

Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

Date: Tuesday 14 September 2021
Time: 2.00 pm
Venue: Microsoft Teams

Membership

Martin Reohorn (Chair)
Barnaby Briggs
Caroline Jones
Sian Marsh
Paul Morley
Tony Morgan

Items on the agenda: -

1. General

(1) Apologies

(2) Board Members' Disclosures of Interest

(As stipulated by the Public Sector Pensions Act 2013 and set out in Annex A of the Agreed Board Terms of Reference).

(3) Minutes of the Previous Meeting

5 - 8

2. Forward Plan

9 - 12

3. Risk Management

13 - 22

4. Pensions Administration Activity and Performance Update

23 - 34

5. Future Meeting Dates

Tuesday, 9 November 2021

Monday, 14 February 2022

Tuesday, 10 May 2022

All meetings start at 2.00pm, unless specified otherwise and will be scheduled to take place virtually or at Shire Hall, Warwick.

6. Any Other Business

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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Disclaimers

Webcasting and permission to be filmed

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Disclosures of Pecuniary and Non-Pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. Any changes to matters registered or new matters that require to be registered must be notified to the Monitoring Officer as soon as practicable after they arise.

A member attending a meeting where a matter arises in which they have a disclosable pecuniary interest must (unless they have a dispensation):

- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- Leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests relevant to the agenda should be declared at the commencement of the meeting.

The public reports referred to are available on the Warwickshire Web <https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1>

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Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

Wednesday 9 June 2021

Minutes

Attendance

Committee Members

Martin Reohorn (Chair)
Barnaby Briggs
Caroline Jones
Sian Marsh
Paul Morley

Officers

Liz Firmstone, Service Manager (Transformation)
Victoria Jenks, Pensions Admin Delivery Lead
Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Ian Marriott, Delivery Lead - Commercial and Regulatory
Deborah Moseley, Senior Democratic Services Officer

1. General

2. Apologies

None.

3. Board Members' Disclosures of Interest

None.

(1) Minutes of the Previous Meeting

The minutes of the previous meeting were agreed as a true and accurate record.

There were no matters arising.

4. Forward Plan

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance presented this report to the Board which set out a rolling forward plan for a one year period. The plan included a number of standard items but was intended to be flexible and accommodate any developing issues at each meeting.

The Board noted the content of the plan and requested an update on the outsourcing of the administration of the Fire Pension Schemes in due course.

5. Risk Monitoring

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance, presented this report to the Board and explained that a more comprehensive report would be brought to the Board in September which would also reflect an updated way of monitoring risk, focussing on risk appetite and openness to risk.

In response to questions, Neil Buxton advised that the risk register used the County Council format but that elements of the Local Government Association's format would be taken into account. The quarterly timescale also followed the timescales set out at County level.

Neil Buxton also confirmed that most of the risks had been assessed as amber and the register also detailed the actions that had been implemented to mitigate risks. By way of example, he noted risk 002 regarding employer / employee contributions not being paid – was not a particular risk whilst the administration service was managed by Warwickshire County Council but that risk would increase once the Service was outsourced.

In response to a discussion regarding the escalation of risk, Liz Firmstone, Service Manager (Transformation), noted that the new corporate risk framework had escalation processes built in and the Team would be undertaking an exercise to review this risk register against the new framework. She explained that the new corporate framework had a slightly different risk matrix which provided for a more discerning risk score. A report that would be brought to the Board in September would highlight the key features of framework and how risks were reviewed and be clear on the process of escalation.

In response to a discussion on the escalation and scoring of risk 002 - Employee / employer contributions not paid, Vicky Jenks, Pensions Admin Delivery Lead, advised that there had been an issue with the correct contributions being deducted which had been identified and processes put in place to recognise problems at an early stage and therefore this risk had currently been assessed as green. It was agreed that this would be considered again for the next register.

The Board noted the content of the report.

6. Pensions Administration Activity and Performance update

Vicky Jenks, Pensions Admin Delivery Lead presented this report which provided an update on key developments affecting Fire pensions administration and the performance of the Pensions Administration Service, including breaches, Internal Disputes, McCloud/Sargeant and immediate detriment cases, progress with regard to i-Connect, the Annual Benefits Statement project, the

Pension Schemes Bill/ Pension Schemes Act 2021, and outsourcing of the Firefighter Pensions Administration.

In response to a question about a proposal to signpost members to the LGA member website for information regarding immediate detriment cases, Vicky Jenks advised that the Scheme's website would be updated to strip back the information provided and simply signpost to the LGA website so that there was no duplication of information and members were able to access the most up-to-date information. She also confirmed that Heywoods - pensions software provider - had not indicated that the upcoming outsourcing exercise would change their delivery model.

The Board asked further questions regarding immediate detriment cases and Vicky Jenks explained the approach that was being taken to the guidance to work out the difference between the two sets of contributions which might result in a refund or a contribution to pay. Regarding taxation, there had been a suggestion that scheme members would not be penalised but this had not yet been enshrined in legislation so some care was required in the advice being given and the potential to recalculate the differences. Scheme Members were required to pay gross tax contributions and contact HMRC to claim back any tax relief which was the method used for retained firefighters. An open dialogue was being kept for those subject to immediate detriment on retirement, they were getting a pack detailing both sets of benefits. It was acknowledged that there had been good feedback on the way immediate detriment cases were being dealt with and, despite the Board noting that there were more new and unusual queries being raised, Vicky Jenks confirmed that she was comfortable that there was capacity to continue to manage the situation and Neil Buxton, Technical Specialist - Pension Fund Policy and Governance, confirmed this was an issue identified on the risk register.

