



FPS Administration, Management, and Governance strategy: Response to the consultation

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1. Introduction

- 1.1. The Scheme Advisory Board secretariat published a consultation on 30 June 2020 seeking views on the introduction of a [template pension administration strategy](#). The consultation closed on 31 August, although late responses have been accepted.
- 1.2. The consultation received 15 responses in total:
 - 1.2.1. Twelve from Fire and Rescue Authorities (FRAs) and;
 - 1.2.2. Three from scheme administrators
- 1.3. The list of respondents is available at Annex A. We are extremely grateful for the responses received and will continue to refer to them while the document is finalised.
- 1.4. The document will be reviewed based on the responses to the consultation and any necessary amendments made. The organisations who responded to the consultation will be invited to comment on the revisions to ensure that their views have been suitably reflected.

2. Consultation responses and commentary

- 2.1. This section considers the responses to each of the six questions in turn.

Q1. Do you agree with the employer duties and responsibilities listed? If not, please outline why.

- 2.2. Eighty per cent of respondents agreed that the employer duties and responsibilities were captured adequately in Section 6 of the strategy. Two submissions did not provide a direct answer to the question.
- 2.3. One response pointed out that within County Council (CC) arrangements, the FRA as scheme manager and the CC as employer each have distinct roles and responsibilities, and that Section 6 could be sub-divided to reflect this. The respondent also provided commentary on the overlap of duties in Sections 6 and 7 (Administrator duties and responsibilities) where they should be extended to both parties.
 - 2.3.1. Overlapping duties have been included against both categories where appropriate in the revised draft.
 - 2.3.2. However, the duties at Section 6 have not been sub-divided, as the scheme manager retains legal responsibility for running the scheme. How roles and functions are delegated internally are a matter for each FRA subject to local agreement. It would not be appropriate within the template strategy to further divide responsibilities within those which fall to the FRA in their capacity as scheme manager and employer, and those which fall to the administrator.

2.4. Suggestions for additional responsibilities included the completion of GAD information for IAS19 purposes and the importance of adhering to timescales for Internal Dispute Resolution Procedures (IDRP) at 6.2. The timescales themselves are linked within the document, in the [IDRP factsheet](#).

Q2. Do you agree with the administrator duties and responsibilities listed? If not, please outline why.

2.5. The majority of respondents agreed that the administrator duties and responsibilities were captured adequately in Section 7 of the strategy. Two submissions did not answer the question directly.

2.6. However, several suggestions for additional work activities or amendments to those listed were made:

2.6.1. HMRC reporting (6.8) requires more clarity as to who is responsible for submitting AFT returns i.e. the FRA or administrator.

2.6.2. Completion of GAD information for IAS19 purposes.

2.6.3. Operation of pensions payroll.

2.6.4. Improving performance should be amended to reflect that the administrator will meet any charges arising from their own poor performance and what escalation procedures would apply. More clarity is required around escalation where no improvement is made. Consideration should also be given to reputational damage if a TPO determination or TPR fine is publicised.

2.6.5. Data standards (7.1) should be expanded to include the management of data and data checks in accordance with TPR requirements.

2.6.6. Data processor requirements under GDPR. Current document only covers Data Controller as an employer responsibility under Section 6. The administrator's responsibilities under GDPR should be included in Section 7.

2.6.7. Administrators also have responsibility to record and report breaches.

2.6.8. A copy of any audit report (7.6) should be provided to the FRA. The document does not currently clarify how assurance will be provided to the Local Pension Board. FRAs may need to consult with external auditors to confirm that the proposals within the strategy are reasonable. Additionally, administrators are expected to comply with FRA-commissioned audits when contracts for services are in place.

2.6.9. Benchmarking (7.7) results should be provided to the FRA.

2.7. These suggestions have been incorporated.

2.8. One FRA noted that individual arrangements between each FRA and their administrator will differ and this may result in changes to the wording in Section 7 to better reflect those individual circumstances. The document is intended as a best practice example which can be adapted to suit the needs of the employer/ administrator and complement the existing service level agreement (SLA) and any contracts in place.

Q3. Are there any additional functions/ tasks which should be added to section 10: Service standards?

2.9. Just over half of the replies (60 per cent) did not identify any additional tasks or events which should be added to the section on service standards, although two of these responses noted that the list may be adjusted to suit individual employer/ administrator arrangements, or subject to further consultation between the parties.

2.10. The suggested additions from the remaining respondents included:

2.10.1. An added administrator responsibility under *Death on pension* to notify the FRA to allow records to be updated accordingly.

2.10.2. Legislation changes.

2.10.3. Engagement activities.

2.10.4. Technical support.

2.10.5. Pensioner payroll.

2.10.6. IAS responsibilities could be included in the *Annual return, Valuation & ABS section*.

2.10.7. Time to record and resolve complaints or issues raised with the administrators by members or the scheme manager.

2.11. The activities listed from 2.10.2 to 2.10.5 do not fall within the category of member events and are therefore not included in the revised draft. These types of functions may be more appropriately captured in individual service level agreements, as there will not necessarily be a common or best practice approach.

