

Pension Board Training  
Firefighter Pension Schemes  
22<sup>nd</sup> August 2017

# Morning Session

- Introduction and group session
- Introduction to the Fire Pension Schemes
- Firefighters Pension Fund
- Quiz
- Background to Governance
- The Pension Regulator
- Roles and Responsibilities of a Pensions Board

# Afternoon Session

- Roles and Responsibilities of a Pensions Board
- Pension Board Next Steps
- Scheme Membership
- Scheme Benefits
- Current and Future Issues
- Feedback and Quiz Answers

# Group Discussion

- What training do individuals need to be effective Pension Board members?
  - What do you think are the responsibilities of a Pension Board member?
-

**Scrutiny**

**Escalate**

**Advise /  
Steer**

**Respectively  
challenge**

**Network  
/ Other  
boards**

**Assist**

**Make  
recommendations**

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# Introduction to the Firefighter Pension Schemes

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# Firefighter Pension Schemes

10 years ago .....



# 1992 Firefighter Pension Scheme

- Open to regular firefighters
- 1/60<sup>th</sup> accrual rate
- Double accrual after 20 years
- Maximum service is 30 years
- Earliest retirement age 50
- Final Salary scheme
- Actuarial commutation factors
- Injury benefits
- Built in ill-health benefits/life cov
- Pension for Widow's/Children
- Deferred pension age 60



# Firefighter Pension Scheme

Then in 2006.....



# 2006 Firefighter Pension Scheme

- Open to regular and retained firefighters from 6<sup>th</sup> April 2006
- 1/60<sup>th</sup> accrual rate
- Maximum service 40 years
- Retirement age 60
- Earliest retirement age 55 (subject to reductions)
- Final Salary Scheme
- Commutation based on 1 : 12 ratio
- Built in ill health benefits/life cover
- Pension benefits for Partners/Children
- Deferred pension age 65



# 2006 Reform

## **Firefighters Pension Scheme 1992**

- Closed to new entrants from 6 April 2006
- Options Exercise

## **Firefighters Pension Scheme 2006**

- Open to regular and retained Firefighters appointed after 6 April 2006
- New retirement age

## **Firefighters Pension Fund**

- New notional funding mechanism

## **Firefighters Compensation Scheme**

- Injury benefits removed from the pension scheme rules and a separate set of regulations were created
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# Firefighter Pension Schemes

Now.....



# Special Members of the 2006 Firefighter Pension Scheme

- Ability for those retained who were excluded from a scheme from 2000 – 06 to join a scheme similar to the FRS 1992.
- Benefits reflect 1992 scheme (in part)
- Incorporated into 2006 scheme
- Accrual rate 1/45<sup>th</sup>
- Normal pension age 55
- Deferred pension age 60
- Built in ill health benefits/life cover
- Pension benefits for Partners/Children
- The options exercise ended September 2015.



# 2015 Firefighter Pension Schemes

- All members transferred in April 2015
- Transitional protections apply for existing members of 1992/2006 scheme
- Accrual rate 1/59.7ths
- Retirement Age 60
- Earliest retirement age 55 (subject to reduction)
- Career Average scheme
- Individual Pension accounts
- Deferred pension age equal to State Pension age (65)



# Scheme Comparison

Feature	1992 Scheme	2006 Scheme	Modified Scheme	2015 Scheme
Basis of pension	Final salary	Final salary	Final salary	(CARE)
Accrual rate	40/60ths 1/60 <sup>th</sup> (2/60 <sup>th</sup> after 20 years)	1/60 <sup>th</sup>	1/45 <sup>th</sup>	1/59.7 <sup>th</sup>
Benefit / Membership Cap	40/60 <sup>th</sup>	45 years	30 years	None
Revaluation rate	n/a	n/a	n/a	Average Weekly Earnings

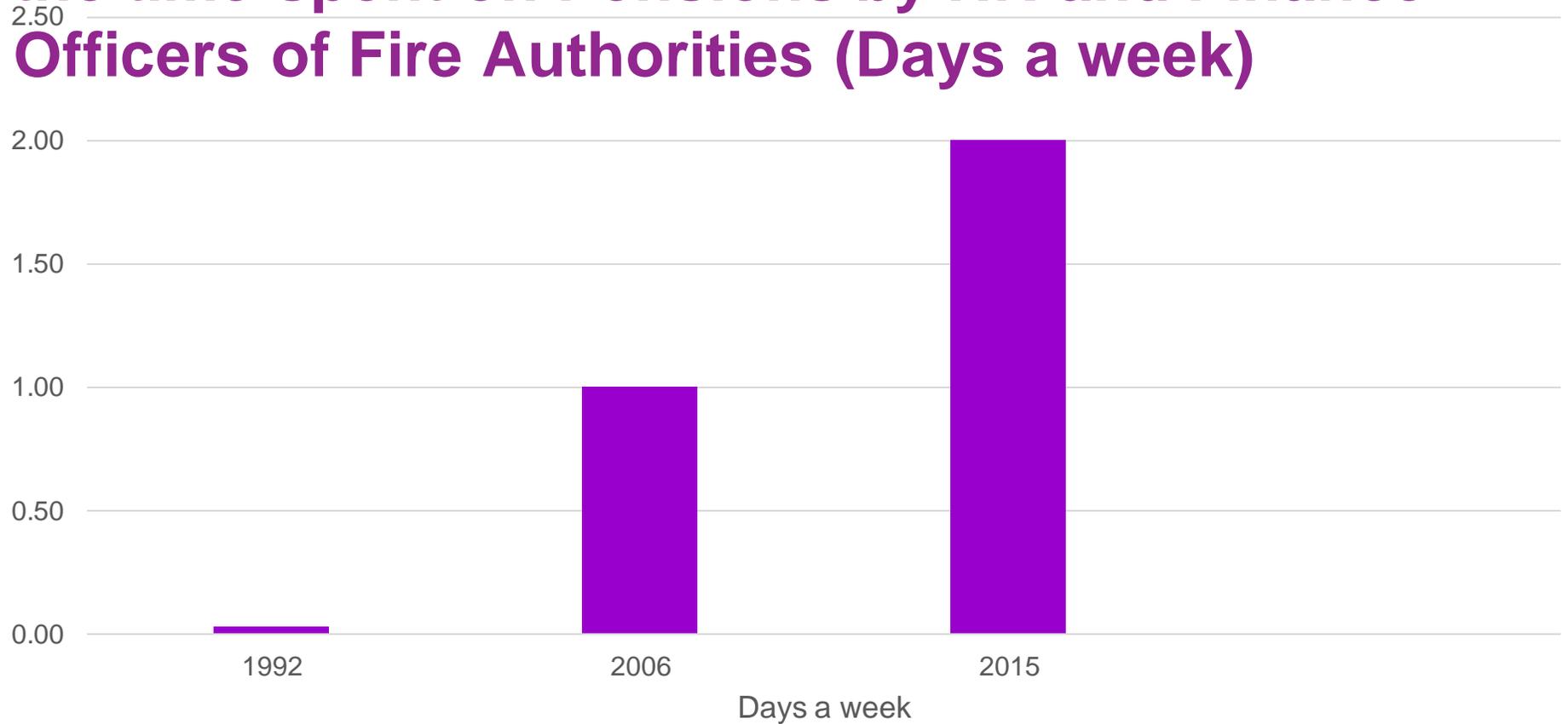
# Governance

- Local Pension Boards to secure compliance
  - Increased documentation and policies
  - Training of Boards
  - Introduction of The Pensions Regulator
  - Record breaches not just report
  - Managing risks and internal controls
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# An important note

- These slides are intended to provide an overview of the scheme regulations and should not be regarded as a complete guide
  - Please note that it is the responsibility of each FRA to apply the rules of the pension scheme in accordance with their interpretation of the scheme and to obtain legal advice where they consider this is necessary.
  - The information contained in these slides have been provided to give some guidance on the rules of the pension scheme, however they should be used only as an informal view of the interpretation of the firefighters' pension scheme as only a Court can provide a definitive interpretation of legislation.
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# Overall effect of changes in the last ten years on the time spent on Pensions by HR and Finance Officers of Fire Authorities (Days a week)



**Illustrative only**

# Originating SI's

- 1992 <http://www.legislation.gov.uk/ukxi/1992/129/sc>
- 2006 <http://www.legislation.gov.uk/ukxi/2006/3432/contents/made>
- Compensation Scheme  
<http://www.legislation.gov.uk/ukxi/2006/3434/contents/made>
- Modified Scheme  
<http://www.legislation.gov.uk/ukxi/2014/445/contents/made>
- 2015  
<http://www.legislation.gov.uk/ukxi/2014/2848/contents/made> (main regs)  
<http://www.legislation.gov.uk/ukxi/2015/589/contents/made> (transitional regs)



# Funding of Firefighter Pensions

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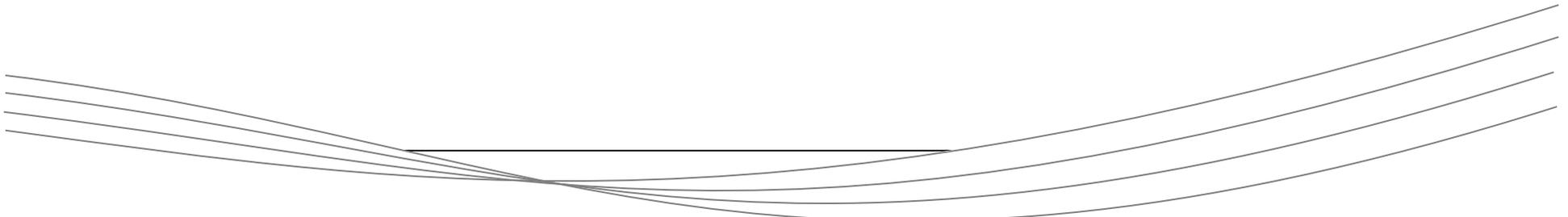
# Funding of Pensions

- Funded & Unfunded Pension Schemes
  - Notional Pension Fund
  - Top-Up Grant
  - Cost Cap and Future Funding
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# Funding of Schemes

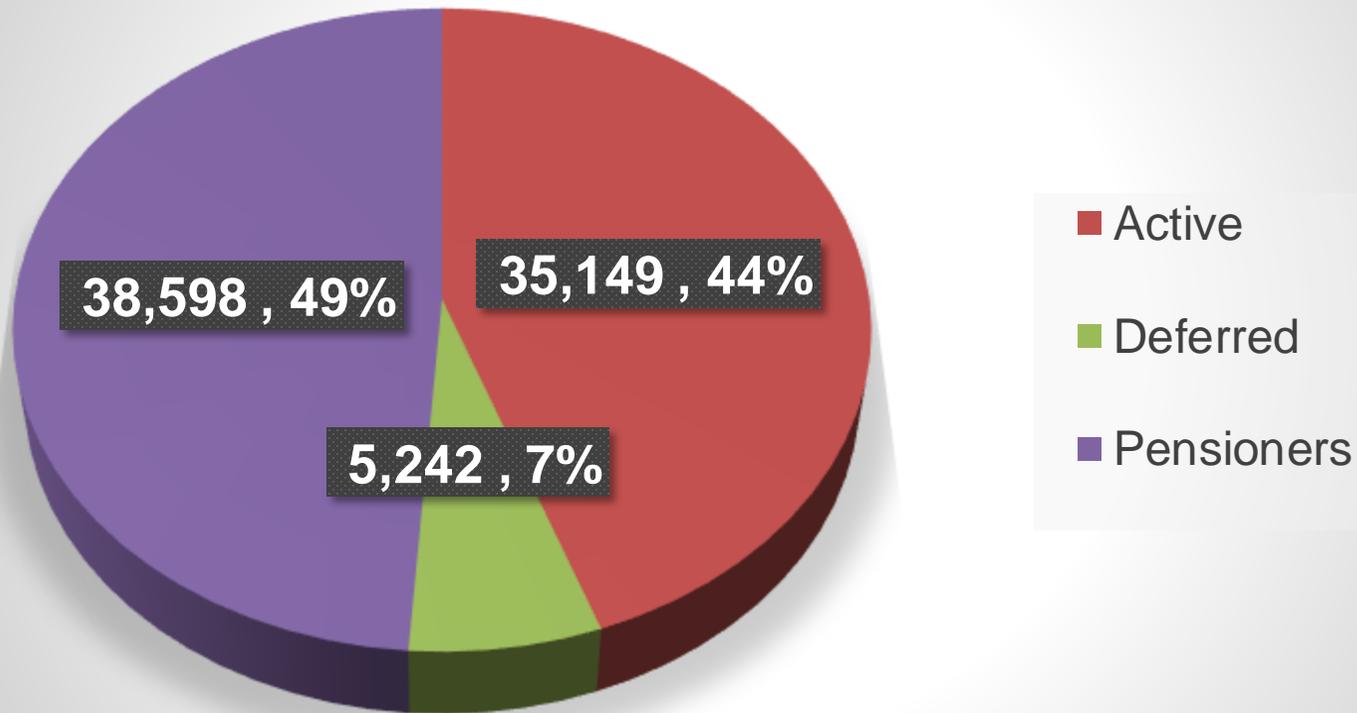
2 types of public service pension schemes:

- Funded
- Unfunded



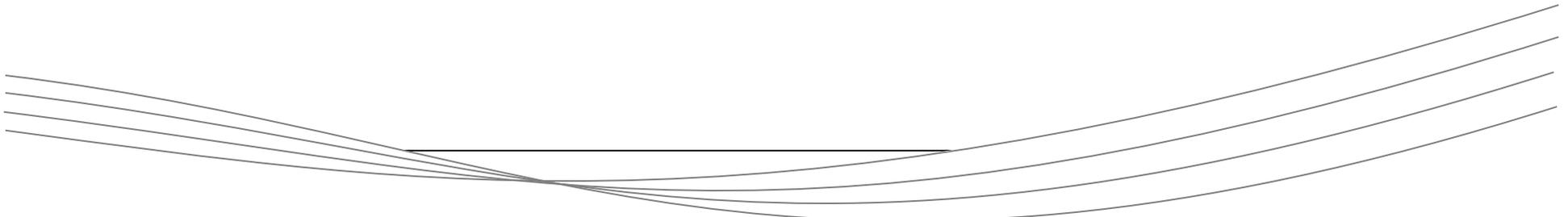
# Scheme Membership

## National Firefighter Scheme Membership



# Notional Pension Fund

- Pension fund accounting introduced April 2006
- Pension transactions separated from revenue budgets
- Injury pensions to be funded from operating account



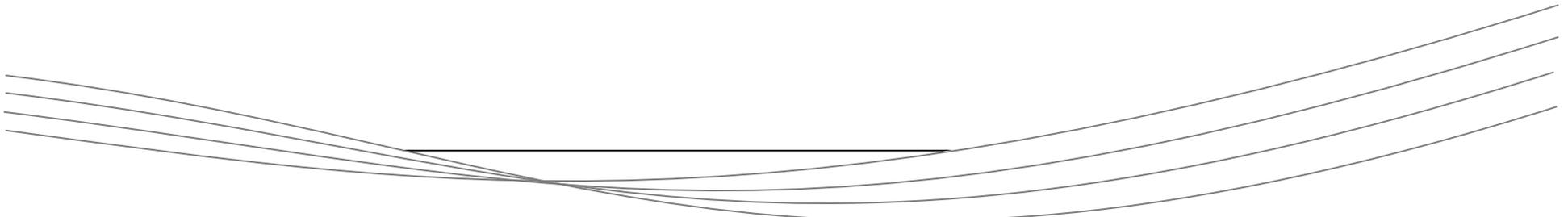
# Notional Pension Fund

PENSION FUNDS 31st MARCH 2016	
	£k
<u>Pension Fund Income</u>	
Employee Contributions	-2,621
Employer Contributions	-3,495
Ill Health Retirement Contributions	-27
Repaid contributions	-44
Transfers In	-32
	<b>-6,219</b>
<u>Pension Fund Expenditure</u>	
Pensions	19,136
Lump sum retirement benefits	7,420
Transfers Out	343
	<b>26,899</b>
Deficit	<b>20,680</b>

