this statement: (delete as appropriate) [Local Pension Board](#); administrator [\[INSERT NAME\]](#); software provider [\[INSERT NAME\]](#); other [\[INSERT DETAILS\]](#).

<sup>1</sup> <http://www.legislation.gov.uk/ukxi/2014/2848/regulation/4/made>

<sup>2</sup> <https://www.legislation.gov.uk/ukxi/2014/2848/regulation/5/made>

<sup>3</sup> <http://www.legislation.gov.uk/ukxi/2015/465/regulation/4/made>

The scheme manager is the owner of the document. A copy can be found at [\[INSERT WEB ADDRESS\]](#).

This strategy does not override any provision contained with the scheme regulations or any administration guidance provided by the Local Government Association (LGA).

The document has been presented, considered, and ratified by the Local Pension Board on [\[INSERT DATE\]](#) and applies to all interested parties from this date.

## 4 Review

The strategy will be reviewed following any changes to scheme rules, processes, or procedures which affect this strategy, including a change of administrator, or every three years if this is sooner.

Changes will be made following consultation with the above-named bodies and a copy of the updated strategy will be made available online. Full consultation will not take place when there has been a change of contacts details only in 5.1 or 5.2 below.

Suggestions for improvement to this strategy are welcome from stakeholders at any time.

## 5 Liaison and communication

### 5.1 ~~Employer~~ FRA contacts

The ~~employer~~ scheme manager will nominate contacts in the following areas to allow correspondence to be directed to the most relevant individual. These contacts will be provided to the administrator and the LGA.

<p><b>Scheme manager (strategic) contact</b> for valuation, scheme consultations, surveys, discretions, and Internal Dispute Resolution Procedure (IDRP)</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>
<p><b>Pension liaison contact</b> for day to day administrative duties such as completion of forms, responding to queries, and HR functions</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>
<p><b>Payroll contact</b> for queries relating to pay, year-end postings, or pensioner payroll</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>
<p><b>Finance contact</b> for submission of monthly/ annual returns, SAB levy payment requests</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>

The ~~delegated~~ scheme manager is responsible for keeping the nominated contacts up to date and providing prompt notification of changes.

### 5.2 Administrator contacts

The administrator will provide the following contact information for ~~employers-FRAs~~ and their scheme members [ADMINISTRATOR TO COMPLETE/ DELETE AS APPROPRIATE]:

<p><b>Pension Fund representative</b> for regulatory or administration queries, training, advice and guidance</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>
<p><b>Finance contact</b> to assist with the monthly returns process/ year end</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>
<p><b>Systems contact</b> to assist with the monthly returns process/ year end</p> <p>[INSERT ROLE] or [INSERT NAME] and [CONTACT DETAILS]</p>
<p><b>Member helpline</b> for queries</p> <p>[INSERT CONTACT DETAILS]</p>

## 6 ~~Employer-Scheme manager~~ duties and responsibilities

### 6.1 Discretions

As a matter of best practice, **the scheme manager shall prepare and publish a written statement on the exercise of discretions** which are available to them under each set of FPS regulations. The discretions policy will be kept under review and the revised version published within one month of the effective date.

A full list of [scheme manager discretions](#) is available.

### 6.2 Internal Dispute Resolution Procedure (IDRP)

If a scheme member, prospective member, dependant, or other person with an interest in the scheme, is dissatisfied with a decision made by the FRA (or the failure to make a decision) there are rights of appeal available. Each set of scheme rules contains arrangements for Internal Dispute Resolution Procedures (IDRP) based on the requirements of the Pensions Act 1995 and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008.

Firefighters' Pension Scheme 1992 (FPS 1992)	<a href="#">Rule H3</a> (as amended by SI 2013/1392)
Firefighters' Pension Scheme 2006 (FPS 2006)	<a href="#">Part 8, paragraph 5</a>

Firefighters' Pension Scheme 2015 (FPS 2015)	<a href="#">Regulation 163</a>
Firefighters' Compensation Scheme (FCS)	<a href="#">Part 6 rule 3</a>

**The scheme manager will nominate appropriate persons to hear each stage of the appeal and respond to the individual within the specified timescales.**

The timescales for each stage are stipulated in the IDRP factsheet and must be adhered to in order to mitigate further complaint or distress to the member. Failure to comply with timescales could be construed as maladministration and attract a financial award<sup>4</sup> from The Pensions Ombudsman (TPO).

The nominated ~~contacts~~ decision makers for [INSERT NAME of FRA] are

Stage 1	
Stage 2	

Guidance on IDRP's can be found here:

- [IDRP factsheet](#)
- Guidance for decision makers [pending review]
- Guidance for individuals [~~to follow~~ pending review]

## 6.3 The Pensions Regulator (TPR)

[TPR](#) is a public body established by the [Pensions Act 2004](#) to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement. TPR has powers to "educate, enable, and enforce", and is responsible for promoting good scheme administration. The Regulator is sponsored by the Department for Work and Pensions (DWP).