2.12. A timescale for responding to queries is included at Appendix 1. This has been amended slightly to include both member queries and queries from the FRA or administrator to the opposite party.

Q4. Are the standard timescales listed in Appendix 1 reasonable and in line with statutory deadlines?

2.13. While most responses agreed that the standard timescales listed were reasonable, almost every organisation gave further commentary.

2.14. There appeared to be a lack of clarity on what the statutory deadlines are and where this information can be found. It was noted that it would be useful to identify which are regulatory and would result in a breach if not achieved.

- 2.15. Some of the timescales within Section 10 were felt to be too short and would not allow for the fact of differing pay runs and deadlines. However, these are free to be amended by the FRA/ administrator to suit their individual requirements.
- 2.16. The following discrepancies were highlighted and will be investigated:
- 2.16.1. Timescale for providing estimates seems to be missing.
 - 2.16.2. Timescale for divorce quote is 10 days in appendix 1, and 3 months in section 8.
 - 2.16.3. Deferred ABS should be in line with actives (i.e. 31 August).
- 2.17. One respondent noted that the only tasks set to the minimum legal timeframe were provision of ABS and pensions savings statements and that performance standards should be better defined either against national agreed legal timeframes or specific against local SLAs. The response observed that Appendix 1 was a mixture of both.
- 2.18. Around one-third of submissions pointed out that a “one size fits all” approach would not be reasonable and that FRAs should have flexibility to set their own standard timescales in collaboration with their administration provider. It was felt that where contracts/ SLAs are in place, these should be referenced. One FRA stated that some of the Appendix 1 tasks are reported on a quarterly or annual basis by the administrator; however, where tasks are not currently reported, this would need to be discussed following implementation of the strategy.
- 2.19. It was acknowledged that the service standards at Section 8 could be helpful for each FRA to input their own specific requirements, based on their contractual agreement with their administrator for non-statutory tasks.
- 2.20. The intended function of section 10 is to provide a comprehensive list of functions that require input or action from both parties and suggested timescales to be agreed jointly. The list at Appendix 1 is intended to state the statutory deadlines where these exist in legislation i.e. ABS, or an agreed industry good practice timescale. Both elements will be reviewed in light of comments received and further clarity provided where possible.

Q.5 Will you adapt and implement the template strategy for your authority in line with best practice? If not, please explain why.

- 2.21. All respondents confirmed that the strategy would be implemented with adjustments to reflect individual circumstances and existing arrangements in place. Where one authority did not submit a direct reply to the questions but provided commentary on specific points in the strategy, they did note that the document was welcomed in order to provide a consistent and streamlined strategy to drive best practice between scheme managers and administrators.

Q.6 Please detail any other comments not covered by the above.

- 2.22. The final question allowed respondents to provide any additional comments or concerns that had not been addressed in the consultation.

2.23. Clarity was sought around the relationship between the administration strategy and existing SLAs, for example where timescales do not match.

2.24. On a similar topic, one response commented that care should be taken to ensure the final strategy does not contradict the legal and contractual arrangements already in place.

2.24.1. The strategy is intended to complement existing formal arrangements in place and not override any substantive agreements. As the document is a template to be adapted to suit the requirements of individual organisations, the timescales could be adjusted in the strategy document to reflect existing SLAs, assuming that these comply with any statutory deadlines.

2.25. The Aon recommendation on page 2 made provision for the administration strategy to set out what the consequences of not meeting timescales or targets might be. One authority stated they could not find details of any such consequences within the draft document.

2.25.1. This is touched on in Section 8 Performance reporting and 9 Improving performance but does need to be expanded to clarify that administrators also have a duty to provide a certain agreed level of service to FRAs.

2.26. One key concern was related to the timing of the exercise and any extra work that would be involved in implementation, given the current status of age discrimination remedy and other events on the horizon. In addition, concern around additional software and cost in order to implement the strategy was raised.

2.26.1. It is not anticipated that the administration strategy will suggest any areas of work that are not currently being undertaken, or any additional monitoring or reporting beyond SLAs. It is intended to formalise expectations of tasks that are already in place but may not be recognised as they form part of the business as usual contracts. The Board would not expect FRAs to incur any additional or unnecessary expense as a result of adapting and implementing this strategy as best practice.

2.27. One suggestion was to include a Governance Policy Statement (or equivalent) as part of the final strategy to clarify how the FRA has delegated the FPS decision making function. An example statement was helpfully provided to illustrate what could be covered.

3. Annex A: Responses received

Avon Pension Fund
Bedfordshire Fire and Rescue Service
Cleveland Fire Brigade
Cumbria Fire and Rescue Service
Devon & Somerset Fire and Rescue Service
Durham & Darlington Fire and Rescue Service
Lincolnshire Fire and Rescue Service
Local Pensions Partnership Administration
Norfolk Fire and Rescue Service
Northumberland County Council for Northumberland FRS
Peninsula Pensions
Royal Berkshire Fire and Rescue Service
Shropshire Fire and Rescue Service
Tyne & Wear Fire and Rescue Service
West Yorkshire Fire and Rescue Service