# Continuing deficit

## PENSION FUND DEFICITS LAST 3 YEARS

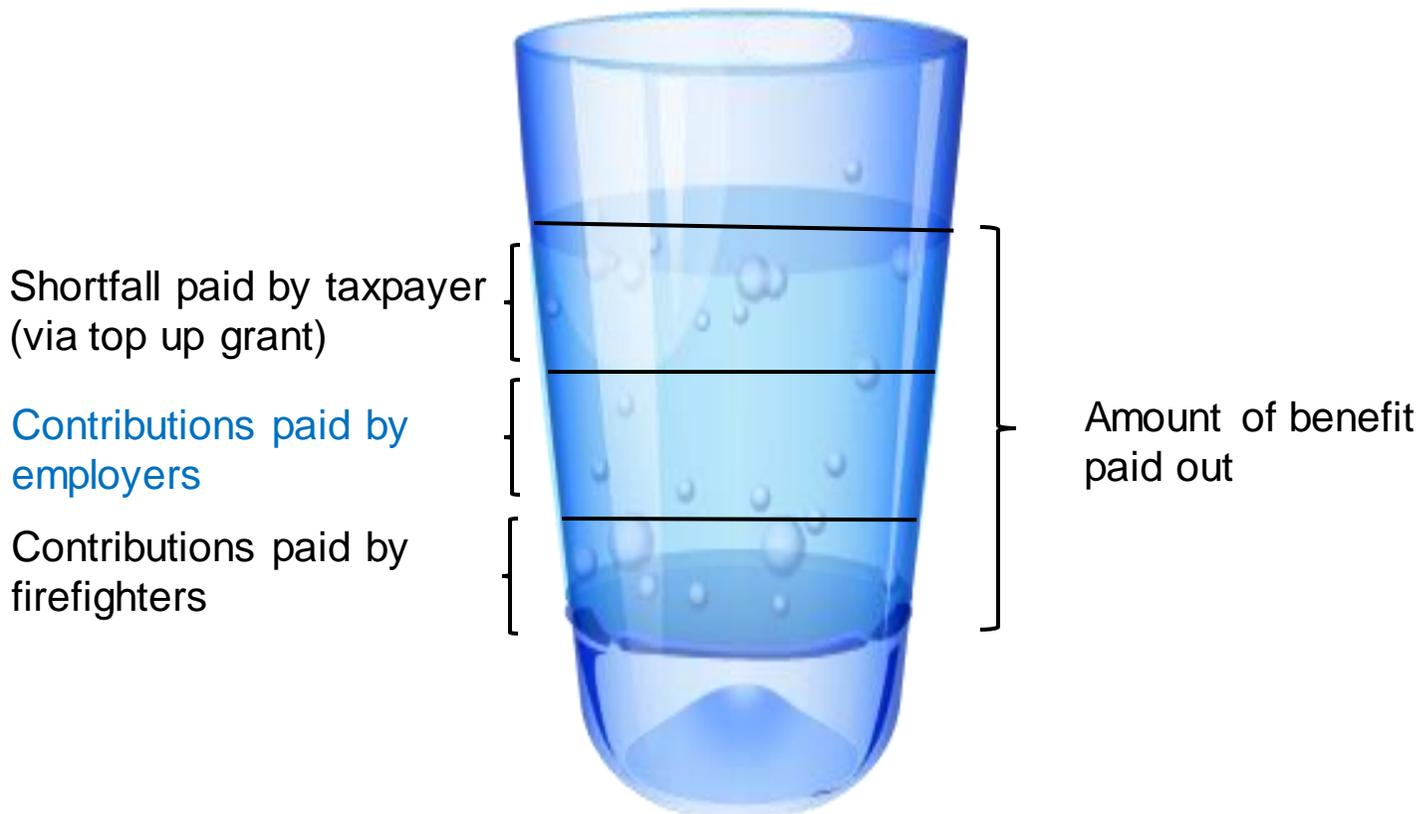
	£k
31st March 2016	20,680
31st March 2015	16,027
31st March 2014	15,374





# Fire Scheme Valuation

## How are fire pensions financed?



# Cost Cap

- Proposed Employer Cost Cap 16.8% of pensionable pay

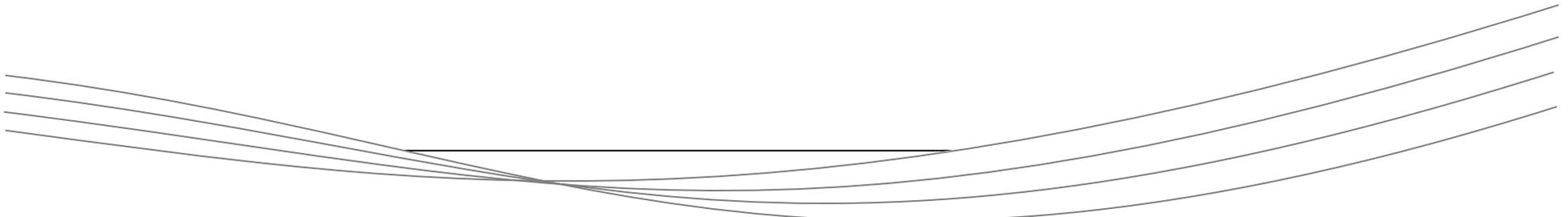
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415189/ANNEX B - 150306 - Fire England Valuation - Report by the Scheme Actuary - Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415189/ANNEX_B_-_150306_-_Fire_England_Valuation_-_Report_by_the_Scheme_Actuary_-_Final.pdf)

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# The Hutton Review

Public Service Pensions should be:

- Affordable and Sustainable
  - Work longer
  - Career average
  - Tiered employee contributions
  - Cost cap





# Background to Governance

- Hutton Report
  - The Act
  - The Pensions Regulator
  - The Regs
-

# IPSPC Recommendations

Independent Public Service  
Pensions Commission:  
**Final Report**

10 March 2011

Independent  
Public Service  

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Pensions Commission

- 27 recommendations
- Final salary replaced with CARE
- Standard design
- Accrued Rights
- NPA to be SPA
- Fixed cost ceiling
- Tiered contribution rates
- Publish standard data
- Pension Boards
- The Pensions Regulator oversight
- Good standards of administration

# The Act



- <http://www.legislation.gov.uk/ukpga/2013/25/contents>
-

# 2013 Act – Governance



## Public Service Pensions Act 2013

CHAPTER 25

Explanatory Notes have been produced to assist in the understanding of this Act and are available separately

- Each locally administered scheme to have a properly appointed, trained and competent Pension Board in place by 1 April 2015
- Equal number of employer and scheme members
- Scheme Advisory Board
- Adequate internal controls
- Robust record keeping
- Timely reporting to HM Treasury etc
- Good administration
- Sound internal dispute procedures
- Information for members on benefits

## Section 5 – Pension Board

requires and defines a Pension Board:-

- (1) *Scheme regulations for a scheme under section 1 must provide for the establishment of a board with responsibility for assisting the scheme manager (**or each scheme manager**) in relation to the following matters.*
  
- (2) *Those matters are—*
  - (a) *securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;*
  - (b) *securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;*
  - (c) *such other matters as the scheme regulations may specify.*
  
- (4) *(c) requiring the board to include employer representatives and member representatives in equal numbers*

## Section 7 – Scheme Advisory Board

requires and defines a Scheme Advisory Board:-

1. Providing advice to the responsible authority, at the authority's request on the desirability of changes to the scheme
2. provide advice (on request or otherwise) to the scheme managers or the scheme's pension boards in relation to the effective and efficient administration and management of the pension scheme and connected schemes
3. A person to whom advice is given under 1 & 2 above must have regard to the advice

..

# Schedule 4 – Regulatory Oversight

[Section 11, (3) (d)] gives power to the Pensions Regulator in relation to public sector pension schemes

[14A] Gives power to the regulator to appoint a skilled person to assist the public service scheme

[70] Puts duty on member of a pension board to report breaches of law

[70A] Duty to report late payment of employer contributions

[90A] Requires regulator to issue codes of practice

[248A] Requires pension board members to have ‘knowledge and understanding’

[249B] Requirement for internal controls

# The Regulations



- <http://www.legislation.gov.uk/ukxi/2015/465/contents/made>
-

# Local Pension Board

- Regulations are light touch
  - 4A: Establishment
  - 4B: Membership
  - 4C: Conflict of interest
  - 4D: Guidance
-

## 4A: Establishment

Requires establishment of board to

*[1(a)] Secure compliance with :-*

- *Scheme regulations and any other relevant legislation*
- *Pension Regulator's codes of practice, etc*

*[1(b)] To ensure effective and efficient governance and administration*

- (4) Scheme managers to determine procedures*
  - (5) Voting rights conferred only on employer and scheme member reps*
  - (6) Wide powers to discharge functions*
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## 4B: Membership

(1) *Scheme managers to determine :-*

- (a) *membership*
- (b) *manner in which members are appointed and removed;*
- (c) *terms of appointment*

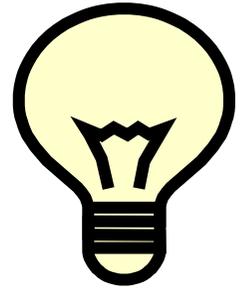
(2) *LPB must have equal number of employer and scheme member reps with no less than four in total*

(2a) *Employers reps to have **capacity** to represent employers*

(2b) *Scheme member reps to have **capacity** to represent scheme members*

4) *No member or officer of a Fire authority with a pensions function may not be appointed as a member of that authorities Local Pension Board*

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- The “decisive influence” on a local pension board must reside with those designated as scheme member and employer representatives.
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## 4C: Conflict of Interest

*(1) Scheme managers must be satisfied that no candidates have a conflict of interest\**

*(2) Same requirement applies during periods of membership*

*(3 & 4) Candidates and members of the board must provide relevant information to the scheme manager*

*\* Being a scheme member is not regarded as a conflict of interest*

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## 4D: Guidance

*Statutory requirement for Scheme Managers to have regard to guidance issued by Secretary of State in relation to Local Pension Boards*

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Public Service Pensions

# Firefighters Pension Schemes



**Stephen Rowntree**  
Industry liaison manager

**22<sup>nd</sup> August 2017**

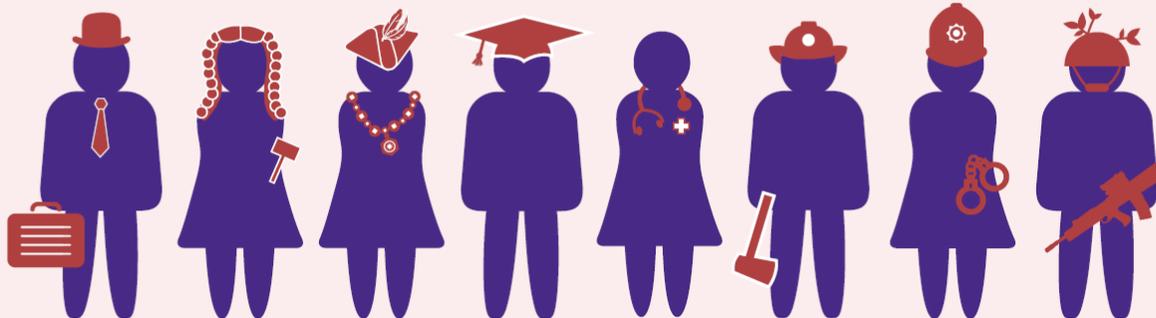
**The information we provide is for guidance only and  
should not be taken as a definitive interpretation of the law.**

**The Pensions  
Regulator**

# Introduction

- We regulate the governance of public service pension schemes, which provide pensions for civil servants, the judiciary, local government, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces
- Our Code of Practice 14 sets out the standards of conduct and practice we expect.

## 8 workforces



**16.5 million**  
memberships

**24,000**  
employers

The Pensions  
Regulator

# Our roles and responsibilities

- We regulate compliance with the Governance and Administration requirements introduced by the Public Service Pensions Act 2013:
  - we engage mainly with scheme managers and pension boards
  - investment: not the what (compliance with investment regulations) but the how (investment governance)
    - [www.tpr.gov.uk/guidance/db-investment.aspx](http://www.tpr.gov.uk/guidance/db-investment.aspx)
- To educate and enable:
  - codes, toolkit, news-by-email
    - [www.tpr.gov.uk/doc-library/codes.aspx](http://www.tpr.gov.uk/doc-library/codes.aspx)
    - <https://trusteetoolkit.thepensionsregulator.gov.uk/>
    - <https://forms.thepensionsregulator.gov.uk/news-by-email/subscribe>
- To enforce:
  - improvement and third party notices, fines etc



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Regulator

# TPR focus 2017/18

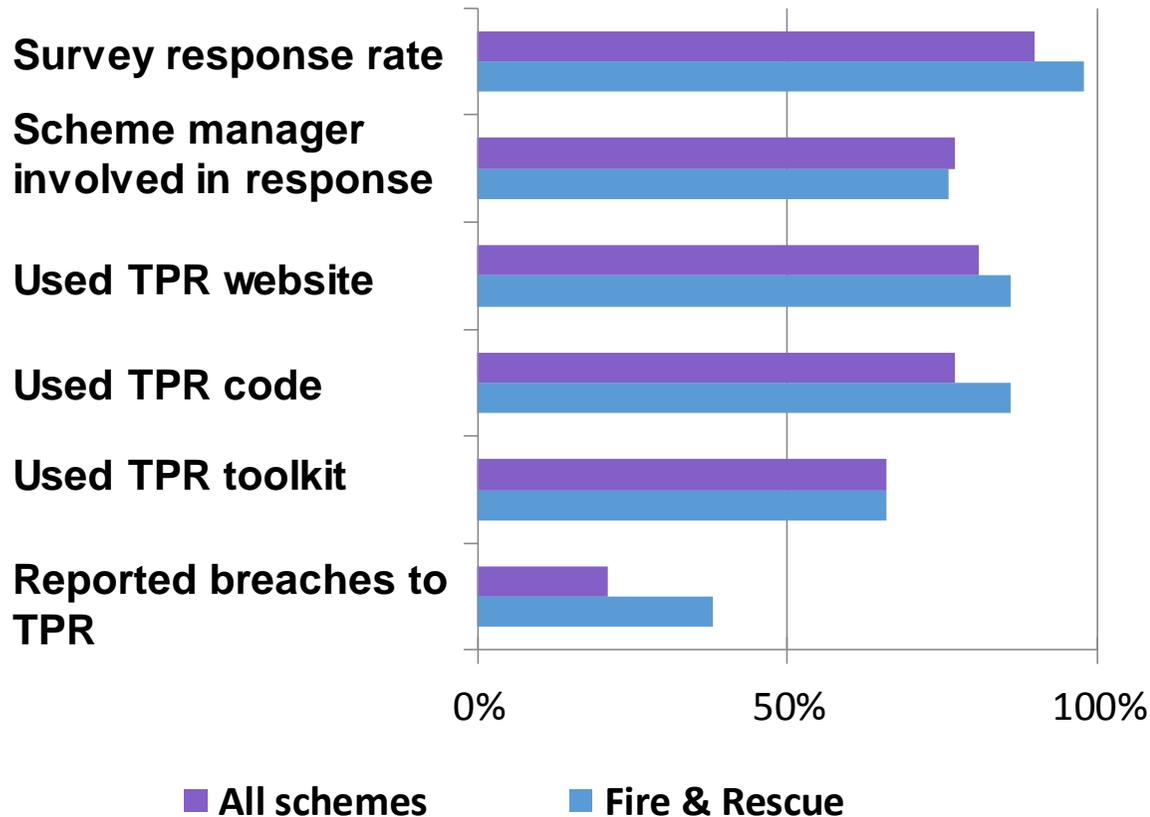
- Ongoing risk assessment and intelligence gathering
  - 2016 survey 90% response rate covering 98% of combined membership
- Increasing focus on locally-administered schemes
- Key focus areas:
  - governance
  - record-keeping
  - internal controls
  - member communications

We will use our educate/enable/enforce regulatory approach to help schemes comply and address key risks

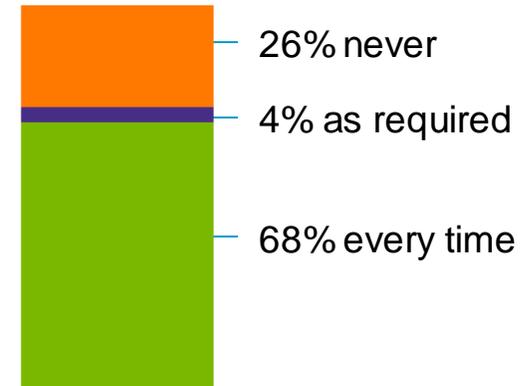
The Pensions  
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# Firefighters Pension Scheme governance - survey findings

## Scheme managers and pension boards engaging



But **26%** of scheme managers never attend board meetings



**24%** of surveys completed without scheme manager engagement

**48%** of surveys completed without pension board engagement

$\frac{1}{4}$  of boards have no regular contact with scheme manager. But FPS more likely than average to be engaging with TPR

# Pension board's ability to guide and advise scheme manager

On a scale of 1 – 10, where 10 represents 'very good' and 1 represents 'very poor', how would you rate the pension board's ability to...? (mean ratings)

	All Schemes	Fire and Rescue
Identify where there are poor standards or non-compliance with legal requirements	7.3	6.6
Set out recommendations on addressing poor standards or non-compliance with legal requirements	7.3	6.6
Advise on scheme regulations, governance and administration requirements set out in legislation, and standards expected by TPR	6.7	5.5
Take or secure actions to address poor standards or non-compliance with legal requirements	7.4	6.9
<b>Average pension board rating (across all 4 aspects)</b>	<b>7.2</b>	<b>6.4</b>

Perception of board's skills is lower than average.