TPR's oversight of public service pension schemes, including the Firefighters' Pension Schemes, was introduced by schedule 4 of the [Public Service Pensions Act 2013](#).

**The scheme manager will ensure that they are familiar with TPR's [Code of Practice 14: Governance and administration of public service pension schemes](#).<sup>5</sup>**

**Each year TPR issue two requests for information which the scheme manager and Local Pension Board (LPB) shall ensure are completed:**

**[Scheme return](#)** – the scheme return is a statutory return which allows TPR to keep their register of workplace pension schemes up to date.

<sup>4</sup> [TPO – Redress for non-financial injustice factsheet](#)

<sup>5</sup> [TPR is currently consulting on a new modular code of practice which consolidates the existing codes.](#)

The return asks for information about what type of scheme the FPS is and how many members each employer has, as well as requesting up to date contact details.

The return also asks schemes to provide their common and scheme specific data scores, which enables TPR to monitor continuous data improvement. Information on data scoring for the FPS is available below

[Advice on TPR data scoring 2019](#)

[Data score weighting template 2019](#)

TPR can and will take enforcement action if the scheme return is not completed.

**[Governance and Administration survey](#)** – scheme managers are invited to complete the annual governance and administration survey in conjunction with their LPB. Although the survey is not mandatory, participation is strongly encouraged by both TPR and the Scheme Advisory Board, so that improvements in running the FPS can be monitored and evidenced.

TPR do not take any regulatory action based on survey responses, but overall trends may inform their engagement activity with schemes.

Familiarity with [TPR's six key processes](#) will assist schemes with understanding and compliance.

One of TPR's key areas of focus is record keeping and data quality. **Scheme managers shall ensure that [data is reviewed annually](#) and that a [data improvement plan](#) is in place.**

Non-completion of either of the above requests for information may indicate wider governance failings to TPR.

## 6.4 Data transfer

**The scheme manager will ensure that processes are in place for timely and accurate transfer of data.**

Data will be transferred to the administrator electronically on a [monthly/ annual] basis in line with the deadlines set out in [8. Service standards](#)[10. Service standards](#).

[Data validation and cleansing processes should be in place in accordance with TPR requirements.](#)

## 6.5 Contribution bands

Banded contribution rates apply to the FPS based on a member's pensionable pay.

**The scheme manager will ensure that there are processes in place to allocate members to the correct contribution band at the start of each scheme year.**



Contributions are laid in legislation for each scheme and can be found on the [annual updates](#) page of the Regulations and Guidance website.

**Until remedy in the transitional protections case is implemented, the scheme manager will have a process in place to manage members tapering** from FPS 1992 or 2006 to FPS 2015. The process should confirm how the taper date is notified to payroll and what kind of monitoring is in place to ensure contributions are changed on the correct date.

## 6.6 Reporting breaches

**Scheme managers and pension board members have a statutory obligation to record and report breaches of the law.**

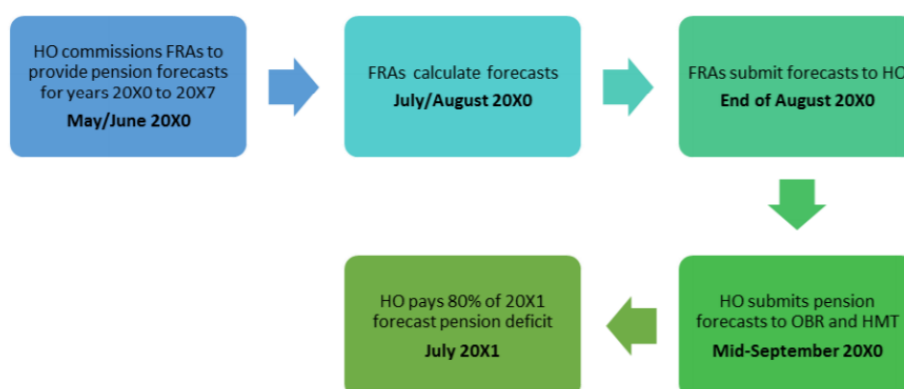
When a potential breach has been identified, the [breach assessment template](#) should be completed to assess the breach for materiality in order to determine whether it needs to be reported to TPR. This can also be stored as documentary evidence if the decision is later challenged.

Although a breach may not seem material in terms of numbers of members affected, if the same members are consistently affected, this should be considered, along with likely timescales for rectification and what action may be taken to ensure that the breach does not reoccur.

Further information about [breach recording and reporting](#) can be found in the [TPR six key processes](#) factsheet, ~~and from TPR at <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/reporting-breaches-of-the-law>.~~

## 6.7 Top-up grant

Each year the Home Office commissions FRAs to submit pension forecasts for the following seven financial years in line with the following timescales.



