

Information

Material Breach Assessment – Scheme manager guidance

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Introduction

1. The purpose of this document is to provide some high-level information about the process for assessing, recording and reporting material breaches of law to The Pension Regulator.
2. There are several statutory deadlines that Scheme Managers need to comply with in dealing with the administration of the Firefighters' Pension Scheme.
3. Where it looks likely that a breach may occur, this will also need to go through the assessment process to determine if there is a material breach which may occur.
4. More detailed information about breach reporting is part of The Pension Regulator's [Single Code](#).

Who's responsibility is it to report breaches?

5. Everyone is responsible for reporting a breach.
6. Individuals will include all who are involved with governing, managing or administering the Firefighters' Pension Scheme and must report any breaches of law, or where there is a failure to comply with statutory deadlines and duties, where it is assessed as being of material significance to The Pension Regulator.
7. The list of those responsible is not limited, but includes:
 - a. Managers of the Scheme
 - b. Pension Board members
 - c. Any person involved with the administration of the scheme
 - d. Employers
 - e. Professional advisers including auditors, actuaries, legal advisers and fund managers
 - f. Any other person involved in advising the scheme manager in relation to the scheme

How do I assess the breach?

8. An assessment needs to be carried out in the first instance, before it can be decided what course of action should be taken.
9. You will need to collate all relevant information, including what led you to this point, what actions have so far been taken, what internal controls were in place, a clear explanation of what has happened and how the breach has been identified.
10. To assess the breach, you will need to determine: -
 - a. The cause of the breach
 - b. The effect of the breach
 - c. The reaction to the breach
 - d. The wider implications of the breach

Traffic Light framework assessment

11. To assess whether the breach is likely to be of material significance it should be assessed using a traffic light framework.
12. This can be summarised as follows: -

Breach		
Red	Amber	Green
Must be reported	May need to be reported	Does not have to be reported
It was caused by: Poor scheme governance, ineffective internal controls resulting in deficient administration, slow or inappropriate decision-making practices, poor advice, dishonesty, negligence, reckless behaviour, or intentionally breaking the law	Does not obviously fall into red or green classification. Consideration will need to be given to cause, effect and wider implications. Previous breaches and mitigating actions may be relevant to determine material significance.	It was not caused by: Poor scheme governance, poor advice, dishonesty, or by a deliberate contravention of the law
Its effect is significant		Its effect is not significant
Inadequate steps are being taken to put matters right		Proper steps are being taken to put matters right
It has wider implications		It does not have wider implications

13. More detailed examples of red, amber and green breaches can be found on The Pension Regulator web pages under the assess whether to report a breach of pension law section.

14. The Scheme Advisory Board have published a template breach assessment document to assist scheme managers in assessing a breach. The template is available on the [resources](#) section of the [FPS Board](#) website

Recording the breach

15. There should be an established process to go through to collate all the necessary information to ensure that the potential or actual breach can be properly escalated enabling the breach to be assessed, recorded and reported.
16. There should be a clear record of the breach, and this should be reported to the Local Pension Board in all cases, regardless of whether the breach was assessed as needing to be reported to The Pension Regulator or not.
17. Previous records of breaches may well have an impact on the decision to report to The Pension Regulator.
18. Each breach should be recorded on the record of assessment form and retained by the Scheme Manager

Reporting the breach

19. Where it is deemed that a breach should be reported to The Pension Regulator as soon as reasonably practicable, ideally this should be within 10 working days of the breach being identified or having occurred.
20. Reporting breaches to The Pension Regulator is done online via the [Exchange service](#) where you are already associated with a Firefighters' Pension Scheme by going to the "My Schemes" option. If you are not associated with a scheme you will need to select the "Share limited information with us about a registered scheme" option to report the breach.

This factsheet has been prepared by LGA using the regulations as they stand in March 2025.

This factsheet will be reviewed, referencing any changes to the scheme regulations and policies that might be needed.

This factsheet should not be interpreted as legal advice.

Please address any queries on the content of this factsheet to bluelightpensions@local.gov.uk

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