The Board noted the report.

7. Breaches Policy

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance presented this report to the Board which explained the legal requirements for reporting breaches of the law and introduced a policy for breach reporting which had been based on the policy for the Warwickshire Pension Fund.

The Board noted the policy and considered it followed the code of practice.

8. Cyber Security Policy

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance presented this report to the Board which introduced a cyber security policy for the Fund which had been produced in accordance with the requirements of The Pensions Regulator.

Barnaby Briggs asked how the online member self-service portal met cyber security requirements and Vicky Jenks advised that there would be a two-way authentication process to log on to the secure network. Members only had access to their own log-in details and, therefore, anyone falling foul of phishing attempts would only risk their own data.

In response to a query about the regularity of reviewing the policy, Neil Buxton, advised that it was sensible to keep the policy under review. This was a view echoed by Liz Firmstone, Service

Manager (Transformation) who indicated that annual review was considered best practice. This year a root and branch review of policies was taking place which would mean a more light touch approach could take place in subsequent years.

Resolved

That the Warwickshire Fire and Rescue Local Pension Board approved the Cyber Security Policy

9. Next Steps

Further details about the timescales for the outsourcing of the pensions administration service were sought and clarification of the deadlines for completed tenders was given as 14 July 2021. An evaluation process would then be required before the next Local Pension Board meeting and a further briefing would be available at that time.

An Introduction to Fire Pension Schemes training session was being planned for September and potential dates for this would be circulated. It was also planned to circulate a questionnaire for members of the Board to identify gaps in their knowledge in order to inform the training plan. It was hoped to link with other administrators to deliver the training plan and further discussions would take place at the upcoming Fire Officers Group meeting.

10. Any Other Business

None.

11. Future Meeting Dates

Future meeting dates were noted as follows:

- Tuesday, 14 September 2021
- Tuesday, 9 November 2021
- Monday, 14 February 2022
- Tuesday, 10 May 2022

All meetings were scheduled to start at 2.00pm and would take place virtually or at Shire Hall Warwick.

The meeting rose at 2.46pm

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Chair

Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

Forward Plan

14 September 2021

Recommendation(s)

1. That the Warwickshire Fire and Rescue Local Pension Board (the Local Pension Board) notes and comments on the Forward Plan.
2. That the Local Pension Board identifies any areas of interest or activity to add to the forward plan.

1. Executive Summary

- 1.1 This report provides an updated rolling forward plan for the Board looking forward one year.
- 1.2 This is not intended to be rigid or definitive, the intention is that it can be updated and amended on a rolling basis at each meeting and be informed by the latest developments.

2. Financial Implications

- 2.1 None.

3. Environmental Implications

- 3.1 None.

4. Supporting Information

- 4.1 The updated forward plan is shown at Appendix 1.

5. Timescales associated with the decision and next steps

- 5.1 None.

Appendices

1. Appendix 1 The Forward Plan

Background Papers

1. None.

	Name	Contact Information
Report Author	Neil Buxton	neilbuxton@warwickshire.gov.uk
Assistant Director	Andrew Felton	andrewfelton@warwickshire.gov.uk
Lead Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Lead Member	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: Councillors Jenns and Horner

Warwickshire Fire Pension Schemes Pension Board

Forward Plan items

Appendix 1.

Q2 14 th September 2021	Q3 9 th November 2021	Q4 14 th February 2022	May / June 2022
Standing Items			
Administration Activity and Performance update	Administration Activity and Performance update	Administration Activity and Performance update	Administration Activity and Performance update
Risk Monitoring	Risk Monitoring	Risk Monitoring	Risk Monitoring
Forward Plan	Forward Plan	Forward Plan	Forward Plan
Administration Service Outsource	Administration Service Outsource	Administration Service Outsource	Administration Service Outsource
Bespoke Items			
Chairs annual report			
Immediate Detriment			
Policies			
	Administration Strategy		
Training			
Introduction to Firefighter pension schemes	Sergeant / McCloud		

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Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

Risk Management

14 September 2021

Recommendation(s)

1. That the Warwickshire Fire and Rescue Local Pension Board note and comment on the report and the attached risk register (Appendix 1).
2. That Warwickshire Fire and Rescue Local Pension Board comment on and approve the risk appetite statement at Section 2.3.