The pension forecasts for the financial year following the collection are used to make an initial assessment on each fire authority's annual top up grant entitlement for that year.

The collection of accurate annual pension forecast data is critical for ensuring sufficient budget cover is secured to make pension top up grant payments to FRAs each year.

The scheme manager is responsible for ensuring this information is submitted accurately and on time.

Full details are available in the [guide for fire authorities \(in England\) when calculating pension forecasts for the Firefighters' Pension Top Up Grant](#).

## 6.8 HMRC reporting

**Although the scheme manager retains legal responsibility, HMRC reporting may be delegated to the administrator under the terms of the service level agreement.**

**Event Reporting** – the scheme administrator of a registered pension scheme must tell HMRC when certain reportable events occur no later than 31 January following the end of the tax year. This is done by submitting the Event Report for a tax year.

These reportable events are split into two categories:

- reportable changes, and
- reportable fund movements.

There are 23 reportable events. [HMRC guidance on sending pension scheme reports](#) provides more information on all events that you must report.

Full details on Event Reporting can be found in [HMRC Pensions Tax Manual 161100](#).

**Accounting for tax (AFT)** – the scheme administrator<sup>6</sup> is liable for payment of certain tax charges in connection with the scheme. When a scheme administrator does have a tax liability, the return that the scheme administrator must complete to account for that liability is called the Accounting for Tax return.

The scheme administrator is responsible for making the AFT return and for ensuring it is correct and complete.

Please note this is not a reference to the pension administration provider. **Scheme administrator in this context** refers to the duties of the Fire and Rescue Authority (FRA) as stated in paragraph 3, sub paragraph 2 of 2006/569 which confirms that references to ‘scheme administrator’ as set out in schedule 3 should be read as a reference to the sub-scheme administrator as per schedule 2, in which the FRAs are listed.

A third-party administration provider can file the AFT on behalf of the scheme administrator,<sup>1</sup> but the scheme administrator remains responsible for ensuring that it is submitted on time and the contents are correct. Where a provider submits the AFT the scheme administrator should have seen and approved its content before it is submitted to HMRC. The provider must make a declaration that the scheme administrator has approved the contents before they can submit it to HMRC

Full details on AFT can be found in [HMRC Pensions Tax Manual 162100](#).

## 6.9 General Data Protection Regulation (GDPR)

**Each FRA is a Data Controller for pension scheme data under GDPR and must determine how, and for what purposes, data is to be processed.**

Resources to assist authorities in complying with their duties under the regulations are available have been made available on the following [dedicated GDPR webpage](#).

[INCLUDE STANDARD DATA PROTECTION PARAGRAPH e.g:]

[INSERT NAME of FRA] is a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies, but will only do so in limited circumstances. More information about how we hold data and who we share it can be found in the Authority’s Privacy Notice on [INSERT WEB ADDRESS].

## 6.10 Disclosure

<sup>6</sup> ~~Please note this is not a reference to the pension administration provider. This refers to the duties of the Fire and Rescue Authority as stated in paragraph 3, sub paragraph 2 of 2006/569 which confirms that references to ‘scheme administrator’ as set out in schedule 3 should be read as a reference to the sub-scheme administrator as per schedule 2, in which the FRAs are listed.~~

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations, **the scheme manager must provide certain information to scheme members within certain timescales.**

Please refer to the [guide to disclosure of information requirements](#) for more information.

## **6.11 Overriding legislation**

In addition to the scheme regulations, the scheme manager will ensure compliance with any overriding legislation in force.

## **6.12 Audit**

The FRA may commission internal and external audits in maintaining the FPS pension fund account and other pension related matters.

FRAs are expected to fully comply with any requests for information from both internal and approved external auditors, including from the administrator's auditors.

## 7 Administrator duties and responsibilities

### 7.11.1 Performance reporting

~~Ensuring compliance is the responsibility of both the administrator and the FRA. Parties should work closely together to ensure compliance with all statutory requirements, whether they are specifically referenced in the regulations, in overriding legislation, or in this administration strategy.~~

~~Both employer and administrator targets will be measured on a quarterly basis against specific tasks set out in the service level agreement and these will be reported to the FRA. The FRA may choose to provide the information to their Local Pension Board.~~

~~[The administrator] will ensure that they are appropriately resourced to meet the service level agreement in place.~~

~~The service level agreement can be viewed [[INSERT LINK](#)].~~

~~Minimum standards for completing tasks in line with industry good practice and regulations, where applicable, are included at [Appendix 1](#). These are provided as a guide to the minimum requirements. As a matter of best practice, administrators may want to implement shorter local timescales.~~