# Governance

- Scheme managers accountable party for most requirements
  - Some confusion remains on roles and responsibilities especially on pension boards
  - Variety of practice in how scheme managers work with pension boards:
    - scheme managers should use this valuable resource
    - pension boards should take an active role in identifying key risks and driving forward improvements
  - 21<sup>st</sup> Century governance key focus for TPR this year
    - how can government, regulatory bodies and the pensions industry raise the standards of trustee competence and improve the governance and administration of pension schemes
- [www.tpr.gov.uk/21c-trustee](http://www.tpr.gov.uk/21c-trustee)

# FPS record keeping - survey results

Most schemes are meeting our expectations of doing a data review annually

Last data review
68% in last 12 months
8% longer ago
4% never
20% don't know

But there are concerns as to the effectiveness of these reviews

Identified issues
34% identified issues
39% no issues identified
3% don't know if issues
24% not reviewed (inc. DK)

And take up of data improvement plans is low

Data improvement plans
2% data improvement plan
32% no data improvement plan
42% no issues identified (inc. DK)
24% not reviewed (inc. DK)

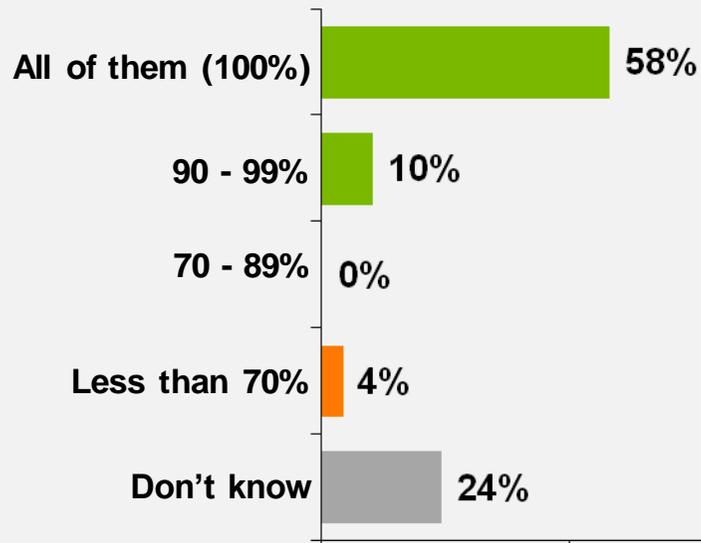
21% respondents identify poor records as a top risk

18% report delays in payment of benefits as one of top three complaints

1 in 5 identify poor records as key concern yet the quality of action taken varies.

# FPS employer data

## Proportion of employers providing timely, accurate and complete data



## Schemes with a process in place...

**76%**

...with employers to receive, check and review data

**88%**

...for monitoring the payment of contributions

**68%**

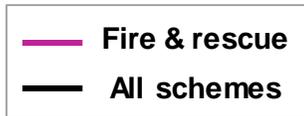
...for resolving payment issues and assessing whether to report payment failures to TPR

Employer data a much smaller concern for FPS as single employer schemes, though 1 in 4 'did not know' the proportion when answering the survey and there are substantial gaps in processes for quality assuring employer data

# Record keeping

- Good record keeping is a key part to the good running of a scheme
- All schemes need to have good records to meet legal obligations
- We know from engagement that standards vary widely, and some schemes do not prioritise this appropriately, so TPR expects:
  - scheme managers to engage with administrators over service and security
  - assess data and put in place a plan to address issues
- Further messaging on record-keeping due this year, including guidance on developing an improvement plan and setting out expectations on data security

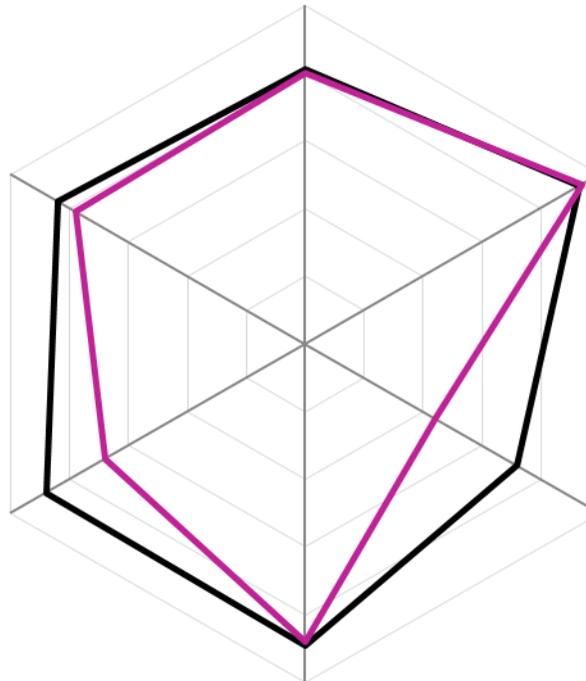
# Key processes



**78%** have procedures to identify, assess and report breaches of the law  
**(+42% on 2015)**

**68%** have a process for resolving payment issues and assessing whether to report failures to TPR  
**(-10% on 2015)**

**80%** have a conflicts policy & procedure for pension board members  
**(+2% on 2015)**



**94%** have policies and arrangements to help board members acquire and retain knowledge and understanding  
**(+58% on 2015)**

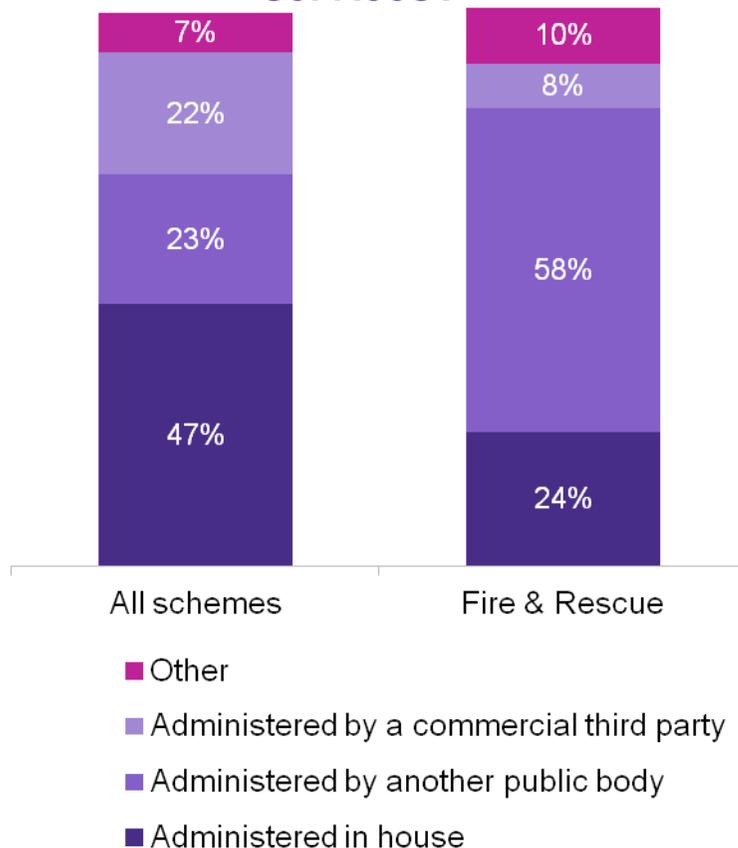
**44%** have documented procedures for assessing and managing risks  
**(+8% on 2015)**

**88%** have processes to monitor records for all membership types

Significant improvement in key processes around breaches of the law and training and knowledge. FPS still less likely to have some key processes in place than average, in particular around managing risks and maintaining contributions

# FPS administration

Which of the following best describes your administration services?

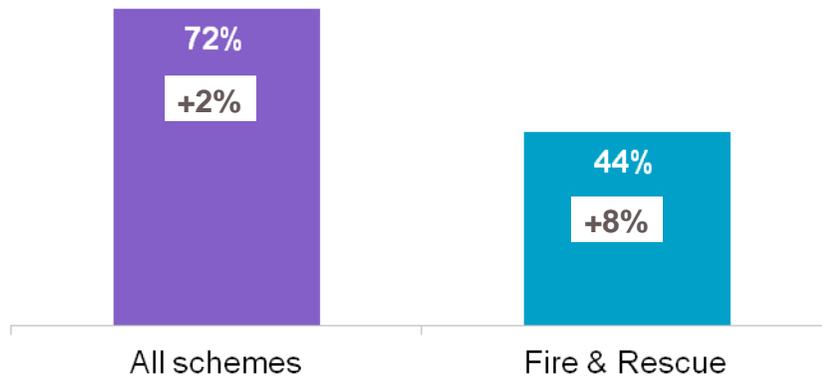


Administrator management		
Administrators attend regular meetings with SM or PB	82%	Small schemes (<1k memberships) less likely to have administrator controls/ monitoring procedures <ul style="list-style-type: none"> <li>• Meetings 64%</li> <li>• Reports 55%</li> <li>• Auditors 44%</li> <li>• Assurance 18%</li> </ul>
Administrators deliver regular reports to SM or PB	74%	
Independent auditors review performance	52%	
Administrators provide independent assurance reports	30%	Lower where in-house administrator (43%)
Performance metrics are set out in contracts or SLAs	64%	
Penalties are applied where term/standards not met	12%	Rarely used by PS schemes

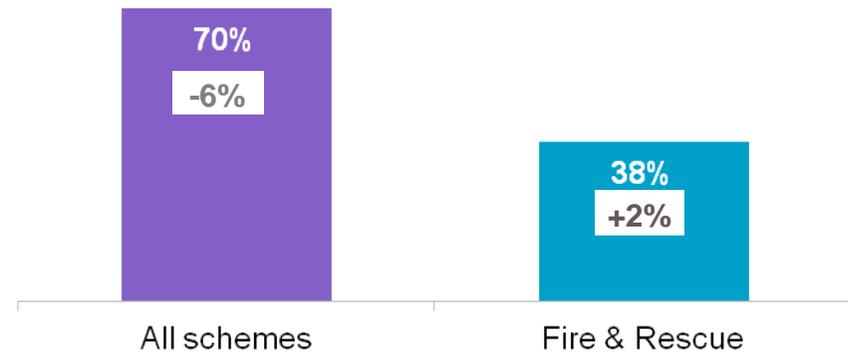
The majority of administration is outsourced (76%), in the main to LGPS. A high proportion use SLAs. Penalties are rarely used.

# FPS assessing and managing risk

Proportion of schemes that have  
“documented procedures for assessing  
and managing risk”



Proportion of schemes that have “a risk  
register”

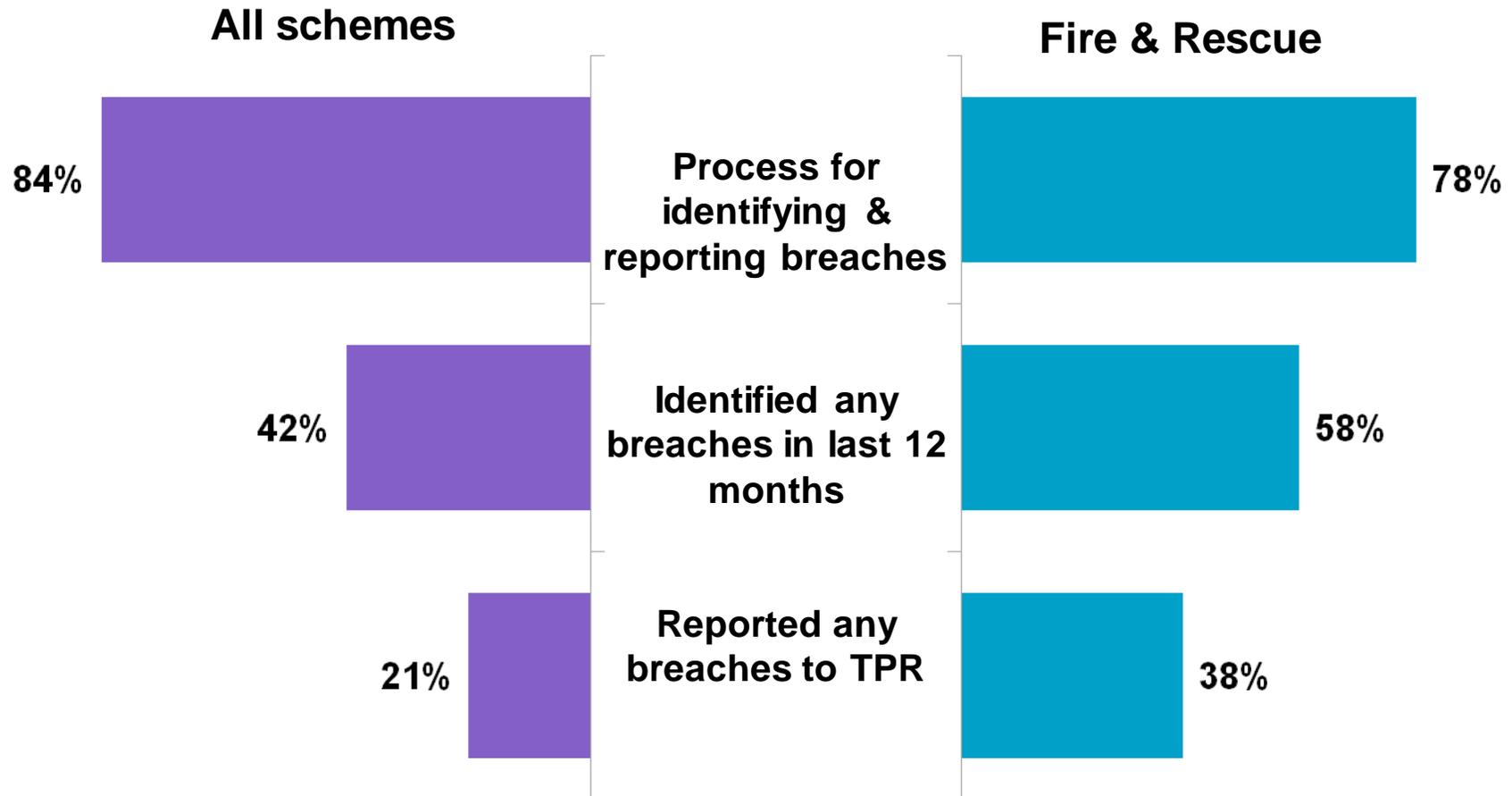


Fire & Rescue schemes are significantly less likely to have processes in place, or use a risk register

# Internal controls

- The scheme manager must establish and operate adequate internal controls to enable them to administer and manage their scheme in accordance with the scheme rules and the law
- Internal controls are systems, arrangements and procedures for:
  - scheme administration and management
  - monitoring that administration and management
- Includes:
  - managing risk
  - controls around administrators and employers (lessons from the National Audit Office report)
  - identifying and reporting breaches of the law