1. Executive Summary

- 1.1 The Pension Service maintains a risk register in order to manage the risks facing the administration of the pension service.
- 1.2 Risk monitoring will be reported quarterly to the Warwickshire Fire and Rescue Local Pension Board (the Board) to improve the governance of the service.
- 1.3 A number of risks have been identified, including the impact of Covid presenting challenges to business operations and business continuity and challenging governmental developments for example in respect of the Sergeant / McCloud remedy together with the review of the administration service with the likely move to an alternative provider.
- 1.4 For the coming year, the following changes and updates are proposed to the risk register:
 - The document is designed to assess strategic risks, and to ensure that appropriate high-level actions are in place to mitigate them. The risk register is not intended to be a detailed document in order to avoid it missing the big picture.
 - The assessment of risk uses a new model that includes five categories of likelihood and five categories of impact. This will provide slightly more granularity, and in particular will be helpful when considering how residual risks change during the year.
 - Likelihood and impact scores are backed by definitions and examples.
 - A draft assessment of a Risk Appetite is set out for the Service.

- 1.5 When monitoring risk, the service will continue to look out for emerging and changing risks.

2. Draft Risk Appetite

- 2.1 At present, the service maintains a risk register which sets out the risks that the service is exposed to before and after mitigating actions. A risk appetite assists an entity in managing risk by articulating the levels of risk within which an entity aims to operate. This can be used to help to manage risk by focusing an entity on ensuring it avoids risks it does not have the appetite for, and at the same time that it does take risks that it does have the appetite for (in order to access the opportunities associated with taking those risks). This is summarised below:

Description	Purpose
Risk Appetite	The level of risk within which an entity <i>aims</i> to operate
Risk Tolerance	The level of risk within which an entity is <i>willing</i> to operate if necessary.
Inherent Risk Score	Empirical estimate of the risks facing an entity, before having regard to any actions that the entity might take to mitigate them (also called gross risk).
Residual Risk Score	Empirical estimate of the risks facing an entity after having regard to any actions the entity has taken to mitigate them (also called net risk).

- 2.2 The table below sets out a draft risk appetite classification based upon a widely used (for example, similar examples are set out in the Treasury Orange Book guidance on risk management):

Risk Appetite	Risk Appetite Description
Averse	Avoidance of risk and uncertainty is a key organisational objective.
Minimalist	Uncertainty is to be avoided unless essential; only prepared to accept the possibility of very limited financial loss.
Cautious	Tolerance for risk taking is limited to events where there is little chance of significant downside impact
Open	Tolerance for decisions with potential for significant risk, but with appropriate steps to minimise exposure.
Hungry	Eager to pursue options offering potential higher rewards despite greater inherent risk.

- 2.3 The table below sets out a draft risk appetite at a high level. This is intended to illustrate risk appetite and promote discussion; it is not a definitive or an approved statement of risk appetite for the service

Risk Category	Description	Risk Appetite
Administration – member services	Risk of failure to pay benefits or failure to maintain complete and correct data	Averse

Administration – employer services	Risk of failure to collect appropriate data or contributions from the employer	Averse
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- 2.4 The service will only choose to take risks that are expected to be appropriately rewarded, and to mitigate or avoid risks where this is not the case.
- 2.5 This draft sets out certain categories within which to consider risk appetite (risk appetite should be categorised in relation to appetite for risk, not in relation to risk experience,) therefore the headings should not necessarily align with the risk register.
- 2.6 The service is to do with paying pensions accurately and on time when they are due and correctly following legislation and regulations. It is a service where there are no necessary opportunities to be gained from risk taking, hence a low appetite for risk is recommended above.
- 2.7 If a service risk appetite is developed and approved, it could then be used to assess more formally whether the assessed residual risk levels are acceptable.

3. Risk Register

- 3.1 Risks are now assessed on a five-point scale across likelihood and impact, with impact weighted more than it previously was, as follows:

$$\text{Total Risk} = (\text{Likelihood} \times \text{Impact}) + \text{Impact}$$

- 3.2 Risks with a high impact / low probability should be prioritised because over a long time span low probability events are more likely to occur eventually.
- 3.3 The most important issue is that the risk register broadly captures the most significant strategic risks, it is less important that each score is completely accurate. There is an element of subjectivity to scoring because risk is, by its nature, to do with uncertainty. Likelihood definitions are set out below.

Score	Description		Likelihood of Occurrence
1	Highly Unlikely	The event may occur in only rare circumstances (remote chance)	1 in 8 + years
2	Unlikely	The event may occur in certain circumstances (unlikely chance)	1 in 4 – 7 years
3	Possible	The event may occur (realistic chance)	1 in 2 – 3 years
4	Probable	The event will probably occur (significant chance)	1 in 1 – 2 years
5	Very Likely	The event is expected to occur or occurs regularly	Up to 1 in every year

3.4 Appendix 1 sets out definitions for impact scores, including examples. These result in a scoring matrix as follows, which illustrates the increased emphasis on impact compared to likelihood:

Impact	Catastrophic	10	15	20	25	30
	Major	8	12	16	20	24
	Moderate	6	9	12	15	18
	Minor	4	6	8	10	12
	Insignificant	2	3	4	5	6
		Highly Unlikely	Unlikely	Possible	Probable	Very Likely
		Likelihood				

- 3.5 Appendix 2 sets out the new risk register.
- 3.6 Although the risk register is intended to be strategic, it still contains a lot of information. It is important for the service to ensure a focus on the most important risks, and the Board are invited to comment on key risks which should receive particular attention over the next year.

