

FRA remedy self-assessment survey



Fieldwork

- Survey open from 20 May 2021 and closed on 31 August 2021
- 100 per cent response rate – all FRAs in England and Wales
- Not all FRAs answered all questions

Current/ future admin arrangements

- 60 per cent of FRAs covered by two admin providers
- Contract start dates between 1940 – 2021
- Half due to end in next four years; one third plan to tender
- No conclusive preference over future landscape
- Reactive shift to 3/4 “super” administrators

Recommendations #1

- Improved routes to procurement – investigate existing framework options
- Informal sharing of tender specifications as best practice
- SAB to maintain watching brief of future developments

Data

- 85 per cent started data work for Sargeant
 - Expected to be less complex, but time consuming
- 28 per cent for Matthews
 - Waiting for clarity on scope and mechanics
 - Data may not be available
- 87 per cent expect to need additional resource
- Half have changed payroll provider and/ or system since 2015

Contributions

- 91 per cent are able to obtain or calculate contribution data
- BAU and remedy adjustments mainly dealt with by payroll/ finance
- Includes tax relief and interest
- Different processes for different cohorts – inc. collaboration with administrator
- Issues = resource, lack of guidance, impact on members

Recommendations #2

- The FPS technical group to establish a set of principles and best practice where data cannot be obtained (Matthews)
- LGA to monitor policy information and work with technical group to produce guidance on contribution adjustments

Processes and impact - tax

- Confidence in current tax processes split 50/50
- Further clarity needed on policy intent
- Administrators primarily responsible for AA recalcs and Event Reporting
- 89 per cent have VSP policy in place
- Since survey HMRC confirmed that scheme pays reporting and payment deadlines

Processes and impact – finance/ legal/ workforce

- 94 per cent have nominated finance lead
- 2/3rds expect to need additional resource
- Only 22 per cent have allocated budget for direct and indirect remedy costs
- 63 per cent have nominated legal lead
 - 62 of these are FRA's nominated contact
- 89 per cent can identify Sargeant cohort; 83 modelling into plans

Recommendations #3

- Further engagement with administrators and software suppliers on pensions tax adjustment processes
- LGA to work closely with the chair of the FFN to monitor remedy costs
- LGA to liaise internally on improvements to the “nominated contacts” procedure
- Ensure scheme members receive timely and comprehensive information to make choices

Information, comms, and coordination

- Preferred options to communicate remedy:
 - Suite of member scenarios
 - Tool linked to pension admin system
- Standalone tools less popular
- Half of FRAs currently providing information to members
- Communications and coordination will be collaborative
- Special member comms in 2014/15 rated 6/10

Recommendations #4

- Immediate procurement of member scenarios
- SAB to encourage software suppliers to improve online member self-service offer and encourage administrators to make available to FRAs
- All FRAs and administrators to have a remedy project team with a named lead
- FCW/G to consider suggested improvements for Matthews

Knowledge, capability, and capacity

- Pension knowledge and capacity measured at 5.67/10
- Preferred options to address shortfall:
 - Recruitment
 - Creation of new roles
 - Accessing training
- 84 per cent remedy risk on corporate register and reported to LPB

Knowledge, capability, and capacity #2

- Most FRAs agreed that the LGA is best placed to lead on remedy implementation:
 - Policy engagement with government (98 per cent)
 - Direct communication or provision of content (87 per cent)
 - Engagement with administrators (89 per cent).
- These responses give the LGA the necessary endorsement to lead on remedy related issues on behalf of FRAs

Recommendations #5

- LGA to consider sector training needs and how these can best be met
- Governance training will be provided to LPBs to successfully scrutinise and monitor local delivery of remedy

Next steps

- Publication of survey research report
- Follow up on recommendations with named parties
- Each FRA provided with exported individual results for benchmarking with LPB
- Abridged administrator survey
- Repeat abridged FRA survey at intervals to monitor progress

Any questions



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Thank you for listening!

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