# Breaches of the law



FPS are more likely than average to identify or report breaches to the regulator

# Reporting breaches of the law

- Legal duty to report a breach of the law that is likely of material significance to TPR for:
  - scheme manager
  - pension board member
  - professional advisers
  - employers
  - administrators and others providing advice to the manager
- Reporters to determine if a breach has occurred based on reasonable cause and not a mere suspicion
- TPR provides example scenarios and RAG system for assessing scale of materiality by way of:
  - cause
  - effect
  - reaction
  - wider implications
- [www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf](http://www.tpr.gov.uk/docs/PS-reporting-breaches-examples-traffic-light-framework.pdf)

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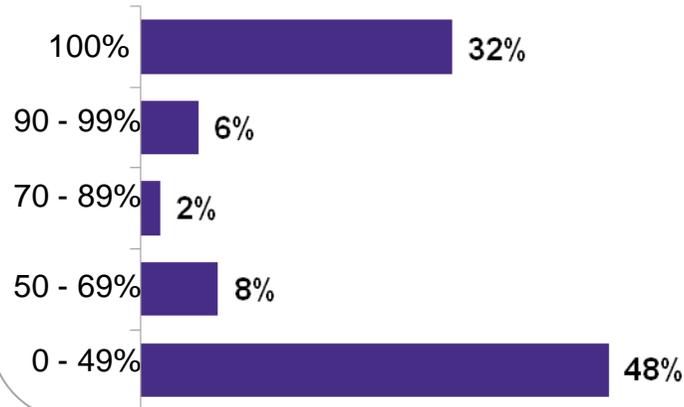
# Case study - s89 Teachers' Pension Scheme

- 2 breach of law reports in 2016 from administrator
- 43 employers failing to submit their End of Year Certificates (EOYCs) to the scheme manager by the legal deadline
- Administrator had made multiple contacts with each employer
- Our engagement:
  - we engaged with non-compliant employers
  - engagement identified a lack of knowledge and understanding by employers on EOYC submissions
  - all but one employer now compliant
  - the scheme manager removed the final employer from the scheme (the employer has now gone insolvent)
- For more detail:
  - [www.tpr.gov.uk/docs/regulatory-intervention-section-89-teachers.pdf](http://www.tpr.gov.uk/docs/regulatory-intervention-section-89-teachers.pdf)

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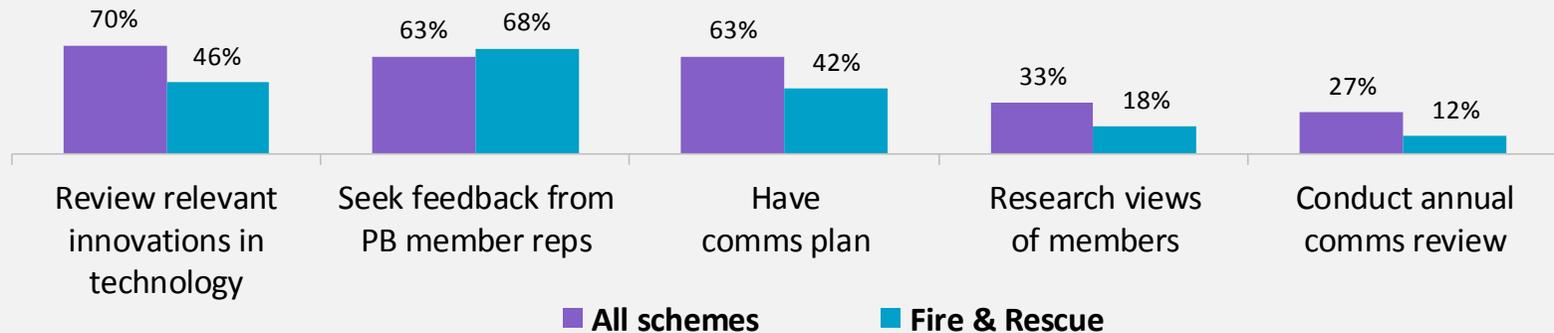
# FPS member communications - survey results

## Proportion of active members receiving annual benefit statement by statutory deadline



- Only a third of fire and rescue schemes reported that all members received their ABS on time
- 54% of memberships did not receive their ABS in time

## Tools/processes to improve effectiveness of member communications

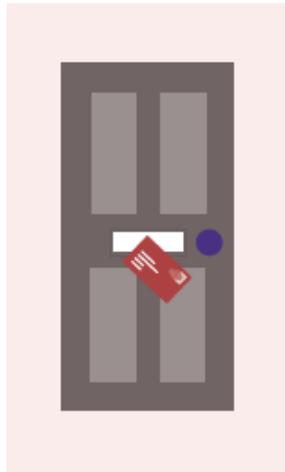


- **The larger the scheme, the more likely it is to use a range of tools to try and improve comms**

Over half of memberships did not receive their benefit statements in time. Fire and Rescue schemes less likely to have in place processes to improve member communications.

# Member communications

- New requirement to issue an annual benefits statement
- Lessons learnt from early local government pension scheme experience fed into a quick guide:
  - [www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf](http://www.tpr.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf)
- We expect schemes to tackle the issues faced in the early years and for the proportion of members who receive their statements on time to improve
- Good communications are not just timely and accurate, but also clear – many pension boards advise on this perspective



The Pensions  
Regulator

# Challenges ahead

- Guaranteed minimum pension reconciliation
- Dashboards
- General Data Protection Regulation
- Outcome of valuations



The Pensions  
Regulator

# What can pension boards do?

- Robust governance processes including clear roles and responsibilities
- Engage with the regulator's work
- Support the scheme manager:
  - assess risks, challenge and ensure plans are in place
  - focus on top 3 risks
  - look ahead – GMP, dashboards, GDPR
- Knowledge and understanding
  - TPR toolkit

## Useful links

- **Our website** [www.tpr.gov.uk/](http://www.tpr.gov.uk/)
- **Code of practice 14 - Governance and administration of public service pension schemes**  
[www.tpr.gov.uk/public-service-schemes/code-of-practice.aspx](http://www.tpr.gov.uk/public-service-schemes/code-of-practice.aspx)
- **Public service area**  
[www.tpr.gov.uk/public-service-schemes.aspx](http://www.tpr.gov.uk/public-service-schemes.aspx)
- **Public service - scheme self assessment toolkit** [www.tpr.gov.uk/public-service-schemes/assess-your-scheme.aspx](http://www.tpr.gov.uk/public-service-schemes/assess-your-scheme.aspx)
- **Public service - personal self assessment tool**  
<https://education.thepensionsregulator.gov.uk/login/index.php>
- **Guidance on pension scams** [www.tpr.gov.uk/pension-scams.aspx](http://www.tpr.gov.uk/pension-scams.aspx)
- **NAO report** [www.tpr.gov.uk/docs/vfm-review.pdf](http://www.tpr.gov.uk/docs/vfm-review.pdf)
- **Latest research** [www.tpr.gov.uk/public-service-schemes/research-and-analysis.aspx](http://www.tpr.gov.uk/public-service-schemes/research-and-analysis.aspx)
- **TPR Future** [www.tpr.gov.uk/about-us/protecting-workplace-pensions.aspx](http://www.tpr.gov.uk/about-us/protecting-workplace-pensions.aspx)

The Pensions  
Regulator

# Thank you

**We are here to help!**

**Request a guest speaker:**

<https://secure.thepensionsregulator.gov.uk/speaker-request.aspx>

**Contact us at:**

[www.tpr.gov.uk/contact-us.aspx](http://www.tpr.gov.uk/contact-us.aspx)

**Subscribe to our news by email:**

<https://forms.thepensionsregulator.gov.uk/subscribe.aspx>



**The information we provide is for guidance only and should not be taken as a definitive interpretation of the law.**

**The Pensions  
Regulator**

# Roles and Responsibilities



# Who's Who

## Pension Board



- Assist Scheme Manager
- Ensure Compliance
- Ensure efficiency & effectiveness of administration
- Advise on member communications
- Monitor complaints

## Scheme Manager

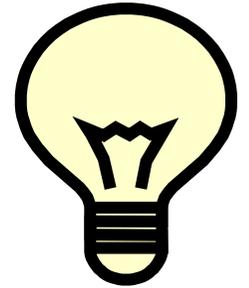


- Administer schemes
- Make scheme decisions
- Issue Communications
- Publish data
- Auditing
- IDRP

## Scheme Advisory Board



- Advise Secretary of State on request of desirability to change of scheme rules
- Cost Cap/Valuation
- Support LPB's
- Benchmarking
- Oversee standards
- Strategic communications



# Roles and Responsibilities

- Required by legislation to
  - Secure compliance with
    - (a) regulations and
    - (b) requirements imposed by the pensions regulator
  - To ensure the effective and efficient governance and administration of this scheme and any connected scheme
-

# Board Members Responsibilities

- Notify Scheme Managers of Conflict of Interest
  - Keep Code of Conduct
  - Report Breaches of Law
  - Gain knowledge and Understanding
  - Assist Scheme Manager
-

# Scheme Manager Responsibilities

- Benefits and the Payment of Benefits
  - Decisions and Discretions
  - Disclosure of Information
  - Record Keeping
  - Internal Controls
  - Internal Dispute Resolution
  - Report Breaches of Law
  - Statements, Reports and Accounts
-

# Conflicts of interest

- A conflict of interest = a **financial** or other interest ...
  - ...which is likely to **prejudice** a person's exercise of functions as a **member of the pension board**.
- Doesn't include an interest arising merely by virtue of that person being a member of the scheme\*

# Managing Conflicts

- Opening agenda item
  - Publish register of interest
  - Agree and document a conflicts policy
  - Code of conduct, Nolan principles
-

# Reporting breaches

- Who reports? - **everyone** connected with the scheme
- When they have reasonable cause to believe there has been a breach that is likely to be of material significance to the regulator
- What is of material significance to us can be considered from 4 aspects:

1. Cause	Dishonesty, poor governance, poor advice
2. Effect	If the matter appears to be the effect of non-compliance with PSPA2013, poor administration, inaccurate payments or theft
3. Reaction to the breach	If there has not been action to deal with it
4. Wider implications	If the breach suggests wider undetected problems

# Reporting breaches

	Potential investigation outcomes			
	Cause	Effect	Reaction	Wider implications
<b>Red</b>	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours  The scheme manager does not take appropriate action to address the failing in relation to conflicts	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed
<b>Amber</b>	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager
<b>Green</b>	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

# Cause

## Red

Pension Board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies

## Amber

Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements

## Green

Pension board members have isolated gaps in their knowledge and understanding

# Effect

## Red

A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly

## Amber

Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law

## Green

The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits

# Reaction

## Red

Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/noncompliant entrenched behaviours.  
The scheme manager does not take appropriate action to address the failing in relation to conflicts

## Amber

The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits

## Green

Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach

# Wider implications

## Red

It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed

## Amber

It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager

## Green

It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

# Breaches of the law – it's not just about reporting

## Procedure

- Referral to appropriate person
- Clarify the facts
- Clarify the law
- Consider the significance
- Consideration of difficult cases
- Timeframe
- Recording



## Examples

### Legal failures:

- Late notification of benefits
- Errors in calculations
- Late payment of employer contributions
- Late notifications from employers



# Knowledge and Understanding



## Legal requirement of Section 248A of the Pensions Act 2004

- Must be conversant with:
    - the rules of the scheme, and
    - any document recording policy about the administration of the scheme.
  - Must have knowledge and understanding of:
    - the law relating to pensions, and
    - any other matters which are prescribed in regulations.
  - The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board
-

# Knowledge and Understanding Top Tips

- Designate a person responsible
  - Establish and maintain policies and arrangements for knowledge and understanding
  - Keep updated documents list
  - TPR toolkit recommended
  - Personalised training plan – regular skills/knowledge review
-

# Scheme Manager Responsibilities

- Benefits and the Payment of Benefits
  - Decisions and Discretions
  - Disclosure of Information
  - Record Keeping
  - Internal Controls
  - Internal Dispute Resolution
  - Report Breaches of Law
  - Statements, Reports and Accounts
-

# Scheme Discretions

- The regulations are written to determine that the scheme manager 'may' do certain things.
  - It is a scheme manager responsibility to make decisions
-

# Scheme Discretion Examples

- [\[2015: 5\(2\)\]](#) The power to delegate the scheme manager function
  - [\[1992: B7\(5A\)\]](#) the power to allow full quarter commutation for those with over 25 years service and aged over 50 years
  - [\[2015: 62\]](#) To allow employer initiated retirement
  - [\[2015:68\]](#) Must have a policy on Ill Health reviews
-

# Scheme Discretion Examples

- [\[2015: 111\(2\)\]](#) Contributions during absence from work due to illness, injury, trade dispute or authorised absence
  - [\[2006, Part 3, 7B\]](#) Discretion to allow certain benefits to be pensionable under an ‘Additional pension benefit’
-

# Providing information to members and others

## Key elements

The Disclosure Regulations 2013 set out the information which must be given under certain circumstances, the timescales for providing such information and the methods that may be used.

Basic information about the scheme and the benefits it provides must be disclosed to a prospective member (if practicable) or a new member.

- Where the manager has received jobholder information = within a month of the jobholder information being received.
- Where they have not received jobholder information = within two months of the date the person became an active member of the scheme.



Managers must provide confirmation that members may request further information and the postal and email addresses for queries.

Carry out a tracing exercise to locate lost members and ensure up-to-date data.

Provide information within 2 months of the request being made, (except where already provided in the last 12 months).

Clear and simple to understand information, as well as accurate and easily accessible.

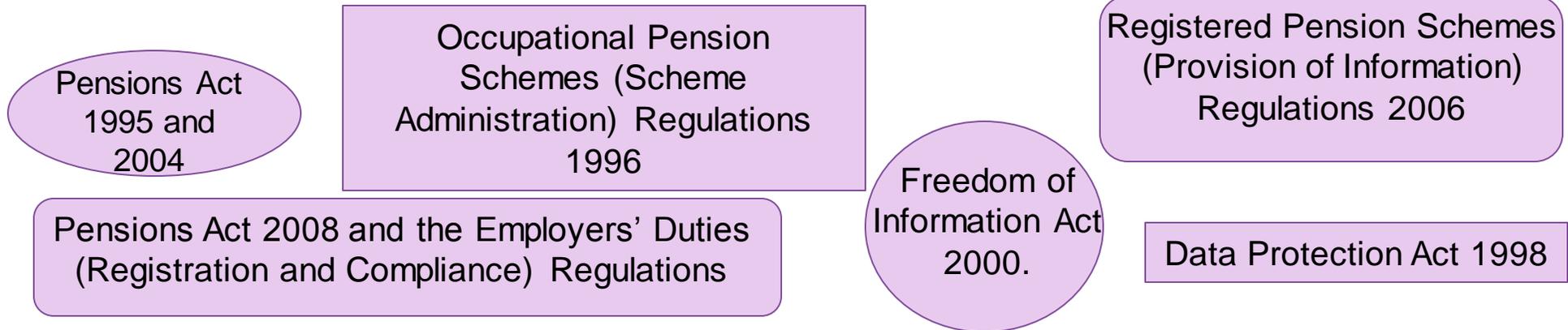
Specific requirements if putting information on website

# Maintaining accurate member data

## Legal requirements

- Scheme managers must keep records of information relating to:
  - scheme member information
  - transactions
  - pension board meetings and decisions
- Also:

Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations').



- Schemes should be able to demonstrate that they keep records in accordance with these and any other relevant legal requirements.



**Remember!**

## Section 6 – Pension Board Info

requires the scheme manager to publish information about the pension board:-

*(1)The scheme manager for a scheme under section 1 and any statutory pension scheme that is connected with it must publish information about the pension board for the scheme or schemes (and keep that information up-to-date).*

*(2)That information must include information about—*

*(a)who the members of the board are,*

*(b)representation on the board of members of the scheme or schemes, and*

*(c)the matters falling within the board's responsibility.*

# What might be published?

- Specific roles and responsibilities of individual members
  - Other positions held
  - Who they represent (Chair, EEs, ERs)
  - Terms of Reference
  - Agendas / Minutes
  - Board Papers
-

# Resolving disputes

## Legal requirements

Provide info about:

- Internal Dispute Resolution Procedure (IDRP)
  - The Pensions Advisory Service (TPAS)
  - Pensions Ombudsman
- to certain people at certain stages

IDRP must state:

- How to make an application
- The particulars to be included in an application
- How decisions are reached and given
- A reasonable period within which applications must be made.