4. Financial Implications

- 4.1 A number of risks include financial risks and implications, where this is the case these are addressed and reported on in specific reports as appropriate.

5. Environmental Implications

- 5.1 None.

6. Supporting Information

- 6.1 None.

7. Timescales associated with the decision and next steps

- 7.1 N/A

Appendices

- 1. Appendix 1 – Impact Scores
- 2. Appendix 2 Risk Register

Background Papers

None

	Name	Contact Information
Report Author	Neil Buxton	neilbuxton@warwickshire.gov.uk
Assistant Director	Andrew Felton	andrewfelton@warwickshire.gov.uk
Lead Director	Rob Powell	robpowell@warwickshire.gov.uk
Lead Member	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): n/a
 Other members: n/a

Risk Impact

Appendix 1

Score	Description	Members and Employers	Administration
1	Insignificant	<p>Negligible impact - not noticeable by members or employers, no complaints or issues likely to be raised by members or employers.</p> <p>Example - Member or employer communication newsletter issued a few days later than planned.</p>	<p>Negligible impact - low level administrative issues resolved internally with no impact on key performance indicators</p> <p>Example - A manageable backlog of data to be uploaded to the administration system that has no impact on actual member payments.</p>
2	Minor	<p>Minor impact on members and/or employers which may cause correspondence about issues that can be resolved at source.</p> <p>Example - A member not being given the correct information first time when corresponding with the Fund and this having to be corrected, but having no impact on benefits paid</p>	<p>Minor impact on administration performance requiring action within business as usual parameters.</p> <p>Example - an employer experiencing persist difficulty in providing correct data resulting in the need for extra training/support/correspondence to resolve</p>
3	Moderate	<p>Material adverse impact on members or employers that is of cause for concern to them and the Fund and requires escalation for non-business as usual resolutions</p> <p>More likely to be isolated issues but could have some scale.</p> <p>Example - Inability to finalise and sign off an admission agreement with a new employer resulting in escalation.</p>	<p>Material impact on administration performance, but manageable within approved policies and procedures.</p> <p>Examples - Inability to agree a transfer of membership and liabilities from another fund, requiring arbitration by a third party, or disappointing data quality scores resulting in a need for an improvement plan.</p>
4	Major	<p>Significant adverse impact on members or employers that result in a direct impact on benefits paid or contributions due or member or employer satisfaction with Fund performance. Likely to result in complaints.</p> <p>More likely to be systemic issues.</p> <p>Examples - A significant delay in the issue of member annual benefit statements, or persistently charging an employer an incorrect contribution rate.</p>	<p>Major failure of administration function, likely to be systematic in nature, of a high profile nature to members and employers.</p> <p>Example - Widespread and persistent failure to meet key performance indicators such as dealing with certain types of administration query or action within deadlines, and receipt of significant numbers of complaints from members.</p>
5	Catastrophic	<p>Serious and systematic errors in benefits payments or administration KPIs, or significant volatility or increase in employer contributions.</p> <p>Significant breaches of the law</p> <p>Serious complaints and reputational harm caused</p> <p>Example - Systematic failure to monitor employer contributions resulting in subsequent identification of a large number of contribution deficits that employers cannot then catch up with.</p>	<p>Catastrophic failure of administration function leading to inability to pay benefits accurately or at all on a large scale.</p> <p>Significant breaches of the law</p> <p>Serious complaints and reputational harm caused</p> <p>Example - Wholesale failure of the pension payroll function resulting in no member payments being made.</p>

Risk Impact

Appendix 1

Score	Description	Members and Employers	Administration
1	Insignificant	<p>Negligible impact - not noticeable by members or employers, no complaints or issues likely to be raised by members or employers.</p> <p>Example - Member or employer communication newsletter issued a few days later than planned.</p>	<p>Negligible impact - low level administrative issues resolved internally with no impact on key performance indicators</p> <p>Example - A manageable backlog of data to be uploaded to the administration system that has no impact on actual member payments.</p>
2	Minor	<p>Minor impact on members and/or employers which may cause correspondence about issues that can be resolved at source.</p> <p>Example - A member not being given the correct information first time when corresponding with the Fund and this having to be corrected, but having no impact on benefits paid</p>	<p>Minor impact on administration performance requiring action within business as usual parameters.</p> <p>Example - an employer experiencing persist difficulty in providing correct data resulting in the need for extra training/support/correspondence to resolve</p>
3	Moderate	<p>Material adverse impact on members or employers that is of cause for concern to them and the Fund and requires escalation for non-business as usual resolutions</p> <p>More likely to be isolated issues but could have some scale.</p> <p>Example - Inability to finalise and sign off an admission agreement with a new employer resulting in escalation.</p>	<p>Material impact on administration performance, but manageable within approved policies and procedures.</p> <p>Examples - Inability to agree a transfer of membership and liabilities from another fund, requiring arbitration by a third party, or disappointing data quality scores resulting in a need for an improvement plan.</p>
4	Major	<p>Significant adverse impact on members or employers that result in a direct impact on benefits paid or contributions due or member or employer satisfaction with Fund performance. Likely to result in complaints.</p> <p>More likely to be systemic issues.</p> <p>Examples - A significant delay in the issue of member annual benefit statements, or persistently charging an employer an incorrect contribution rate.</p>	<p>Major failure of administration function, likely to be systematic in nature, of a high profile nature to members and employers.</p> <p>Example - Widespread and persistent failure to meet key performance indicators such as dealing with certain types of administration query or action within deadlines, and receipt of significant numbers of complaints from members.</p>
5	Catastrophic	<p>Serious and systematic errors in benefits payments or administration KPIs, or significant volatility or increase in employer contributions.</p> <p>Significant breaches of the law</p> <p>Serious complaints and reputational harm caused</p> <p>Example - Systematic failure to monitor employer contributions resulting in subsequent identification of a large number of contribution deficits that employers cannot then catch up with.</p>	<p>Catastrophic failure of administration function leading to inability to pay benefits accurately or at all on a large scale.</p> <p>Significant breaches of the law</p> <p>Serious complaints and reputational harm caused</p> <p>Example - Wholesale failure of the pension payroll function resulting in no member payments being made.</p>