~~A key factor in calculating the time taken to complete a process is the point at which the 'time clock' is started. This may be from the date of the relevant event or when the administrator is informed or receives all necessary information. The clock may also need to be 'paused' during the process, for example to await instruction or documentation from the member or employer, and these waiting days can reasonably be excluded from the total time taken.~~

~~Pension administration software typically contains task management/ work flow modules which allow timescales to be built in.~~

### 7.21.1 Improving performance

~~Where areas of poor performance on either side are identified, [the administrator] will work closely with the FRA to provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery.~~

- ~~Initially [the administrator] will liaise with the FRA setting out the area(s) of poor performance and how they can be addressed.~~
- ~~Where no improvement is demonstrated or there has been a failure to take agreed action, [the administrator] will write to the scheme manager setting out the area(s) of poor performance that has been identified and the steps taken to resolve these area(s).~~
- ~~If lack of improvement continues or there has been ongoing failure to take agreed action, [the administrator] will write to the Local Pension Board setting out the area(s) of poor performance that has been identified and the steps taken to resolve these area(s).~~

~~Administrators rely on timely and accurate data from the FRA. Where persistent and ongoing failure occurs and no improvement is demonstrated, [the administrator] will escalate this to the scheme manager and Local Pension Board.~~

~~Where an employer fails to operate in accordance with the standards described in this Strategy, which leads to extra costs being incurred by the administrator, the administrator may issue a written notice requiring that these be met by the employer.~~

~~Any third party costs or regulatory fines incurred by the administrator as a result of poor performance by the employer will also be recovered. Such costs may include fines imposed by the Pensions Ombudsman or Pensions Regulator, and additional charges in respect of actuarial or software fees, and additional printing and distribution costs.~~

## **7.1 The Pensions Regulator (TPR)**

**The administrator should ensure that they are familiar with TPR's Code of Practice 14: Governance and administration of public service pension schemes<sup>7</sup>.**

### **7.37.2 Data standards**

**The administrator will ensure that suitable and secure methods of data transfer are available for the FRA to use.**

Personal data will only be transferred from one party to the other via an acceptable method specified by the administrator which may include any of the following:

- a. Data transfer service (Internet based application)
- b. Secure email
- c. Paper forms signed by an authorised officer from the employer
- d. Password protected excel spreadsheet

**Data validation and cleansing processes should be in place in accordance with TPR requirements.**

## **7.3 Reporting breaches**

**Administrators also have a statutory obligation to record and report any identified breaches of the law.**

**Refer to section 6.6 for further details.**

<sup>7</sup> **As noted above, TPR is consulting on a new consolidated code of practice to replace the existing codes.**

## **7.4 HMRC reporting**

Although the scheme manager retains legal responsibility, HMRC reporting may be delegated to the administrator under the terms of the service level agreement.

See section 6.8 for more information.

## **7.5 GDPR**

The administrator holds personal data on behalf of the FRA, including all membership records and bank details of FPS pensioner members.

Each administrator is therefore a Data Processor for pension scheme data under GDPR and must determine how, and for what purposes, data is to be processed.

## **7.4.7.6 Overriding legislation**

In addition to the scheme regulations, **the administrator and FRA will comply with any overriding legislation in force**, including:

- ~~the Occupational Pensions Schemes (Disclosure of Information) Regulations 2015;~~
- ~~the Pensions Act 1995, 2004 and 2014;~~
- ~~any Transitional Regulations currently in place;~~
- ~~the Data Protection Act 1998;~~
- ~~the Freedom of Information Act 2000;~~
- ~~the Disability Discrimination Act 1995;~~
- ~~the Age Discrimination Act 2006;~~
- ~~the Finance Act 2004;~~
- ~~Health and Safety legislation;~~
- ~~Employment Rights Act 2010;~~
- ~~HMRC Legislation and Current GAD Guidance;~~
- ~~Public Service Pensions Act 2013;~~
- ~~The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014~~

- ~~The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010~~

~~and any future amendments to the above legislation.~~

## **7.57.7 Audit**

~~[The administrator] is subject to an annual audit of its processes and internal controls. It is proposed that [the administrator's] internal audit will provide assurance to the Local Pension Board by auditing the pension administration service provided to the FRA and that a copy of the audit should be provided to the FRA.~~

~~Any subsequent recommendations will be considered and where appropriate implemented following any necessary discussions with the FRA.~~

~~FRA's and administrators should consult with external auditors to seek acceptance of these proposals.~~

~~FRA's are expected to fully comply with any requests for information from both internal and approved external auditors.~~

~~Any subsequent recommendations will be considered and where appropriate implemented (following any necessary discussions with the FRA).~~ The FRA may commission internal and external audits and the FRA's internal and/or external auditors may require access to the data held by the administrator and explanations of the administrator's internal controls upon which the FRA/ scheme manager relies. Therefore, the administrator also has an obligation to comply with any requests from the FRA/ scheme manager's auditors.