Decision made within a **'reasonable period'** of receiving application



Applicant must be notified of the decision within a **'reasonable period'**.

Matters may first be referred to a **'specified person'**

“Exempted disputes”:

- Where proceedings have commenced in any court or tribunal,
- Where the Pensions Ombudsman has commenced an investigation

## **Scheme Advisory Board**



## **Role of the S.A.B.**

- **To provide advice, on request, to the Secretary of State on the desirability of making changes to the Firefighters' Pension Schemes**
- **To provide advice to Scheme Managers and Local Pension Boards in relation to the effective administration and management of the Firefighters' Pension Schemes**
- **To, where appropriate, offer advice to the Secretary of State in relation to matters not constituting a request.**

## **Over-arching practical functions**

- **To ensure that Scheme members pensions are paid accurately and on time.**
- **To monitor Scheme costs in order to prevent a breach of the Cost Cap.**

## **How the S. A. B. is dealing with its functions**

- **The Chair (Malcolm Eastwood), and LGA (Clair Alcock and Claire Hey) engagement through attending LPB meetings and pension-related events.**
- **Standing sub-committees have been formed to look at and monitor specific areas: -**
  - **Cost management and effectiveness**
  - **Administration and Benchmarking**
  - **Effectiveness of local pension boards**

## **Current Priorities**

- **2016 Scheme Valuation**
  - **Valuation assumptions**
  - **Treatment of past service costs**
    - **Milne v GAD commutation payments**
    - **18-20 contributions refunds**
    - **Modified RDS Scheme costs**
    - **Identifying any additional costs**
  - **Avoiding or minimising impacts on employer contributions and the Cost Cap**

## **Current Priorities**

- **Effectiveness of administration arrangements with regard to: -**
  - **Cost**
  - **Quality of service**
  - **Development, maintenance and retention of specialised skills and knowledge**
  - **Scale of provision, i.e. Local, regional national**

## **Current Priorities**

- **Assisting Local Pension Boards with: -**
  - **Regulatory compliance**
  - **Understanding of role**
  
- **Assisting Scheme Managers and administrators with: -**
  - **Regulatory compliance**
  - **Consistency of decision-making**

## **Current Priorities**

- **Building relationships: -**
  - **With Local Pension Boards**
  - **With Scheme Managers**
  - **With the Home Office**
  - **With The Pensions Regulator (TPR)**
  - **With other public Sector Pension Schemes**
  - **With any other relevant bodies**

## **Current Concerns**

- **Pensions Dashboard**
- **Inconsistent definition of pensionable pay**
- **Reliability of payroll information used for pension purposes**
- **Resources available for fire pensions administration**
- **Scheme valuation and past service costs**

## **Intended actions by the Board**

- **Continued interaction with Local Pension Boards**
- **Production of advice and guidance to control Scheme costs and comply with legislative requirements.**

## **However ...**

- **More information is required in order to develop specific advice / guidance**
- **Requests for data will, so far as possible, be kept to a minimum – your assistance will be appreciated.**



## Public Service Governance and Administration Survey 2016

		Fire	Police	LGPS	Other
1	Survey response rate	98%	76%	90%	100%
2	Conflicts policy and procedure for pension board members	80%	71%	85%	100%
3	Register of interests	86%	74%	87%	100%
4	Knowledge and Understanding arrangements	94%	89%	93%	100%
5	Frequency of scheme manager attendance at pension board meetings	68%	43%	86%	82%
6	Procedures for assessing and managing risk	44%	51%	92%	91%
7	Risk register	38%	51%	91%	91%
8	Where risk management procedures have contributed significantly to new or revised internal controls	14%	28%	29%	20%
9	Where administration is delivered in-house	24%	20%	73%	36%
10	Employers providing timely, accurate and complete data	58%	63%	7%	9%
11	Data review within the last 12 months	68%	77%	83%	100%
12	Data review covering both before and after 1 April 2015	68%	61%	76%	91%
13	Where data review identified any issues or problems	45%	52%	66%	100%
14	All annual benefit statements received by statutory deadline	32%	54%	45%	36%
15	Average number of complaints entering IDRPs	48%	44%	38%	60%
16	Procedures in place to identify, assess and report breaches of the law to TPR	78%	69%	91%	100%
17	Proportion that had identified any breaches of the law in the past 12 months	58%	11%	45%	64%
18	Proportion of reported breaches that were thought to be materially significant	38%	9%	15%	45%
19	Frequency of visiting TPR web site	60%	29%	61%	73%
20	Proportion judging TPR to be effective	82%	74%	85%	82%

# Areas for improvement?

	Fire	Police	LGPS	Other
Procedures for assessing and managing risk	44%	51%	92%	91%
Risk register	38%	51%	91%	91%
Where risk management procedures have contributed significantly to new or revised internal controls	14%	28%	29%	20%
All annual benefit statements received by statutory deadline	32%	54%	45%	36%

# Internal Controls

## Scheme Manager Engagement

- Can you identify who is the delegated scheme manager
- Does the scheme manager regularly attend board meetings?
- Does the chair of the board have regular meetings with the scheme manager
- Are there barriers to the above?

## Arrangements and Procedures for administration and scheme management

- Are they the same thing?
- Who is responsible for managing the scheme, does that include administration?

## Who monitors?

- Does the 'scheme manager' get reports
  - Does the scheme manager report to the Chief Fire Officer?
  - Does the chief report to the authority?
  - What escalation procedures are there?
-

# TPR Assessment Tool

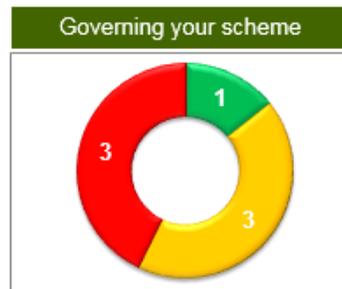
## Results

### Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

### A summary of your results



Percentage of questions answered: **88%**



Percentage of questions answered: **17%**



Percentage of questions answered: **13%**

# Managing risk – How are you doing?

	Governing your scheme	Managing risks and issues (internal controls)	Administration
Low			
Medium			
High			

---

# TPR – Example Risk Register

Public Service toolkit downloadable

Example risk register

Risk area 1 – Operations	Likelihood (1: least likely, 10: most likely)	Impact (1: least likely, 10: most likely)	Score (likelihood x impact)	Control	Owner	Test	Next review	Comment
Operational disaster (fire/flood etc)	1	6	6	Business continuity procedures in place for administrator	Scheme manager	Annual	Q1 Y2	Up-to-date business resiliency programme provided by administrator as at 01/01 Y2, reviewed by scheme manager at meeting in Q1 Y2
				Business continuity plans in place for scheme manager	Scheme manager	Annual	Q2 Y2	Documented programme in place to ensure continuity will be provided by pension finance manager to scheme manager in time for quarterly meeting in Q2 Y2
				Contracts with all advisers and suppliers are recorded on central database	Pension finance manager	Annual	Q1 Y3	Contracts held in hard copy in safe, and electronically in secure area of scheme management intranet. Checked by pension finance manager January Y2
Member data incomplete or inaccurate	5	7	35	Annual report from administrator, used as basis for rectification plan	Scheme manager	Annual	Q3 Y2	Initial rectification plan completed Q3 Y1. New report received from administrator at Q1 Y2 meeting, revised rectification plan agreed with administrator. To review progress at Q3 quarterly meeting
				'Not known at this address' returns from annual statements checked by tracing agency	Pension administrator	Annual	Q2 Y2	Details provided by administrator mid January Y2, passed to tracing agency at end of January. 25% traced by quarterly meeting in Q1, update will be provided to scheme manager for Q2 meeting
Administration process failure/ maladministration	4	8	32	Formal agreement in place with administrator, including SLAs	Pension finance manager	Annual	Q1 Y3	Last reviewed Q2 Y1, three year agreement
				Authority levels clearly agreed and kept up-to-date	Scheme manager	Annual	Q2 Y2	Last reviewed Q2 Y1
				Review independent audit reports of administrator's processes	Scheme manager	Annual	Q2 Y2	AAF01/06 held by administrator as at DD/MM/YYYY
				Ongoing dialogue with third party administrator	Pension administration manager	Ongoing	Q2 Y2	Weekly phone calls between pension administrator manager and third party administrator, plus ad hoc calls when necessary
				Written reports and quarterly presentations by administrator to scheme manager	Scheme manager	Quarterly	Q2 Y2	Next report from administrator due two weeks before quarterly meeting

[TPR - example](#)

[Fire example](#)

# Risks!

- Regulatory and compliance
    - Non compliance with TPR
    - Failure to interpret regulations
    - Failure to comply with disclosure requirements
    - Failure to communicate with scheme members
-

# Risks!

- Financial
    - Excessive Charges
    - Pension Fund accounting mistakes
    - Authority costs due to failure to apply scheme / tax rule correctly
    - Failure to deduct correct employee contributions
    - Fraud
-

# Risks!

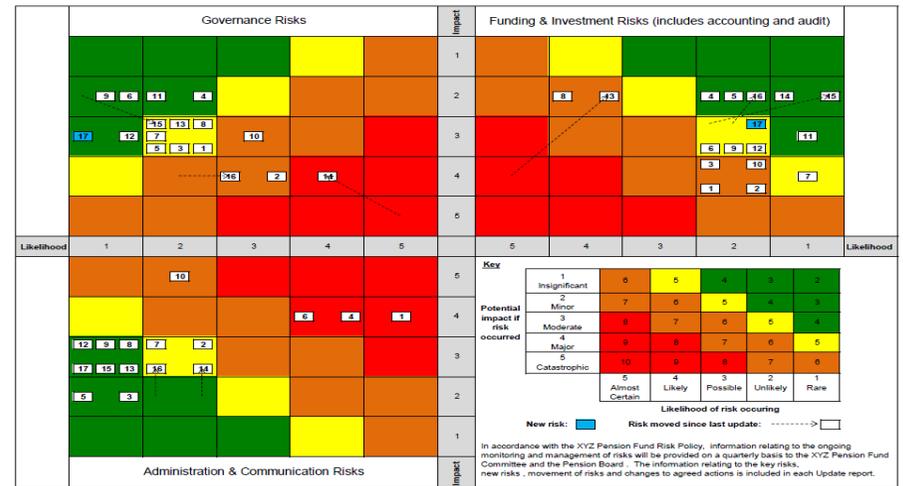
- Operational
    - Member Data
    - Administrative failures
    - Premises
    - Software failure/ corruption
    - Workforce planning
-

# Risks and Internal controls – best

## practice

- Review of compliance with TPR Code of Practice
- Review of risk management policy
- Review of risk register
- Review of administration processes

All Fund Risk Heat Map and Summary of Governance Risks



Summary Dashboard

A dashboard showing the summary of the results of the latest compliance checklist is shown below:

No.	Completed	Compliant
<b>Reporting Duties</b>		
A1	Fully completed	Fully compliant
A2	Not yet relevant	Not yet relevant
A3	Fully completed	Fully compliant
A4	Fully completed	Fully compliant
<b>Knowledge and Understanding</b>		
B1	Fully completed	Fully compliant
B2	Fully completed	Fully compliant
B3	Not yet relevant	Not yet relevant
B4	Not yet relevant	Not yet relevant
B5	Not yet relevant	Not yet relevant
B6	Not yet relevant	Not yet relevant
B7	Fully completed	Fully compliant
B8	Not yet relevant	Not yet relevant
B9	Not yet relevant	Not yet relevant
B10	Not yet relevant	Not yet relevant
B11	Not yet relevant	Not yet relevant
B12	Not yet relevant	Not yet relevant
<b>Conflicts of Interest</b>		
C1	Fully completed	Fully compliant
C2	Not yet relevant	Not yet relevant
C3	Not yet relevant	Not yet relevant
C4	Not yet relevant	Not yet relevant
C5	Fully completed	Fully compliant
C6	Not yet relevant	Not yet relevant
C7	Not yet relevant	Not yet relevant
C8	Not yet relevant	Not yet relevant
C9	Not yet relevant	Not yet relevant
C10	Fully completed	Fully compliant
C11	Not yet relevant	Not yet relevant
<b>Publishing Information</b>		
D1	Not yet relevant	Not yet relevant
D2	Not yet relevant	Not yet relevant
D3	Not yet relevant	Not yet relevant
D4	Not yet relevant	Not yet relevant
<b>Risk and Internal Controls</b>		
E1	Fully completed	Fully compliant
E2	Fully completed	Fully compliant
E3	Fully completed	Fully compliant
E4	Fully completed	Fully compliant
E5	Fully completed	Fully compliant
E6	Not yet relevant	Not yet relevant
E7	Fully completed	Fully compliant
E8	Fully completed	Fully compliant
<b>Maintaining Accurate Member Data</b>		
F1	Fully completed	Fully compliant
F2	Fully completed	Fully compliant
F3	Fully completed	Fully compliant
F4	Not yet relevant	Not yet relevant
F5	Not yet relevant	Not yet relevant
F6	Fully completed	Fully compliant
F7	Fully completed	Fully compliant
F8	Fully completed	Partially compliant
F9	Fully completed	Fully compliant
F10	Partially completed	Partially compliant
F11	Fully completed	Fully compliant
<b>Maintaining Contributions</b>		
G1	Fully completed	Fully compliant
G2	Fully completed	Fully compliant
G3	Fully completed	Partially compliant
G4	Fully completed	Fully compliant
G5	Fully completed	Partially compliant
G6	Fully completed	Fully compliant
G7	Fully completed	Employers - Partially compliant
G8	Fully completed	Not yet relevant
G9	Fully completed	Fully compliant
<b>Providing Information to Members and Others</b>		
H1	Fully completed	Employers - Partially compliant
H2	Not yet relevant	Not yet relevant
H3	Fully completed	Fully compliant
H4	Fully completed	Partially compliant
H5	Fully completed	Fully compliant
H6	Fully completed	Fully compliant
<b>Internal Dispute Resolution</b>		
I1	Fully completed	Fully compliant
I2	Fully completed	Fully compliant
I3	Fully completed	Fully compliant
I4	Fully completed	Fully compliant
I5	Fully completed	Fully compliant
I6	Fully completed	Partially compliant
I7	Fully completed	Partially compliant
I8	Fully completed	Fully compliant
I9	Fully completed	Fully compliant
<b>Reporting Breaches</b>		
J1	Fully completed	Partially compliant
J2	Fully completed	Fully compliant
J3	Fully completed	Partially compliant
<b>Scheme Advisory Board Requirements</b>		
K1	Fully completed	Fully compliant
K2	Not yet relevant	Not yet relevant
K3	Fully completed	Fully compliant
K4	Fully completed	Fully compliant
K5	Not yet relevant	Not yet relevant
K6	Not yet relevant	Not yet relevant
K7	Not yet relevant	Not yet relevant
K8	Fully completed	Fully compliant
K9	Not yet relevant	Not yet relevant
K10	Not yet relevant	Not yet relevant
K11	Fully completed	Fully compliant
K12	Not yet relevant	Not yet relevant
K13	Not yet relevant	Not yet relevant
K14	Not yet relevant	Not yet relevant
K15	Fully completed	Fully compliant