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Risk No.	Risk Description	Risk appetite	Risk Identification		Inherent Risk Scoring			Existing Risk Controls			Residual Risk Scoring			Further Risk Controls
			Risk Causes	Risk Consequences (Effect)	Likelihood	Impact	Risk Score	Likelihood	Impact	Risk Score				
1	Covid Pandemic (Administration and People Related)	Averse	<ul style="list-style-type: none"> Covid-19 pandemic (financial pressure on individuals and institutions, and more transactions being made online) Further restrictive lockdowns Staffing capacity impacted by both short and long term health implications of infection 	<ul style="list-style-type: none"> Members do not receive a high quality service Business interruption High costs in order to maintain service resilience Staff health, wellbeing and productivity Impairment of the financial situation of employers Inability to make quick decisions in an emergency 	5.00	5.00	30.00	<ul style="list-style-type: none"> Office presence for processes that require it (e.g. physical post) IT systems supporting remote and flexible working Flexible working policies for staff Health and safety protocols for staff Fund policies that account for the scenario experienced 	4.00	3.00	15.00	<ul style="list-style-type: none"> Use of extraordinary committee or board meetings where necessary Continue to develop flexible and remote working practices Review electronic signatory processes 		
2	Inability to meet demand for activity	Averse	<ul style="list-style-type: none"> Growth in complexity New and complex regulations (e.g. Sargeant (Age discrimination, Miller retained Modified cases) Erosion of staff capacity/resilience due to long term remote working Inability to recruit / retain appropriately skilled staff Inability of the officers to keep up with demand (capacity or skills) persistently increasing customer expectations Unpopular government decisions impacting on Fire Pension Schemes 	<ul style="list-style-type: none"> Quality of services reduces Governance failures Key administration performance measures not met 	5.00	3.00	18.00	<ul style="list-style-type: none"> Medium term forecasting of demand and planning for the capacity and resources required Investing in quality and productivity of staff through training and development Investing in systems development Use of management information to monitor and manage performance Succession planning Procuring appropriate services through contracts KPI and workload monitoring for administration team staff training Data quality reviewed annually Maintenance of governance arrangements and actions Responding to Government consultations 	4.00	3.00	15.00	<ul style="list-style-type: none"> Outsourcing of Administration service (ITT out 1st June 2021 with transfer date of 1st April 2022) 		
3	Business Interruption	Averse	<ul style="list-style-type: none"> Covid-19 Industrial action Small specialist teams with single person risks Significant changes in adviser and consultant personnel Further high impact Covid events (e.g. infection waves, lockdowns) Lack of systems maintenance Systems failure Covid impact on staff Disaster event - fire, flood, etc Lack of remote working facilities 	<ul style="list-style-type: none"> Delays in decisions or their implementation Failure to meet performance targets Reputational damage Data quality deterioration Workload backlogs Significant restoration costs 	3.00	4.00	16.00	<ul style="list-style-type: none"> Building resilience requirements into service contracts Digital record keeping Storing data back ups off site Maintaining close links with advisers, consultants, and external organisations. Use of IT systems to work remotely 	2.00	3.00	9.00	<ul style="list-style-type: none"> Implementation of Cyber Security policy Review and update disaster recovery plan 		
4	Cyber Security	Averse	<ul style="list-style-type: none"> Systemic cybersecurity events (e.g. taking down financial trading institutions globally) Local cyber security events (e.g. targeting the Council) Personal cyber security events (e.g. phishing emails targeting staff) Inadequate system security Inadequate staff training and staff vigilance 	<ul style="list-style-type: none"> Loss of data and/or data disruption Reputational damage Breaches of the law Fines Costs of fixing issues Business interruption 	4.00	5.00	25.00	<ul style="list-style-type: none"> Use of scheme administrator systems and system security Staff training Bespoke Fund cyber security policy 	3.00	4.00	16.00	<ul style="list-style-type: none"> Implementation of Cyber security policy 		
5	Data Quality	Averse	<ul style="list-style-type: none"> McCloud/Sargeant impact Persistently increasing customer service expectations Covid impact on member health and wellbeing - increasing the adverse impact of any problems with pensions Member benefits paid incorrectly Inadequate data quality Inadequate administration systems and processes Poor data provided by employer 	<ul style="list-style-type: none"> Inadequate payroll services Incorrect benefit payments to scheme members Complaints and disputes from scheme members Negative reputational impact 	3.00	3.00	12.00	<ul style="list-style-type: none"> Administration governance review actions and maintenance of those standards SLA with Council payroll service Maintenance of Fund website and sign posting to the new LGA Fire Pension scheme members website Data quality scores and reviews Staff training Performance monitoring of employer data quality Performance monitoring of administration team KPIs 	2.00	2.00	6.00	<ul style="list-style-type: none"> iConnect project now completed Light review of compliance with Code of Practice 14 		
6	Fraud	Averse	<ul style="list-style-type: none"> Covid-19 impact on the application of controls in the Service or with employers Increased financial pressure on individuals due to Covid-19 and its impact on the economy and jobs The passing of time since any previous targeted review of Fraud risk Fraud instigated by any Fund stakeholders, 	<ul style="list-style-type: none"> Members lose benefits to fraudsters Reputational risk Time spent unpicking the fraud Fraudulent members gain benefits they are not entitled to 	4.00	3.00	15.00	<ul style="list-style-type: none"> Application of Authority code of conduct of officers, fraud strategy, and whistleblowing policy Application of division of duties and signatory processes for financial transactions and administration Periodic independent internal audit reviews of administration controls and activity Annual external audit reviews 	3.00	3.00	12.00	<ul style="list-style-type: none"> Fraud risk review in 2021/22 		
7	Governance Failure	Averse	<ul style="list-style-type: none"> Lack of capacity to service governance requirements Lack of training Lack of continuity in staffing, advisers, or committee / board members Inadequate checking/review of standards compared to requirements and best practice Compacency in light of recent governance improvements Out of date policies and contracts Local government elections impact on committee continuity Covid-19 - impact on officer, adviser, and committee/board personnel health and availability Uncertainty around overall governance structure and responsibility for decision making and actions Unpopular government decisions impacting on Fire Pension Schemes 	<ul style="list-style-type: none"> Adverse impact on service reputation Exposure to unplanned risks or poor administration Breaches of the law Poor decisions Decisions that are not appropriately authorised Customer dissatisfaction 	3.00	4.00	16.00	<ul style="list-style-type: none"> Training plans for committees, Board, and staff Quarterly committee and Board meeting cycles Training needs analysis All training provision to be made available to all committee and Board members Management of a Contracts register Management of a policy schedule Use of digital technology - remote working and remote meetings Responding to government consultations 	2.00	3.00	9.00	<ul style="list-style-type: none"> Light review of compliance with Code of Practice 14 Local at best practice to create training plan Review of committee arrangements and Terms of Reference Review capacity to support Fund Governance requirements 		