## **7.67.8 Benchmarking**

**[The administrator] will periodically monitor its costs and service performance** against the initial Aon report and any other benchmarking tool which may become available, to ensure that FRA's continue to receive value for money.

Results should be made available to the FRA.

## **8 Performance reporting**

Ensuring compliance is the responsibility of both the administrator and the FRA. Parties should work closely together to ensure compliance with all statutory requirements, whether they are specifically referenced in the regulations, in overriding legislation, or in this administration strategy.

Both employer and administrator targets will be measured on a quarterly basis against specific tasks set out in the service level agreement and these will be reported to the FRA. The FRA may choose to provide the information to their Local Pension Board.



[The administrator] will ensure that they are appropriately resourced to meet the service level agreement in place.

The service level agreement can be viewed [INSERT LINK].

Minimum standards for completing tasks in line with industry good practice and regulations, where applicable, are included at Appendix 1. These are provided as a guide to the minimum requirements. As a matter of best practice, administrators may want to implement shorter local timescales.

A key factor in calculating the time taken to complete a process is the point at which the 'time clock' is started. This may be from the date of the relevant event or when the administrator is informed or receives all necessary information. The clock may also need to be 'paused' during the process, for example to await instruction or documentation from the member or employer, and these waiting days can reasonably be excluded from the total time taken.

Pension administration software typically contains task-management/ work-flow modules which allow timescales to be built in.

## **9 Improving performance**

**Where areas of poor performance on either side are identified, [the administrator] will work closely with the FRA to provide the opportunity for necessary training and development.**

~~and put in place~~ Appropriate processes will be put in place to improve the level of service delivery. [An example escalation procedure is shown below, this is intended to apply in case of performance issues identified on either side.]

- Initially [the administrator] will liaise with the FRA setting out the area(s) of poor performance and how they can be addressed.
- Where no improvement is demonstrated or there has been a failure to take agreed action, [the administrator] will write to the scheme manager setting out the area(s) of poor performance that has been identified and the steps taken to resolve those area(s).
- If lack of improvement continues or there has been ongoing failure to take agreed action, [the administrator] will write to the Local Pension Board setting out the area(s) of poor performance that has been identified and the steps taken to resolve those area(s).

Administrators rely on timely and accurate data from the FRA. Where persistent and ongoing failure occurs and no improvement is demonstrated, [the administrator] will escalate this to the scheme manager and Local Pension Board as above.

Where an employer fails to operate in accordance with the standards described in this Strategy, which leads to extra costs being incurred by the administrator, the administrator may issue a written notice requiring that these be met by the employer.

Any third-party costs or regulatory fines incurred by the administrator **solely** as a result of poor performance by the employer will **may** also be recovered. Such costs may include fines imposed by the Pensions Ombudsman or Pensions Regulator, and additional charges in respect of actuarial or software fees, and additional printing and distribution costs.

If an administrator fails to operate in accordance with the standards described in this strategy or the service level agreement, the employer may consider whether a credit can be offset against their annual fee or any fines or additional costs should be met by the administrator.

In addition to financial penalties, both parties should consider the risk of reputational damage that may arise where a Pensions Ombudsman finding is published in the public domain and/or any fines are publicised.

These recommendations do not override the legal position and contractual relationship between the administrator and FRA.

## **810** Service standards

The FRA and administrator responsibilities expected in relation to member events are outlined in the table below. Minimum standards for completing each task in line with industry good practice and regulations, where applicable, are included at [Appendix 1](#).

<b>Function/ task: New starters</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Ensure pension information is included in new starter documentation e.g. appointment letter, contract of employment.</p> <p>Ensure eligible new starters are put into the scheme from their start date.</p> <p>Provide accurate member data to the administrator on the appropriate form/via electronic interface. (<b>within 4 weeks/ 10 working days</b>).</p> <p>Provide starters with a new member form and access to a scheme guide with their contract of employment.</p> <p>Determine the correct contribution band and rate for the member.</p>	<p>Create accurate member records on the pensions administration system following notification of a new entrant to the scheme.</p> <p>Provide new members with confirmation of joining (<b>within 8 weeks of notification</b>).</p> <p>Record and update member data on the pension administration system following the receipt of a completed new member form.</p>