# Reporting and recording breaches

	Potential investigation outcomes			
	Cause	Effect	Reaction	Wider implications
<b>Red</b>	Pension board members have failed to take steps to acquire and retain the appropriate degree of knowledge and understanding about the scheme's administration policies	A pension board member does not have knowledge and understanding of the scheme's administration policy about conflicts of interest. The pension board member fails to disclose a potential conflict, which results in the member acting improperly	Pension board members do not accept responsibility for their failure to have the appropriate knowledge and understanding or demonstrate negative/non-compliant entrenched behaviours  The scheme manager does not take appropriate action to address the failing in relation to conflicts	It is highly likely that the scheme will be in breach of other legal requirements. The pension board do not have an appropriate level of knowledge and understanding and in turn are in breach of their legal requirement. Therefore, they are not fulfilling their role to assist the scheme manager and the scheme is not being properly governed
<b>Amber</b>	Pension board members have gaps in their knowledge and understanding about some areas of the scheme's administration policies and have not assisted the scheme manager in securing compliance with internal dispute resolution requirements	Some members who have raised issues have not had their complaints treated in accordance with the scheme's internal dispute resolution procedure (IDRP) and the law	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	It is possible that the scheme will be in breach of other legal requirements. It is possible that the pension board will not be properly fulfilling their role in assisting the scheme manager
<b>Green</b>	Pension board members have isolated gaps in their knowledge and understanding	The scheme manager has failed to adhere precisely to the detail of the legislation where the breach is unlikely to result in an error or misunderstanding or affect member benefits	Pension board members take action to review and improve their knowledge and understanding to enable them to properly exercise their functions and they are making quick progress to address gaps in their knowledge and understanding. They assist the scheme manager to take prompt and effective action to remedy the breach	It is unlikely that the scheme will be in breach of other legal requirements. It is unlikely that the pension board is not fulfilling their role in assisting the scheme manager

# Breaches Policy

1. Identify

2. Assess

3. Record / Report

---

# Potential negative outcomes

- Censure by the Pensions Regulator (TPR) for non-compliance with the requirements of the Public Service Pensions Act 2013 and other primary legislation.
  - Findings against the authority by the Pensions Ombudsman.
  - Failure to fulfil financial responsibilities in accordance with Accounts and Audit (England) regulations 2011.
  - Overpayment or underpayment of pension amounts.
  - Incomplete data leading to valuation assumptions which could result in increased employer contributions.
  - Incorrect tax liabilities for the authority and scheme members.
-

# Key Documents

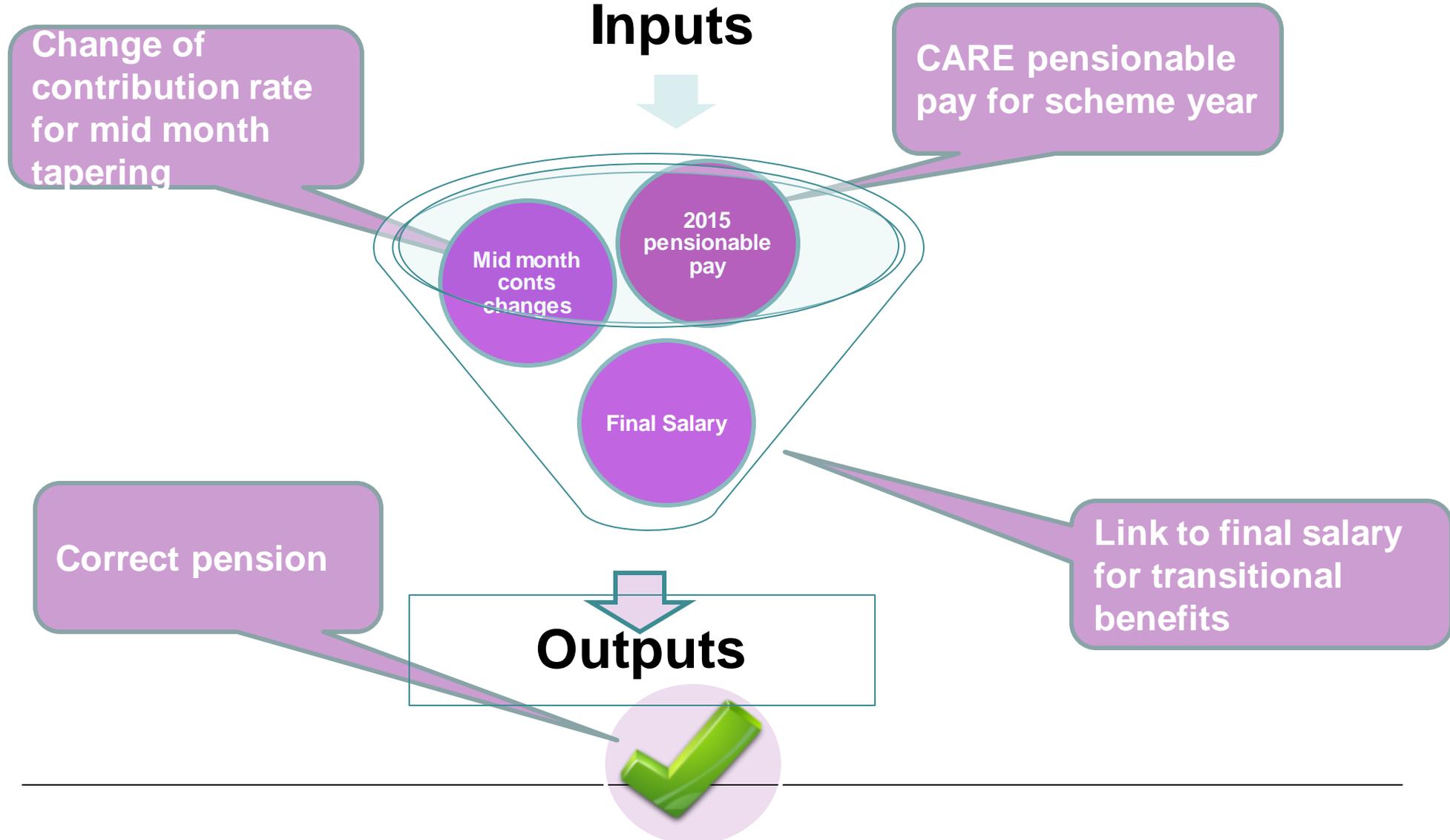
- Terms of Reference
  - Nomination and Selection Policy
  - Code of Conduct
  - Conflicts Policy
  - Knowledge and Understanding Policy
  - Recording and Reporting Breaches Policy
  - Training Plan
-

Pension Board Training Plan

LGA Induction Day					20/07/2015			
TPR E-Learning - Conflicts of Interest	22/07/2015		12/10/2015	19/08/2015	14/08/2015	28/07/2015	12/10/2015	17/08/2015
TPR E-Learning - Managing Risk and Internal Controls	22/07/2015		12/10/2015	19/08/2015	14/08/2015	28/07/2015	12/10/2015	17/08/2015
TPR E-Learning - Maintaining Accurate Member Data	22/07/2015		12/10/2015	19/08/2015	14/08/2015	30/07/2015	12/10/2015	17/08/2015
TPR E-Learning - Maintaining Member Contributions	22/07/2015		12/10/2015	19/08/2015	14/08/2015	30/07/2015	12/10/2015	17/08/2015
TPR E-Learning - Providing Information to members and others	22/07/2015		12/10/2015	19/08/2015	14/08/2015	30/07/2015	12/10/2015	17/08/2015
TPR E-Learning - Resolving Internal Disputes	22/07/2015		12/10/2015	19/08/2015	14/08/2015	30/07/2015	12/10/2015	17/08/2015
TPR E-Learning - Reporting Breaches of the law	22/07/2015		12/10/2015	19/08/2015	14/08/2015	30/07/2015	12/10/2015	17/08/2015
ECFRS Pension Board training session 4/9/15 (Overview of schemes)	04/09/2015	04/09/2015	04/09/15 & 08/10/15	04/09/2015	04/09/2015		08/10/2015	04/09/2015
ECFRS Pension Board training session 12/10/15 (Modified Scheme)		12/10/2015	12/10/2015	12/10/2015	12/10/2015		12/10/2015	

# Are you confident in your data?

## Inputs



## 2015 Scheme Pension Pot - Example

Date from	Date to	Account Balance	Reval rate	Opening Balance	Actual Pay	Pension Build Up	Closing Balance
01/04/2015	31/03/2016	£0.00		£0.00	£29,850	£500	£500
01/04/2016	31/03/2017	£500	2%	£510	£30,500	£510.89	£1020.89
01/04/2017	31/03/2018	£1020.89	2.6%	£1047.43	£32,000	£536.01	£1,583.44
01/04/2018	31/03/2019	£1,583.44	2%	£1615.11	£32,700	£547.74	£2,162.85
01/04/2019	31/03/2020	£2,162.85	4%	£2249.37	£33,600	£562.81	£2,815.18
01/04/2020	31/03/2021	£2,815.18	1%	£2840.30	£35,000	£586.26	£3426.57
01/04/2021	31/03/2022	£3426.57	3%	£3529.36	£35,900	£601.34	£4,130.70
01/04/2022	01/04/2023	£4,130.70	2%	£4213.32	£36,500	£611.39	£4,824.71

# Questions to ask?

## Mid Month Tapers

- Are pension boards comfortable they will comply with regulations and deduct contributions on time
- How will the changes be managed

## Pensionable Pay

- Are pension boards comfortable that 2015 pensionable pay can be identified.

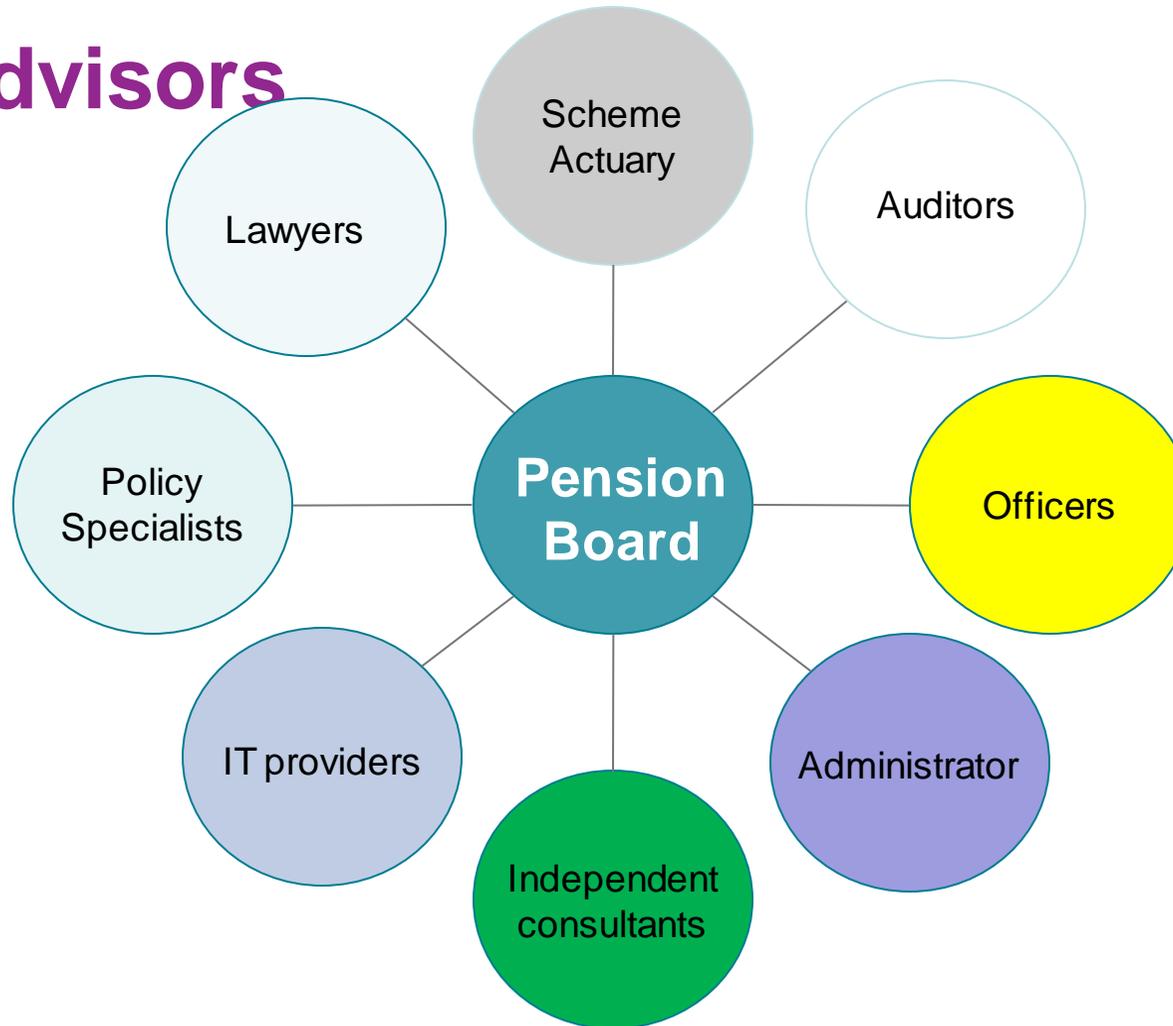
## Supplying data to the administrator

- Mid month contribution changes
  - CARE and Final Salary Pensionable Pay
  - APP for retirement and death cases
  - Final Pay
  - On time for valuation and annual benefit statement purposes
-

# Example agenda items

- [Self-Assessment Tool](#)
  - Progress of risk register
  - Reporting breaches
  - Processes for pension fund accounting
  - Status report on meeting ABS and reconciliation deadlines
  - Training log
  - Report from regional group
  - Report from members?
- 
- Barriers to being effective?

# Your advisors

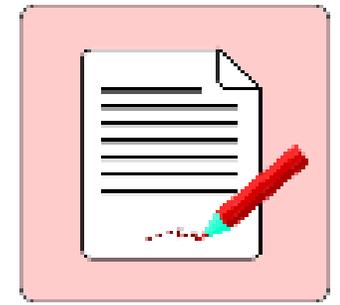


# Local Pension Board Forum

- Regulations
  - Guidance
  - Member Communications
  - Notices and Bulletins
  - <https://knowledgehub.local.gov.uk/group/firefighters-pension-scheme-local-pension-board-members-group-forum/forum>
-

# Scheme Membership

---



# New Starters - Eligibility

## Operational Staff – Firefighter’s Pension Scheme 2015

- Any person taking up employment as a firefighter with a Fire & Rescue Authority
  - Required to engage in firefighting
  - Role includes resolving operational incidents, or leading and supporting others in the resolution of such incidents.
-



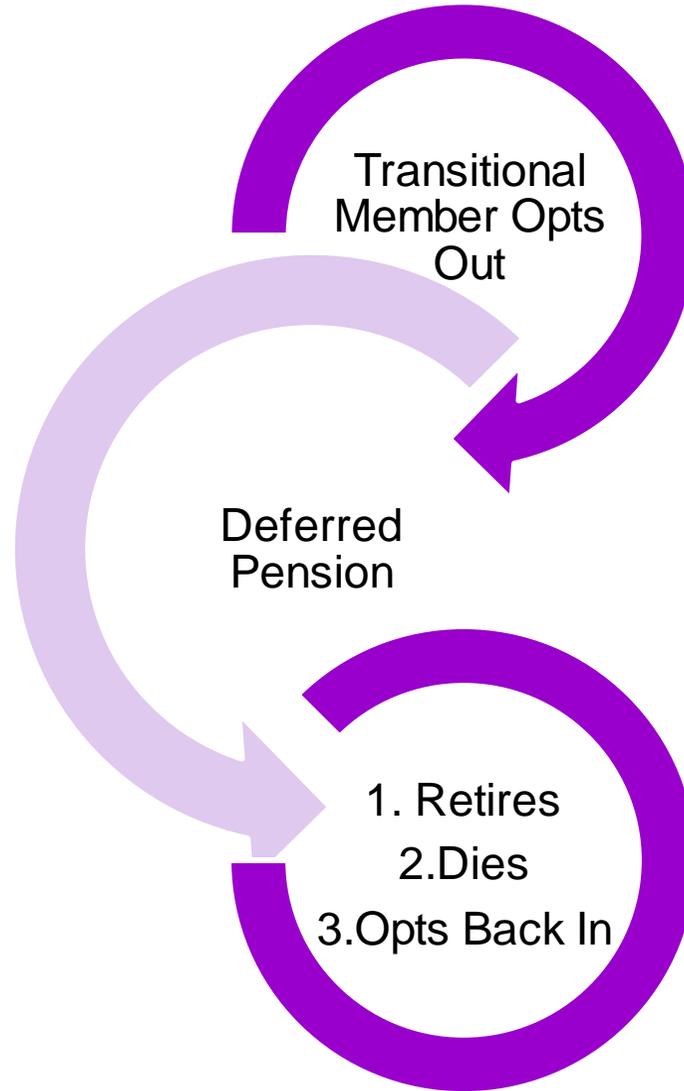
## New Starters – Eligibility

### Operational Staff – Firefighter's Pension Scheme 2015

Firefighters serving before 1 April 2015 will have been transferred compulsorily to FPS 2015 on 1 April 2015 unless they qualified as protected or tapered.