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Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

Pensions Administration Activity and Performance update

14 September 2021

Recommendation(s)

1. The Local Pension Board notes and comments on this report.

1. Executive Summary

- 1.1 This report updates the board on key developments affecting Fire Pensions Schemes administration and the performance of the Pensions Administration Service (PAS).

2. Financial Implications

- 2.1 All financial considerations are dealt with in the body of the report

3. Environmental Implications

- 3.1 None

4. Breaches

- 4.1 There are no recorded breaches to report

5. Internal Dispute Resolution Procedure – IDR

- 5.1 The IDR process document has been updated and has been approved by Staff and Pensions Committee. This has been revised to reflect that Stage 1 Decisions are to be decided by an officer nominated by the Chief Fire Officer and stage 2 decisions will be made by the Chief Officer.
- 5.2 There are no new IDR cases since the last board meeting.

- 5.3 The case reported at the previous meeting as having gone to stage 2 has not been upheld.

6. McCloud/Sergeant update

- 6.1 The project is progressing well and is still within timescale and budget.
- 6.2 An existing member of the PAS team has now been allocated to the part time role in the project team focusing on Fire Pension Schemes. Work is currently under way assessing the number of members in scope and the data required from WCC payroll has been requested.
- 6.3 Monthly project meetings are being held to discuss the data requirements and collection, communications to key stakeholders, benefit processing and rectification that will be required.
- 6.4 On 10th June 2021, the Home Office (HO) issued further informal guidance on how to process cases for members who met the criteria for immediate detriment. This states that for members who could have achieved 30 years' service in the 1992 scheme before age 50, benefits should not be paid following immediate detriment guidance. This is because the tax treatment of any repayment of contributions in respect of the contribution holiday due has not been decided.
- 6.5 WCC have considered the position and will continue to pay benefits under immediate detriment in line with the McCloud/Sargeant decision to members who would be entitled to a contribution holiday. The refund of contributions will be dealt with once further guidance is issued. A briefing note that sets out this decision is available below - background papers (3).
- 6.6 WCC have had 4 cases where benefits have been paid based on the 1992 scheme and the refund of contributions that are due for the contribution holiday will be paid when further clarification is received. The members have been informed of this.