<p>Inform the administrator of any eligible employees subject to automatic entry, who opt out of the scheme within three months of joining.</p> <p>Process payroll refunds for these members.</p> <p>Where there is more than one contract of employment with the same employer, each membership shall be treated separately for the purposes of the above.</p>	
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<b>Function/ task: Change in circumstances (active members)</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Inform the administrator of all material changes in circumstance on the appropriate form/via electronic interface (<b>within 4 weeks/ 10 working days</b>).</p> <p>Changes may include</p> <p><b>Personal information:</b></p> <ul style="list-style-type: none"> <li>• Change of name or address</li> <li>• Marital status</li> <li>• National insurance number</li> </ul> <p><b>Conditions of employment affecting pension such as:</b></p> <ul style="list-style-type: none"> <li>• Contractual hours</li> <li>• Changes in pay</li> <li>• Contribution rate</li> <li>• Periods of reduced pay or unpaid absence</li> </ul> <p>During periods of reduced or nil pay as a result of sickness, injury or relevant child related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) assumed pensionable pay should be applied for pension purposes.</p> <p><b>N.B.</b> As an increase in pay may cause a member to exceed their Annual Allowance, the administrator must be informed of:</p>	<p>Accurately update member records on the pensions administration system.</p>

<ul style="list-style-type: none"> <li>• Promotions</li> <li>• Additional allowances</li> </ul>	
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<b>Function/ task: Annual return, Valuation, Annual Benefit Statements (ABS)</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Ensure the administrator receives accurate year to date information to 31 March by <b>[INSERT DEADLINE]</b>.</p> <p>Provide the administrator with details of all CPD, temporary payments deemed pensionable and details of any temporary promotions from 1 July previous year to 30 June current year by <b>[INSERT DEADLINE]</b>, to enable the appropriate APB to be calculated and awarded.</p> <p>Provide any additional information that may be requested to produce ABS for service up until the 31 March in each particular year by <b>[INSERT DEADLINE]</b>.</p> <p>Provide the administrator with up to date and correct information as and when requested in accordance with agreed timescales and the regulations.</p> <p>Ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.</p> <p><u><a href="#">Completion of GAD information for IAS19 purposes</a></u></p>	<p>Process employer year end returns within <b>[INSERT DEADLINE]</b>.</p> <p>Produce ABS for all active members by 31 August.</p> <p>Highlight if an individual has exceeded their annual allowance and issue a pensions saving statement by 6 October.</p> <p>Produce ABS for all deferred members by <b>[INSERT DEADLINE]</b> (no information from employers is required).</p> <p>Provide data to the scheme actuary to carry out the 4-year valuation of the scheme.</p> <p><u><a href="#">Completion of GAD information for IAS19 purposes</a></u></p>

<b>Function/ task: Estimates (Retirements/ Transfers)</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Determine reason for estimate and provide fully completed request including pay and other relevant information to the administrator.</p> <p>Direct members to any available online self-service facility.</p>	<p>Issue individual quotations/information after all information required to process a quotation has been received.</p> <p>Provide information to the scheme member on any potential transfer in of benefits once all information required to process the quotation has been received (transfer</p>

	<p>estimate from other pension provider, contracting out, salary details etc).</p> <p>Maintain and promote any available self-service facility which allows members to view their pension information online.</p>
<b>Function/ task: Estimates (Divorce)</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
Provide fully completed request including pay and other relevant information to the administrator, <b>within 10 working days of the request.</b>	Issue divorce information including the CETV <b>within 3 months</b> of receipt of the request from the member or the Court.

<b>Function/ task: Retirements</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Submit the relevant, fully completed retirement form to the administrator as soon as the information is available.</p> <p>On request, provide the calculation of final pensionable pay so that the accuracy of the pay figure can be checked.</p>	<p>Return any form appearing to be incorrect to the FRA for amendment as soon as reasonably possible.</p> <p>Issue an initial offer letter and benefit information to the member <b>within 5 working days</b> of receiving the correct completed form.</p> <p>Issue a letter confirming actual retirement benefits <b>within 5 working days</b> of receiving completed documentation from the member.</p> <p>Make payment of any lump sum <b>within 5 working days</b> of receiving all relevant completed forms and proof of identity from the member, or on the retirement date if this is later.</p> <p>Make monthly pension payments on the relevant payment date of each month following retirement, including any arrears due. Payment dates may be adjusted to weekends and bank holidays.</p>
<b>Function/ task: Retirements – ill-health</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
Determine whether the member is entitled an ill-health award after obtaining a medical opinion from an Independent Qualified Medical Practitioner (IQMP) on the relevant scheme certificate and if so, which tier – upper or lower.	<p>Calculate and pay the required benefit in line with the above timescales.</p> <p>Review Injury Award pensions on an annual basis to ensure the correct DWP deductible</p>