---

# Opt Out



# Who can Opt Out?

- A person can opt out of the pension by providing an opt out form.
- The opt out takes effect from the next available pay period

## **FPS 2015**

- If the person opts out within 3 months of joining their contributions are refunded via payroll

## **FPS MOD**

- If the person opts out and has not completed their periodical payments for buying back membership they will be credited with what they have bought.

## **FPS 1992 & FPS 2006**

- This no longer applies as the scheme is closed.
    - 1992 Scheme: Refund applied when opting out within 2 years
    - 2006 Scheme: Refund applied when opting out within three months
-

# Auto Enrolment

- Automatic enrolment is a government-led initiative to improve the national pension provision.
  - A person is employed by an organisation and earns more than £10,000 per annum, and is between the age of 22 and state pension age, they must be automatically enrolled into a qualifying pension scheme with effect from the organisations staging date.
  - The FPS is a qualifying schemes for Auto Enrolment purposes.
  - 3 years from staging date is the 're-enrolment date' where all employees must be assessed again.
  - Similarly, where an employee hits the criteria above from the first time they are auto-enrolled – even if they have previously opted out.
  - When is your next auto-enrolment date?
-

# Opting Back In

- > Five years
  - 2015 Pension Account is reactivated (Pension account during break will be revalued at CPI)
  - Final Salary benefit deferred
- < Five Years
  - 2015 Pension Account is reactivated (Pension account during break revalued as if the member has never left)
  - 1992 treated as deferred but final salary applies
  - 2006 reactivated as an active benefit
-

# Contributions Comparison

- Competent Firefighter £29,638

	FPS 1992	FPS 2006	Modified Scheme	FPS 2015
Employee Contribution Rate	14.2%	10.4%	14.2%	12.5%
Employer Contribution Rate	21.7%	11.9%	21.7%	14.3%

# FPS 2015 - Bands

	Contribution for FPS 2015 scheme members - April 2017	
£0 and up to £27,543		10.5%
Over £27,543 and up to £51,005		12.7%
Over £51,005 and up to £142,500		13.5%
Over £142,500		14.5%
	Contribution for FPS 2015 scheme members - April 2018	
£0 and up to £27,818		11.0%
Over £27,818 and up to £51,515		12.9%
Over £51,515 and up to £142,500		13.5%
Over £142,500		14.5%

# FPS 2006 - Bands

Bottom of range (Full Time Equivalent rate)	Top of range (Full Time Equivalent rate)	Contribution for FPS 2006 scheme members – 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018
£0	£15,454	8.5%
£15,454	£21,636	9.4%
£21,636	£30,909	10.4%
£30,909	£41,212	10.9%
£41,212	£51,515	11.2%
£51,515	£61,818	11.3%
£61,818	£103,030	11.7%
£1103,030	£123,636	12.1%
£126,636		12.5%

# FPS 1992 & FRS MOD - Bands

Bottom of range (Full Time Equivalent rate)	Top of range (Full Time Equivalent rate)	Contribution for FPS 1992 scheme members - 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018
£0	£15,454	11.0%
£15,454	£21,636	12.2%
£21,636	£30,909	14.2%
£30,909	£41,212	14.7%
£41,212	£51,515	15.2%
£51,515	£61,818	15.5%
£61,818	£103,030	16.0%
£103,030	£123,636	16.5%

# How much does the Employee Pay?

- Pension contributions by individuals and employers are exempt from tax.
  - Total contributions are subject to both an annual allowance and a lifetime allowance.
-

# How much does the Employer pay?

The Employer pays a percentage of a member's pensionable pay:-

FPS 1992	21.7%
FPS 2006	11.9%
FPS 2015	14.3%
FPS MOD	21.7%



This is a national rate set by the Government and reviewed after each Triennial Valuation conducted by the Government Actuaries Department. Next set to change from 1<sup>st</sup> April 2019

---

# Additional Pension

	FPS 1992	FPS 2006	Modified Scheme	FPS 2015
What can I buy?	Extra 60ths	Extra 60ths	Extra 45ths	Up to an extra £6,500 of annual pension
How do I pay?	Extra contributions through your pay, May be paid by lump sum within 12 months of joining			
What is the cost?	Tables prepared by actuary. Cost is determined by age and how much you want to buy.			
Who can buy extra	Anyone who could not achieve 30 years service before age 55, or who is 2 or more years to normal pension age or is not already leaving with an entitlement to a pension or ill-health award	Anyone who could not achieve 40 years service before age 60, or who is 2 or more years to normal pension age or is not already leaving with an entitlement to a pension or ill-health award	Anyone who could not achieve 30 years service before age 55, or who is 2 or more years to normal pension age or is not already leaving with an entitlement to a pension or ill-health award	Anyone who is 2 or more years to normal pension age or is not already leaving with an entitlement to a pension or ill-health award
Does it increase dependants benefits	Yes	Yes	Yes	Yes
Does the employer pay extra too?	No	No	No	No

# Scheme Benefits

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# How are benefits worked out



## Final Salary (1992, 2006, Modified)

- Final Pensionable pay (best of last 3 years) x membership / 60 = annual pension
- Can give up part of pension (max 25%) to provide a one off lump sum
- Revalued by CPI in retirement

## Career Average (2015)

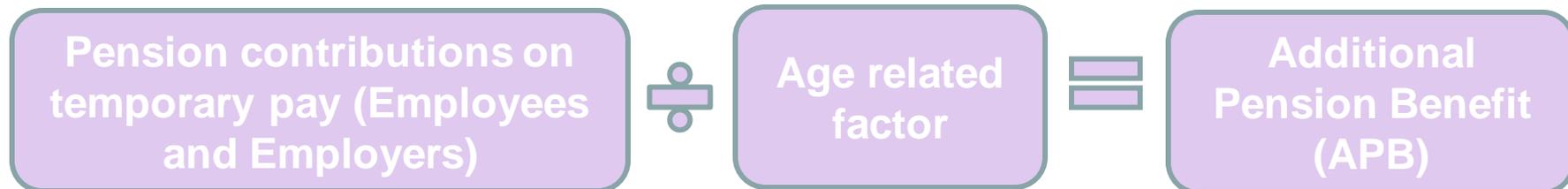
- Pensionable pay for each year / 59.7 = Accrued pension for that year.
  - Each year is increased by average weekly earnings
  - Can give up part of pension (max 25%) to provide a one off lump sum
-



# Additional Pension Benefits

## FPS 1992 & 2006

- Temporary pay and other temporary allowances which began after 1 July 2013 are not included in the final pensionable pay calculation.
- It is still pensionable but temporary pay provides an Additional Pension Benefits (APB)
- They are calculated as follows:-



# Double Accrual Guarantee

- Recognises the expectation to double accrual for members in the 'old' 1992 Fire scheme.
  - Pro Rata's the expected benefit
-

# The member

- A firefighter who joins the scheme at 1 April 1999 has 16 years service as at 31 March 2015
  - The firefighter then builds up a further 9 years of service in the 2015 scheme to age 55.
  - Total service = 25 years
  - So they would have had an expectation to pension calculated on 30/60ths
-

## An example...

- $(A \div 60) \times (B \div C) \times FS$

- $A = 30$

- $B = 16$  years in 1992 scheme

- $C = 25$

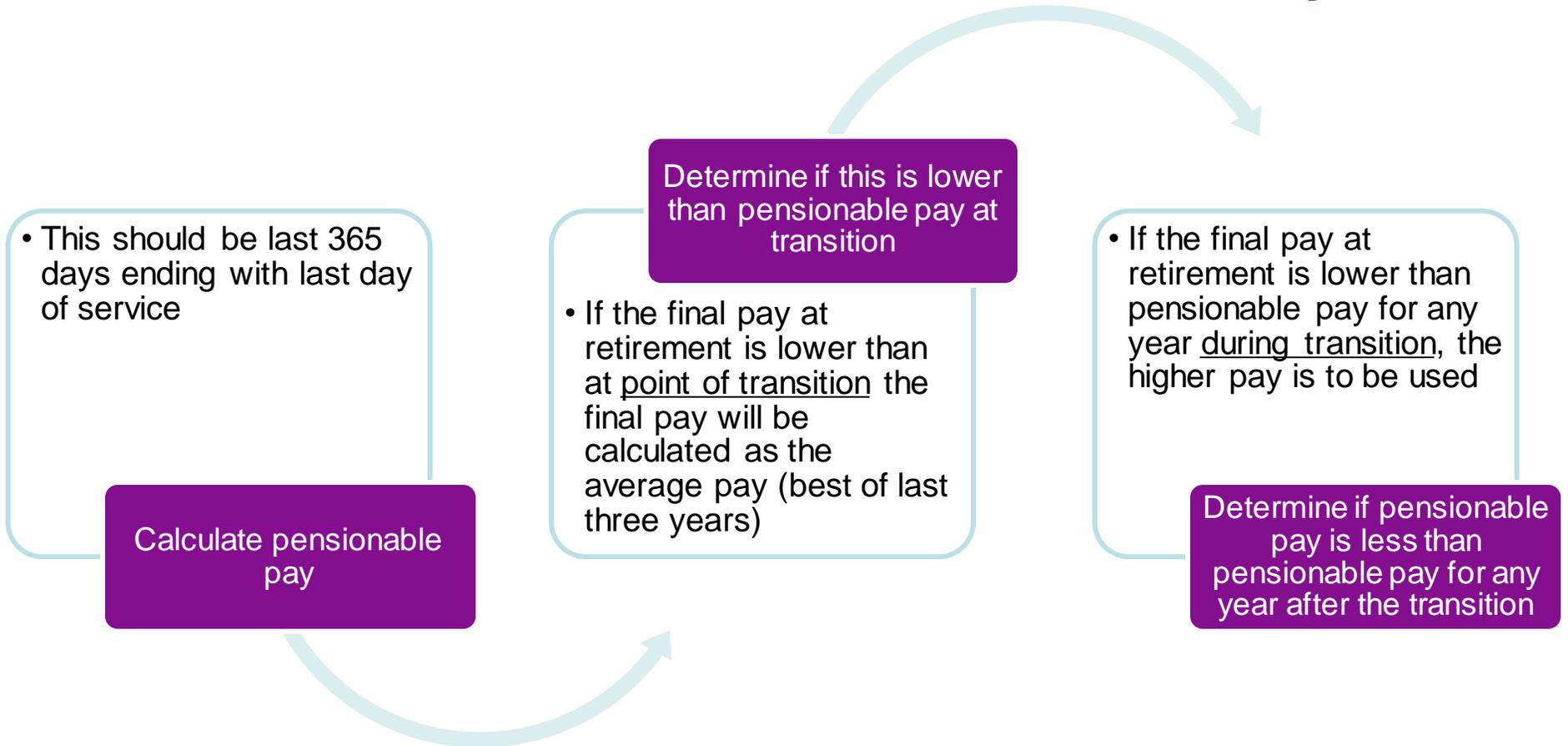
- $APP = \text{£}20000$



$$(30 \div 60) \times (16 \div 25) \times \text{£}20,000 = \text{£}6,400$$

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# Transition Members – Final Pay



## 2015 Scheme Pension Pot - Example

Date from	Date to	Account Balance	Reval rate	Opening Balance	Actual Pay	Pension Build Up	Closing Balance
01/04/2015	31/03/2016	£0.00		£0.00	£29,850	£500	£500
01/04/2016	31/03/2017	£500	2%	£510	£30,500	£510.89	£1020.89
01/04/2017	31/03/2018	£1020.89	2.6%	£1047.43	£32,000	£536.01	£1,583.44
01/04/2018	31/03/2019	£1,583.44	2%	£1615.11	£32,700	£547.74	£2,162.85
01/04/2019	31/03/2020	£2,162.85	4%	£2249.37	£33,600	£562.81	£2,815.18
01/04/2020	31/03/2021	£2,815.18	1%	£2840.30	£35,000	£586.26	£3426.57
01/04/2021	31/03/2022	£3426.57	3%	£3529.36	£35,900	£601.34	£4,130.70
01/04/2022	01/04/2023	£4,130.70	2%	£4213.32	£36,500	£611.39	£4,824.71

# Revaluation Order

- [Earnings order](#) 2016 was laid at 2%
  - [Earnings Order](#) 2017 was laid at 2.6%
  - To be applied to the value in the CARE account at a minute past midnight on 1st April
-

# Leaving before retirement age

	FPS 1992	FPS 2006	FPS MOD	FPS 2015
Refund on Contributions	If less than 2 years membership	If less than 3 months membership	N/A	If less than 3 months membership
Deferred Pension	If more than 2 years membership	If more than 3 months membership	If more than 1 days membership	If more than 3 months membership
Deferred Pension Age	Age 60	Age 65	Age 60	State Pension Age (min 65)
Can be paid early?	Yes on Ill Health grounds at any age	Yes from age 55 or ill health at any age	Yes on Ill Health grounds at any age	Yes from age 55 or ill health at any age

# Retirement

	FPS 1992	FPS 2006	Modified	FPS 2015
Earliest Retirement Age	From age 50 with over 25 years service*	55 (with reductions)	55	55 (with reductions)
Normal Retirement Age	55	60	55	60
Deferred Retirement Age	60	65	60	SPA
Accrual	60ths in 30 years	60ths in 40 years	45ths	1/59.7ths
Lump Sum Option	Age related commutation factors	Commute £1 of pension for £12 lump sum	Age related commutation factors	Commute £1 of pension for £12 lump sum

**\* Lump sum can be restricted to 2.25 \* pension**

## 2015 – Partial Retirement

- 2015 scheme allows members to take pension at age 55 without actually leaving their employment;
    - a reduction will apply,
    - could continue to build up more pension,
  - However, the 1992 scheme and the 2006 scheme require a member to fully retire in order to access benefits.
-

# Abatement

## FPS 1992/2006/MOD

- Pension will be subject to abatement where an employee retires and begins drawing their pension and is either:
    - re-employed by any Fire Authority in any capacity or
    - continues in the employment of a Fire Authority
  - Abatement to pension applies if the new salary, plus the pension they are in receipt of, is more than their salary they received while previously employed, then that excess amount is taken away from their pension whilst the member is re-employed.
  - Very important than anyone in receipt of a Firefighter pension who returns or continues to work for any Fire Authority in any capacity informs their FRA immediately.
-

# Re-employment – Loss of PPA

- Firefighters in the FPS 1992 are allowed to retire before age 55 because legislation gives them a protected pension age (PPA).
  - One of the reasons they can lose their PPA is if they retire and do not have the necessary break before they re-commence or **continue** employment with their FRA.
  - The necessary break is one month.
  - If they lost their PPA, the payment of the lump sum, plus every pension instalment, until they reach age 55 can be taxed up to 70%.
  - If someone is retiring under age 55, all employments must cease, otherwise the individual may lose their PPA (Includes retained service).
-

# Re-employment Conditions

- the member not re-employed until at least 6 months after they became entitled to their benefits under the scheme
  - the member is re-employed within 6 months but after a break of at least 1 month but the pension scheme is a public service pension scheme and the member's benefits under the scheme include a scheme pension which is liable, until at least attaining age 55, to abatement whilst the member is so employed
  - the member is employed within 6 months but after a break of at least 1 month in an employment(s) which is(are) materially different in nature from the employment in which the member was employed immediately before becoming entitled to their benefits.
-

## Ill Health Retirement from work



- Permanently incapable of performing the role due to ill health and ..... continue to be until normal pension age = Lower tier award
- Lower tier award is the pension accrued to the date of leaving without any early retirement reduction.
- Permanently incapable of performing any regular employment due to ill health and will continue to be until normal pension age = higher tier award including lower tier award

These awards are by determination by an Independent Qualified Medical Practitioner.