7. Outsourcing of the Firefighter Pensions Administration Service and Pensioner payroll

- 7.1 Having identified that there were no pre-arranged contracts available that satisfied the Council's requirements for the provision of Firefighter Pensions Administration Service and Pensioner payroll, tenders were sought. The opportunity was advertised on Contracts Finder and placed on the Council e-tendering portal. An invitation to tender was posted on 1st June 2021.
- 7.2 The tender response deadline was 14th July 2021, and 2 bids were received.

- 7.3 Bids were evaluated according to the published tender evaluation model by a panel of members from across Finance, PAS, HR/Payroll and Warwickshire Fire and Rescue Service. The evaluation model comprised mandatory selection and award stage questions to ensure bids were compliant with WCC requirements, and a cost and quality evaluation to assess the price of the proposed service and tenderers' ability to fulfil the agreed specification. The evaluation process was overseen by the Council's Procurement Team.
- 7.5 Based on this evaluation it is recommended that WCC enters into a contract with West Yorkshire Pension Fund. This will initially be for a period of 5 years with the option to extend for up to a further 2 years.
- 7.6 The successful tender is estimated to provide savings to the service.
- 7.7 Notice of the award has been issued to West Yorkshire Pension Fund and we will now be working with them through the project plan for transferring data ready for the service to transfer from 1st April 2022.

8 Timescales associated with the decision and next steps

- 8.1 With regard to the outsourcing of the administration and pensioner payroll Services, the project for the transfer of data will commence shortly.

Appendices

- 1. Internal Dispute Resolution Procedure
- 2. Immediate detriment briefing note July 2021

Background Papers

- 1. <https://www.fpsregs.org/images/Age-discrimination/Home-Office-informal-immediate-detriment-guidance-10-June-2021.pdf>
- 2. <https://www.fpsregs.org/images/Age-discrimination/LGA-immediate-detriment-information-note-version-2-June-2021.pdf>

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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a

Firefighters' Pension Schemes

Guide to the Internal Dispute Resolution Procedure

Introduction

Warwickshire Pension Fund manages the Firefighters' Pension Schemes 1992, 2006, 2015 and the Firefighters' Compensation Scheme 2006 (the Schemes).

This guide explains how people with an interest in the Schemes can formally raise and hopefully resolve pension disputes through an Internal Dispute Resolution Procedure (IDRP).

If you think you have a pension dispute, it may be helpful if you raise it with our pensions team in the first instance. The problem may be a simple error which can be corrected immediately or may be the result of a misunderstanding which can be clarified by explanation.

The Schemes offer various appeal routes according to the nature of the dispute. It is important that you select the most appropriate route. For example, if you disagree with a determination made in respect of entitlement to an ill-health award and you believe the problem lies in the medical opinion upon which the decision was made, it may be more appropriate to apply to a Medical Appeal Board.

Who may make an application under the IDRP?

The following persons may make use of the IDRP –

1. members (active, deferred or pensioner) of the Schemes.
2. widows, widowers, surviving civil partners or surviving dependants of a deceased member of the Schemes.
3. surviving non-dependant beneficiaries of a deceased member of the Schemes
4. prospective members of the scheme i.e. persons who under their contract of employment can or will become a member.
5. those who have ceased to be within any of the categories of persons referred to in paragraphs 1 to 4; or
6. those who claim to be such a person as is mentioned in paragraphs 1 to 5 and the dispute relates to whether they are such a person.

The application can be made by –

- The applicant in person or by a nominated representative,
- Personal representatives where the person has died,

- A member of the person's family or some other suitable representative in the case of a minor or where a person is incapable of acting for themselves.

Exemptions under the IDR

The IDR does not apply to disputes relating to opinions based on medical advice, such as where a notice of appeal has been issued under:

1. Rule H2 of the Firemen's Pension Scheme Order 1992 (appeal against opinion on a medical issue).
2. Rule 2 of Part 6 of schedule 1 to the Firefighters' Compensation Scheme (England) Order 2006 (appeal to medical referee); or
3. Rule 4 of Part 8 of Schedule 1 to the Firefighters' Pension Scheme (England) Order 2006 (appeals against decisions based on medical advice).

The IDR is also not available where the Pensions Ombudsman has commenced an investigation into a complaint made or dispute referred to them, or where proceedings have begun in any court or tribunal.

The Procedure

There are two stages to the IDR.

- At Stage One, the complaint will be considered by a person nominated by the Chief Fire Officer. If the person with the complaint remains dissatisfied, they may then proceed to Stage Two.
- At Stage Two the complaint will be considered by the Chief Fire Officer.

The IDR is usually conducted in writing. A hearing shall be convened only in exceptional circumstances.

Stage One

The application for consideration of the complaint should be made within six months of the decision that is disputed.

The application should be in writing and contain all the details of the complaint. Warwickshire Pension Fund has produced a form for this purpose which can be obtained by contacting Warwickshire Pension Fund on the contact details supplied below.

The form should be signed and submitted to Warwickshire Pension Fund together with any relevant documents which may support the complaint.

The Stage One decision maker will, in writing:

- acknowledge receipt of the Stage One application

- state that they intend to make a decision on the matters raised by the application within two months from the date the application was received
- explain that in the event that they cannot give a decision within two months, the applicant will be sent an interim reply (copied to any representative) setting out the reasons for the delay and the expected date for the issue of a decision,
- provide contact details for the Money and Pensions Service (MaPS) which is available to assist members and beneficiaries of a pension scheme in connection with any difficulty with the scheme

The Stage One decision maker shall gather such facts and evidence as they feel appropriate to give a fair decision in respect of the complaint.