<p>Submit the relevant, fully completed retirement form to the administrator as soon as the information is available, including a copy of the IQMP certificate and confirmation of the relevant tier.</p> <p>On request, provide the calculation of final pensionable pay so that the accuracy of the pay figure can be checked.</p> <p>Make the appropriate payment into the notional pension fund:</p> <p>2 x final pay for lower tier 4 x final pay for upper tier</p> <p>Conduct ill-health reviews at the appropriate intervals as specified in the scheme regulations and notify the administrator of any changes.</p> <p>Review Injury Award pensions on an annual basis to ensure the correct DWP deductible benefits have been taken into account.</p>	<p>benefits have been taken into account if this falls within the SLA.</p>
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<b>Function/ task: Leaving before retirement – deferred benefits</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Notify the administrator using the relevant leaver form, ensuring all information is accurately provided, <b>within 4 weeks</b> of the member's date of leaving.</p> <p><b>N.B.</b> This includes members opting out with more than three months' service.</p> <p>Pay any refunds due <b>within 10 working days</b> of notification from the administrator.</p> <p>Pay any transfer payment due <b>within 10 working days</b> of notification from the administrator.</p>	<p>Accurately update member records on the pensions administration system.</p> <p>Notify the member of their deferred benefit entitlement and options <b>within 2 months</b> of receiving the correctly completed leaver form.</p> <p>Calculate a refund to an eligible member <b>within 10 working days</b> of receiving all relevant documentation and notify the employer.</p> <p>Issue one transfer-out quotation, guaranteed for 3 months, <b>within 10 days</b> of receiving all the information required.</p> <p>Notify the employer of the amount to pay for transfer-out <b>within 5 days</b> of receipt of request from member.</p>

<b>Function/ task: Members with deferred benefits</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Keep adequate records for deferred members in case of a request for early payment.</p> <p>Following an application from a former member to have their deferred benefits paid early in ill-health grounds, obtain a medical opinion from an IQMP on the relevant certificate, and determine whether the member is eligible.</p> <p>Submit the relevant, fully completed form to the administrator, including a copy of the IQMP certificate.</p>	<p>Accurately update member records on the pensions administration system.</p> <p>Provide each deferred member with an annual statement of benefits, updated by the pensions increase award when applicable.</p> <p>Calculate and pay required benefits in line with the above timescales for retirement.</p>

<b>Function/ task: Death in service</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Inform the administrator immediately following the death of a member using the appropriate means, providing details of the next of kin if known.</p> <p>Pay any death grant due <b>within 10 working days</b> of notification from the administrator.</p>	<p>Send an acknowledgement letter to the next of kin <b>within 5 working days</b> of notification of death.</p> <p>Provide a letter to dependants confirming the benefits payable <b>within 5 working days</b> of receiving all certificates, proof of identity, and relevant completed forms.</p> <p>Assist the FRA and the next of kin by ensuring that benefit options and payments are expedited in an appropriate and compassionate manner.</p> <p>Review children's pensions at age 18 or annually if continue in full time education to age 23.</p>

<b>Function/ task: Death on pension</b>	
<b>Employer responsibility</b>	<b>Administrator responsibility</b>
<p>Where the FRA is made aware of the death of retired member, ensure that the administrator has been notified of the death to avoid overpayment of pension.</p>	<p>Send an acknowledgement letter to the next of kin <b>within 5 working days</b> of notification of death.</p> <p>Provide a letter to dependants confirming the benefits payable <b>within 5 working days</b> of receiving all certificates, proof of identity, and relevant completed forms.</p>

	<p><u>Where the administrator is made aware of the death of a retired member, ensure the employer has been notified of the death to enable records to be updated accordingly.</u></p> <p>Assist the FRA and the next of kin by ensuring that benefit options and payments are expedited in an appropriate and compassionate manner.</p>
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Function/ task: Purchase of added pension	
Employer responsibility	Administrator responsibility
<p>Provide member with factsheet and quotation form on request. Form to be returned to the administrator.</p> <p>Arrange payroll deductions as advised by administrator.</p>	<p>Provide quote and election form to member <b>within 10 working days</b> of receipt of completed request.</p> <p>Advise employer of start date of contract and deductions from pay.</p> <p>Maintain a record of additional pension contracts.</p> <p>Pay the relevant benefits alongside main scheme benefits at retirement/ transfer-out.</p>

## 911 Local Pension Board responsibilities

Local Pension Boards were required to be established by the 1 April 2015 under the provisions of [Section 5 of the Public Service Pensions Act 2013](#) and regulation 4A of [The Firefighters' Pension Scheme \(Amendment\) \(Governance\) Regulations 2015](#).

The regulations state that each FRA must have an equal number of employer and member representatives, with a minimum of four members in total. Members are expected to have a sufficient degree of knowledge and understanding of the pension scheme to allow them to fulfil their role, which is to assist the scheme manager in complying with the pension scheme rules.

The LGA Bluelight pensions team can provide annual [training](#) for boards at a local or regional level. TPR also offers a series of courses on the [Public Service toolkit](#), to help those involved in scheme governance to improve their knowledge.



The Firefighter’s Pensions (England) Scheme Advisory Board (SAB) website holds a range of [resources](#) that have been developed to facilitate the effective running of Local Pension Boards.

## Appendix 1. Standard timescales

Minimum standards for completing tasks in line with industry good practice and regulations, where applicable. These are provided as a guide to the minimum requirements. Any tasks with statutory deadlines have been flagged. As a matter of best practice, administrators may want to implement shorter local timescales.