**There is a cost to the FRA (payable to the Pension Fund account) for ill health retirements.**

---



# Ill Health Retirement from deferred

## FPS 1992

- Permanently incapable of performing the duties of the former role due to ill health and will continue to be until normal pension age.
- Deferred pension comes into payment.

## FPS 2006/MOD/2015

- Permanently incapable of performing regular employment due to ill health and will continue to be until normal pension age.
- Deferred pension comes into payment.

These awards are by determination by an Independent Qualified Medical Practitioner.

**There is a cost to the FRA (payable to the Pension Fund account) for ill health/deferred retirements.**

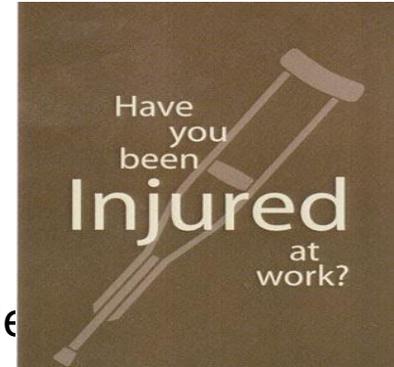
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# Retirement - Injury

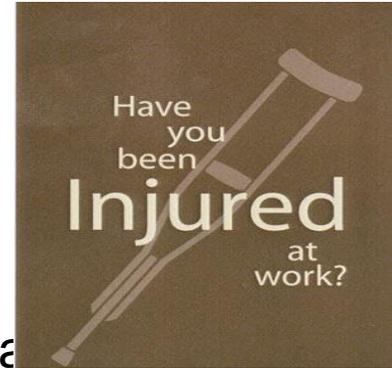
## Firefighter Compensation Scheme – Service Injury

- A firefighter can receive injury benefits if they are permanently disabled by a ‘qualifying injury’.
- A ‘qualifying injury’ is:
  - an injury received by a person without his or her own default
  - in the exercise of his/her duties as a firefighter
  - unless it is wholly/mainly due to their own “serious and culpable negligence or misconduct”.
- Permanent disablement means “incapacity, occasioned by infirmity of mind or body, for the performance of duty” and which will continue at least to normal pension age (i.e. to age 55)
- **Note** – The Firefighter does not need to be a member of a Firefighter Pension Scheme to receive an Injury award.

**The cost of the Injury Pension/Gratuity is met by the FRA not the Pension Scheme**



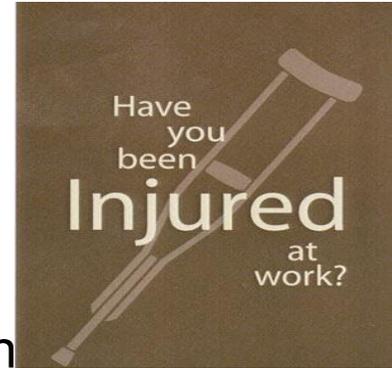
# Retirement – Injury Gratuity



The injury gratuity is a lump sum based on a percentage of “average pensionable pay”. The percentage is decided according to the degree of disablement as follows:

Degree of Disablement	Gratuity
Slight Disablement (25% or less)	12.5% of average pensionable pay
Minor Disablement (more than 25% but not more than 50%)	25% of average pensionable pay
Major disablement (more than 50% but not more than 75%)	37.5% of average pensionable pay
Severe disablement (more than 75%)	50% of average pensionable pay

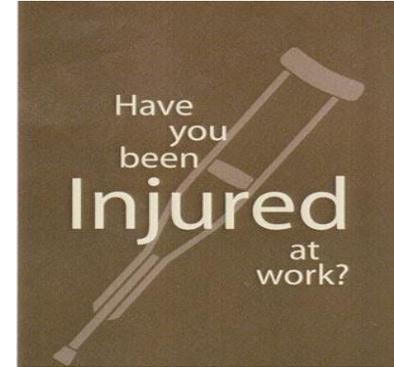
# Retirement – Injury Pension



The injury pension is based on a percentage of “average pension pay”. The percentage is decided according to the degree of disablement and service as follows:

Degree of Disablement	Less than 5 years	5 or more but less than 15 yrs	15 or more but less than 25 yrs	25 years or more
Slight Disablement (25% or less)	15%	30%	45%	60%
Minor Disablement (more than 25% but not more than 50%)	40%	50%	60%	70%
Major disablement (more than 50% but not more than 75%)	65%	70%	75%	80%
Severe disablement (more than 75%)	85%	85%	85%	85%

# Retirement – Injury Pension



The injury pension is reduced by:

- 75% of any pension paid under the Firefighter Pension Scheme;
  - In the case of an optant out, 100% of any pension which would have been paid under the Firefighter Pension Scheme had the firefighter been a member.
  - State benefits which relate to the injury. The deductible benefits change from time to time.
-

# Life Cover

	FPS 1992	FPS 2006	FPS MOD	FPS 2015
Death in Service lump sum?	2 x pensionable salary	3 x pensionable salary	2 x pensionable salary	3 x pensionable salary
Death in deferment lump sum?	No	No	No	No
Death on pension lump sum?	No	5 x pension less that already paid	No	5 x pension less that already paid
Death grant paid to?	Spouse/Civil Partner or to estate	Nominees or at FRA discretion if no nominee	Spouse/Civil Partner or to estate	Nominees or at FRA discretion if no nominee
Pensions paid to Spouse/Civil Partner?	Yes	Yes	Yes	Yes
Pensions paid to cohabiting partner?	No	Yes – if nominated	Yes – if nominated	Yes

# Update on current and future issues

---

# Current/Future Issues

- Employer duty to provide information on tax
  - Annual allowance and lifetime allowance tax changes
  - Scheme Reconciliation
  - Annual Benefit Statements
  - Brewster
  - Walker
  - Exit Cap
  - Dashboards
-

# PPA - Ombudsman

- [Ombudsman's Determination PO-7096](#)
  - Employer of a member with a PPA should have provided information about the possible adverse tax consequences of becoming re-employed after starting to receive his pension.
-

# Protected Pension Age (PPA)

- Only applies to those under age 55.
  - In 2010, changes to the Finance Act 2004 changed the normal minimum pension age from 50 to 55. Firefighters (and Police Officers) were given a protected pension age, meaning they could still retire early under the rules BUT that if they were re-employed unless they satisfied the employment conditions the benefits paid to them could become unauthorised payments and they would face a tax bill.
  - Tax bill could be taxation of lump sum, plus every pension instalment, until they reach age 55 up to 70%.
-

## Other effects

- The effect of the determination is that Pension Boards and Scheme Managers should ensure that information on important tax changes is provided to employees who are or may be affected by them.
  - This is not just in relation to protected pension ages, but with regards possible tax charges that may be applied on exceeding annual allowance or lifetime allowances
  - [Link](#) to Eversheds document this view was based on:
-

# Taxation Changes

- Lifetime Allowance
  - Annual Allowance
    - Pension Input Periods
    - Tapered between £40,000 & £10,000
-

# Lifetime allowance

	<b>Lifetime Allowance Limit</b>
2006	£1.5 million
2011	£1.8 million
2013	£1.5 million
2014	£1.25 million
2016	£1 million

---

## Lifetime allowance

- The LTA is being reduced from £1.25m to £1m from 6 April 2016.
  - Protection against this reduction will be available for members who've already built up large pensions in the Firefighters' Pension Scheme and elsewhere.
-

# Lifetime allowance

- HMRC have produced three messages for
    - Scheme Members
    - Scheme Administrators
    - Independent Financial Advisors
  - These are available on line on the [knowledge hub](#) and also in appendix 1 of the [pension schemes newsletter 74](#).
-

# Lifetime allowance

- **Employer Responsibilities**
  - Communication to employees.
  - Let members know that lifetime allowance protection regimes will be available to protect their pension savings.
-

# Annual Allowance

- Introduction of Tapered annual allowance between £40,000 and £10,000 for people with 'adjusted income' more than £150,000 for the 2016/17 tax year onwards.
-

# Tapered Annual Allowance

- Applies to those with an adjustable income of over £150K.
  - Reduces the individual's Annual Allowance by £1 for every £2 that the individual's adjusted income exceeds £150K, to a maximum of a £30K reduction.
  - Individuals with a threshold income of less than £110k will be exempt from the changes
-

# Annual Allowance –

## Employer Responsibilities

- Provide a pension savings statement by the 6<sup>th</sup> October following the end of the tax year for employees who exceed their annual allowance of £40k.
-

# Employer Responsibilities

- Under regulation 15A of the Registered Pension Schemes (Provision of Information) Regulations 2006, the employer must provide to the scheme administrator such information as will enable the scheme administrator to calculate the pension input amount, no later than 6<sup>th</sup> July following the tax year in which the pension input period ends.
-

# Scheme Reconciliation

- Common misnomer – GMP Reconciliation
  - New state pension to be introduced from 6 April 2016
  - HMRC shutting it's doors on contracted out data queries from December 2018 and will be writing to members after that date.
  - Foundation amount based on HMRC records of contracted out service and contributions
-

# Reconciliation Stages

## Stage 1

- Request HMRC Data and perform initial analysis

## Stage 2

- Reconcile

## Stage 3

- Update Scheme Data
-

# Why reconcile?

- Foundation amount based on contracted out service and contributions
  - HMRC data may show scheme liability which is not correct
  - Letter to contracted out members December 2018 (content to be confirmed)
  - Legal obligation? Not as such but duty bound
-

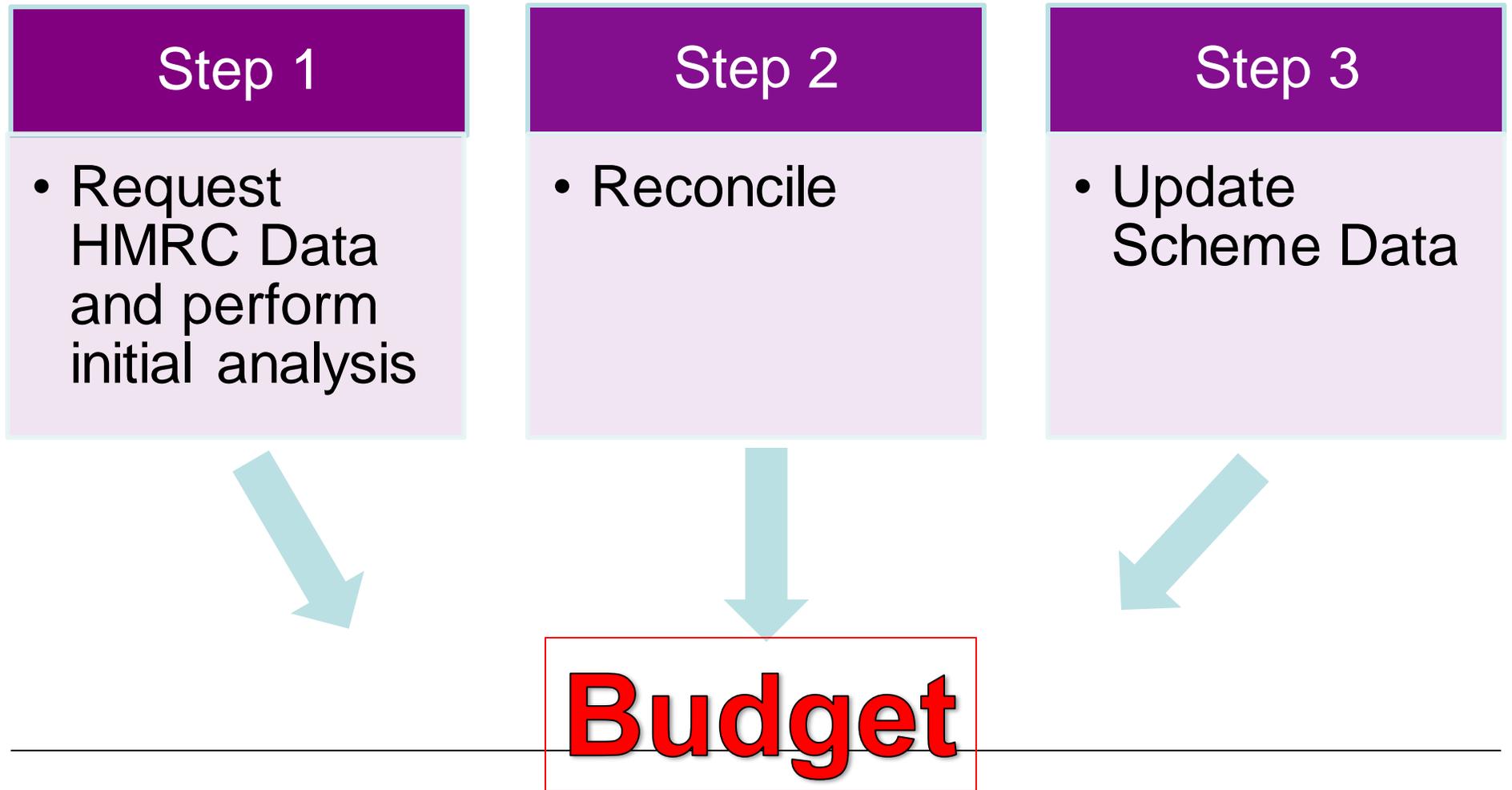
# Duty bound to reconcile?

- Pensions Act 2004 S249B – Requirement for internal controls: public service pension schemes - to support record keeping requirements
    - *“(1)The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed-*
    - *(a)in accordance with the scheme rules, and*
    - *(b)in accordance with the requirements of the law”.*
  - Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 R4 – Records of member and beneficiary information
  - Data Protection Act 1998 Schedule 1: The Data Protection Principles: Part I – The Principles
    - “(4) Personal data shall be accurate and, where necessary, kept up to date”.*
-

# Duty bound to reconcile?

- Pensions Act 2004 S90A – Codes of practice: public service pension schemes
    - *“(1)The Regulator may, in relation to public service pension schemes, issue codes of practice-*
    - *(a)containing practical guidance in relation to the exercise of functions under relevant pensions legislation, and”*
  - Governance and administration of public service pension schemes – Code 14
    - Pensions Act 2004 S90A(5) states:
    - *“(5)A code of practice issued under this section is admissible in evidence in any legal proceedings (within the meaning of section 90) and, if any provision of such a code appears to the court or tribunal concerned to be relevant to any question arising in the proceedings, it must be taken into account in determining that question.”*
-

# Budget Implications



# Annual Benefit Statements

- High on TPR agenda
  - Challenge – how to reconcile statutory obligations and retirement planning
  - SAB will be surveying in September
  - Answer? – Technology
-

# Brewster

- 1992 Scheme - The regulations currently state that pensions are paid to spouses and civil partners only. [Part C, Rule C1]
- 2006 Scheme (including special members) – The regulations currently require a person to be a ‘nominated partner’ [rule 1(6) of Part 2], in order to pay a survivors pension [Rule 1(1) Part 4].
- 2015 Scheme – A survivors pension is paid to the 'surviving partner' as defined by regulation 76. The rules of the scheme do not require someone to nominate a surviving partner.

## Brewster

- Home Office issued advice with regards to the Brewster judgment, that in their opinion authorities can rely on section 3 of the Human Rights Act 1998 (the “HRA 1998”) as the legal basis for their not requiring that a surviving adult partner be nominated in order to receive payment of survivor benefits under the 2006 scheme.
-

## Walker

- Judge determined that the entitlement to a survivors pension for same sex marriage or civil partners should not be restricted based on service.
- Full impact still being considered

# Exit Cap

- Enhanced Commutation
  - Authority initiated early retirement
    - Early retirement from the 2015 scheme is excluded in [draft regs](#)[3(2b)]
-

# Government Pensions Dashboards

- Collaboration of largest pension providers to produce a prototype of a pensions dashboard
  - A platform to allow savers to view all their pension pots through a single portal.
  - The aim is for the dashboard to be launched in April 2019.
-

# Government Pensions Dashboards

- Indications are that, for defined benefit schemes, the dashboard will show ‘most recent’ information on benefits, likely to be that contained in the last annual benefit statement.
  - Further information can be found on <https://pensionsdashboardproject.uk/>
-

# Any questions





## With thanks and credit to:

- AON
  - The Pensions Regulator
  - KPMG
  - Nottinghamshire Fire & Rescue
  - Greater Manchester Fire & Rescue
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# Disclaimer

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# Thank you for listening

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