Having considered the case and arrived at their decision, the Stage One decision maker will notify their decision in writing. The decision will refer to any legislation, including any Scheme Orders relied upon for the decision. If a discretion allowed by the relevant Scheme has been exercised, there will be a reference to this and to the provisions of the Scheme which allow the discretion. The decision letter will also provide details of Stage Two of the IDR, in the event that the dispute remains unresolved. This correspondence will be copied to any representative.

Stage Two

If the applicant is dissatisfied with the decision at Stage One, they can apply for the decision to be reconsidered by the Chief Fire Officer at Stage Two.

This application should be made within six months of the date that the Stage One decision was notified.

This application, like the Stage One application, must be given in writing. Again, a form has been produced for this purpose which can be obtained by contacting Warwickshire Pension Fund.

The application must contain all the information required by the form.

The form should be signed and submitted to Warwickshire Pension Fund together with a copy of the Stage One decision, and any relevant documents which may support the complaint.

Warwickshire Pension Fund will acknowledge receipt of the Stage Two application for a reconsideration of the Stage One decision in writing. That letter shall:

- state that a notice of a decision on the matters raised by the application will be made within two months from the date the application was received and that, in the event that a decision cannot be made within two months, an interim reply shall be sent (copied to any representative) setting out the reasons for the delay and the expected date for the issue of a decision.
- make reference to the availability of MAPS to assist members and beneficiaries in connection with any difficulty with the Scheme which remains unresolved.

The Chief Fire Officer will consider the application and arrive at their decision which shall be given in writing (copied to any representative) with an explanation as to whether, and if so to what extent, that decision either confirms or replaces the decision made at Stage One.

As in the case of the Stage One decision, the Stage Two decision will include a reference to any legislation, including Scheme Orders, relied upon for the decision. If a discretion allowed by the relevant Scheme has been exercised, there will be a reference to this and to the provisions of the Scheme which allow the discretion.

The letter will also advise that, if the applicant remains dissatisfied, the Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to a pension scheme. A contact address for the Pensions Ombudsman will be given.

Contact Details

Warwickshire Pension Fund's contact details are as follows:

Email: firefighterpensions@warwickshire.gov.uk

Telephone: 01926 412984

Post: Shire Hall, Market Square, Warwick CV34 4RL

Further Advice

Money and Pensions Service

MaPS provides free, confidential advice to individual members of the public. Although MaPS will offer help before, during and after and IDRP, they will normally expect a person to have taken up the dispute at least informally with Warwickshire Pension Fund in the first instance.

MaPS can be contacted as follows:

Email: contact@maps.org.uk

Telephone: 01159 659570

Post: 120 Holborn, London, EC1N 2TD

The Pensions Ombudsman

The Pensions Ombudsman can investigate and determine complaints of maladministration or a dispute of fact or law in relation to an occupational pension scheme.

Please note that you must refer your complaint to the Ombudsman within 3 years of the event about which you are complaining, or within 3 years of when you first became aware of the problem.

The Ombudsman cannot help if court proceedings have begun and will normally expect the case to have first been considered under the IDRPs and advice to have been sought from MaPS.

The Pensions Ombudsman can be contacted as follows:

Email: enquiries@pensions-ombudsman.org.uk

Telephone: 0800 917 4487

Post: 10 South Colonnade, Canary Wharf, E14 4PU

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Briefing note Firefighter Pension Schemes, McCloud/Sargeant

Immediate detriment follow on guidance issued 10th June 2021 by the Home Office

Background

In August 2020 the Home Office released informal guidance to Fire and Rescue Authorities in England on the processing of 'immediate detriment' cases in advance of a decision on the Government's final approach to removing the age discrimination as found in the McCloud/Sargeant Employment Tribunal litigation.

Immediate detriment includes those scheme members who were in service on or before 31 March 2012 and on or after 1 April 2015, including those with a qualifying break in service of less than 5 years, and who did not benefit from full protection and were moved into the 2015 Scheme on or after 1 April 2015:

1. Who become eligible to retire with an ordinary pension and want to have all their benefits paid from their legacy scheme (i.e. do not accept deferred 2015 scheme benefits); OR
2. Who don't qualify for lower-tier (and therefore higher-tier) ill-health pension under the single pot Ill-Health Retirement (IHR) arrangement BUT would do so under the IHR arrangements in their legacy scheme.

Any scheme members that fall within either of the two categories above can have their pensions calculated and put into payment according to this guidance.

If followed this guidance should not be applied to scheme members who have already retired and are in receipt of their pension payments. These cases are more complex to address, especially due to complexities in rectifying the member's tax position.

It is important to note that any cases processed using this guidance would need to be revisited once the Government's approach to removing the discrimination has been finalised, due to relevant matters that are currently subject to consultation, to include interest on contributions etc. This is likely to be after April 2022.

WCC took the decision to apply this guidance making an assessment on each case to identify any complexities which could lead to an incorrect value of benefits being paid.

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