Please see [7.1 Performance reporting](#) ~~8 Performance reporting~~ for more information.

Local arrangements between the FRA and administrator and in line with SLAs will override any suggested standard timescales.

<b>Work-flow/ task</b>	<b>Standard</b> (working days)	<b><u>Statutory</u></b>
Respond to <del>member</del> queries <u>from scheme members or the FRA/ administrator</u>	5 days	<u>No</u>
New starters processed	10 days	<u>2 months</u>
Changes in details processed	10 days	<u>No</u>
Active ABS issued	31 August <del>—</del> (where year-end on time)	<u>Yes</u>
Deferred ABS issued	31 May <u>(or in line with active ABS)</u>	<u>Yes</u>
Year-end queries to FRA	1 month	<u>No</u>
Pension saving statements	6 October	<u>Yes</u>
<u>Retirement estimates</u>	<u>10 days</u>	<u>No</u>
Divorce estimates	10 days	<u>3 months</u>
Transfers in	15 days	<u>2 months</u>
Transfer out estimates	10 days	<u>3 months</u>
Transfers out	10 days	<u>6 months</u>
Refunds paid	5 days	<u>2 months</u>
Deferred benefits calculated	2 months	<u>Yes</u>
Retirement options sent	5 days	<u>2 months</u>

Retirement benefits processed for payment	5 days (or by retirement date if sooner)	<u>No</u>
Deferred benefits paid	5 days	<u>No</u>
Death notification processed	5 days	<u>2 months</u>
Dependants benefits paid	5 days	<u>No</u>
Death grant paid	5 days	<u>No</u>
Retirement lump sum paid	5 days	<u>No</u>
Payments recalled due to death	12pm day before payroll	<u>No</u>
Changes to bank details	Payroll cut off	<u>No</u>

## Appendix 2. Template governance policy statement

### [INSERT NAME Fire and Rescue Authority/ PFCC/ London Fire Commissioner] FPS governance policy statement

Brief details of Firefighters' Pension Scheme (FPS) governance arrangements within [INSERT NAME Fire and Rescue Authority/ PFCC/ London Fire Commissioner].

With effect from [INSERT DATE].

The Public Service Pensions Act 2013 set out new governance arrangements for all public service schemes with effect from 1 April 2015, including the requirement for each public service scheme to have a **scheme manager** and a **Local Pension Board** in place.

#### Scheme manager

The term scheme manager is defined in law as the person responsible for **managing and administering** a pension scheme. The Firefighters' Pension Scheme (FPS) Governance Regulations provide that for the FPS, the scheme manager is the appropriate ~~delete as~~ appropriate: Fire and Rescue Authority/ PFCC/ London Fire Commissioner<sup>8</sup>.

[FOR COUNTY COUNCIL ARRANGEMENTS - INSERT NAME County Council] acting in its capacity as a Fire and Rescue Authority has the scheme manager role to administer the FPS in [INSERT SERVICE NAME].

Therefore, for the FPS in [INSERT SERVICE NAME], [INSERT NAME County Council/ Fire and Rescue Authority/ PFCC/ London Fire Commissioner] is the scheme manager.

The scheme manager function may be delegated within the authority<sup>9</sup>.

[INSERT NAME County Council/ Fire and Rescue Authority/ PFCC/ London Fire Commissioner] has delegated the function to [INSERT DELEGATION].

#### Local Pension Board

The FPS Local Pension Board ("the Board") was established from [INSERT DATE] by Northumberland County Council at its meeting held on [INSERT DATE].

The terms, structure and operational procedures of the Board are set out in the Board's Terms of Reference [INSERT HYPERLINK].

The role of the Board is to assist [INSERT NAME County Council/ Fire and Rescue Authority/ PFCC/ London Fire Commissioner] as scheme manager<sup>10</sup>:

<sup>8</sup> <https://www.legislation.gov.uk/uksi/2014/2848/regulation/4/made>

<sup>9</sup> <https://www.legislation.gov.uk/uksi/2014/2848/regulation/5/made>

<sup>10</sup> <https://www.legislation.gov.uk/uksi/2015/465/regulation/4/made>

- to secure compliance with the FPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the FPS by the Pensions Regulator; and
- to ensure the effective and efficient governance and administration of the FPS.

The Board provides oversight of these matters and, accordingly, it is not a decision-making body in relation to the management or administration of the FPS but makes recommendations to assist in such management.

### **Governance objectives**

- To ensure robust governance arrangements are in place to facilitate informed decision making supported by appropriate advice, policies and strategies;
- To ensure the FPS is administered and its services delivered by people who have the appropriate knowledge and expertise;
- To ensure compliance with all appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance; and
- To identify and manage potential and actual conflicts of interest.