



**Wednesday,  
20 November 2019  
2.00 pm**

**Meeting of  
Local Pension Board -  
Firefighters Pension  
Scheme  
Clemonds Hey  
Winsford**

Contact Officer:  
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Fire Leadership Team Conference Room, Clemonds Hey, Winsford, Cheshire, CW7 2UA

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## **Cheshire Fire Authority**

### **Notes for Members of the Public**

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#### **Attendance at Meetings**

The Cheshire Fire Authority welcomes and encourages members of the public to be at its meetings and Committees. You are requested to remain quiet whilst the meeting is taking place and to enter and leave the meeting room as quickly and quietly as possible.

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The Agenda is usually divided into two parts. Members of the public are allowed to stay for the first part. When the Authority is ready to deal with the second part you will be asked to leave the meeting room, because the business to be discussed will be of a confidential nature, for example, dealing with individual people and contracts.

**This agenda is available in large print, Braille, audio CD or in community languages upon request by contacting; Telephone: 01606868414 or email: [equalities@cheshirefire.gov.uk](mailto:equalities@cheshirefire.gov.uk)**

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Anyone attending the meeting should be aware the Authority audio-records its meetings. There is a protocol on reporting at meetings which provides further information. Copies are available on the Service's website [www.cheshirefire.gov.uk](http://www.cheshirefire.gov.uk) or alternatively contact Democratic Services for details

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## **MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME**

**WEDNESDAY, 20 NOVEMBER 2019**

**Time : 2.00 pm**

**Fire Conference Room, Clemonds Hey, Cheshire**

### **AGENDA**

- 1 Welcome and Introductions**
- 2 Apologies**
- 3 Declaration of Interests** (Pages 1 - 2)
- 4 Notes from the previous meeting** (Pages 3 - 6)  
A copy of the notes from the previous meeting held on 7 May 2019 are attached, for information.
- 5 Pension Board Terms of Reference** (Pages 7 - 22)  
This report was submitted to the Governance and Constitution Committee on 13<sup>th</sup> November 2019 and the outcome of the Committee will be reported at the meeting. Changes to the Terms of Reference will need to be approved by the Fire Authority. The views of the Board are sought before a report is prepared for consideration by the Authority.
- 6 XPS Administration Cheshire Fire and Rescue Service Delivery Report** (Pages 23 - 42)  
Report of the Operations Manager from XPS Administration
- 7 Pension Administrator - Changes to Process** (Pages 43 - 46)  
This report was submitted to the Performance and Overview Committee on 10<sup>th</sup> July 2019. The Committee noted the report. It is being submitted to the Board for information.
- 8 Firefighter Pension Scheme Update** (Pages 47 - 94)  
Report of the HR Business Support Manager.
- 9 Firefighter Pension Scheme Risk Register** (Pages 95 - 104)  
Report of the HR Business Support Manager.
- 10 Update on the McCloud Judgment** (Verbal Report)  
The judgement of the Court of Appeal in the McCloud case, that the transitional protections of the 2015 Firefighters Pension Scheme are discriminatory, has implications for all public sector pension schemes. A verbal update on the current position will be given at the meeting.

**11 Pension Board - Training Update**

(Verbal Report)

To receive an update on Pension Board members training from the Director of Transformation.

**Next Meeting: Wednesday 18th March 2020**

## CHESHIRE FIRE AUTHORITY PENSION BOARD-FIREFIGHTERS' PENSION SCHEMES

### DECLARATION OF INTERESTS

Section 5(4) of the Public Service Pensions Act 2013 (PSPA 2013) requires that any member of the pension board must not have a conflict of interest i.e. a "financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board" (this does not include a financial or other interest arising merely by virtue of being a member of any of the Firefighters' Pension Schemes).

A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Pension Board, such that it may be reasonably questioned whether the actions or decisions of that person are influenced by their own interests. Such a conflict would prejudice an individual's ability to perform their duties and responsibilities towards the Pension Board in an objective way.

The Code of Conduct and Conflict of Interest Policy for Pension Board members provides further guidance, which pension board members are advised to refer to before completing this Declaration.

All Pension Board members must complete and return this Declaration of Interests form to the Democratic Services Manager who will keep a register of declarations, which will be reviewed and monitored by the Scheme Manager.

|  |     |    |
|--|-----|----|
| 1. Name (please print):                      |     |    |
| 2. Are you currently a member of a FFPS?     | Yes | No |
| If yes, please confirm which pension scheme: |     |    |
| 3. Are you in receipt of a FFPS pension?     | Yes | No |
| If yes, please confirm which pension scheme: |     |    |

|  |     |    |
|--|-----|----|
| 4. (a) If you are currently in paid employment please give details and nature of your employer.  | Yes | No |
| Employment details:  |     |    |
| 4. (b) Do you believe that your employment creates a potential conflict of interest with your role on the pension board?   | Yes | No |
| If yes, please explain why:  |     |    |
| 5. (a) Is any member of your immediate family employed in the financial services or pensions industry?   | Yes | No |
| If yes, please give details :  |     |    |
| 5. (b) Do you believe that their employment creates a potential conflict of interest with your role on the Local Pension Board?  |     |    |
| 6. Please detail below any other commitments, connections or responsibilities you may have which could be reasonably perceived to be relevant to your role on the Pension Board.                                   |     |    |
| <p><b>Declaration:</b><br/> <b>I declare that the information given on this Declaration of Interests Form is complete and correct to the best of my knowledge.</b></p> <p>Signed :</p> <p>Name :</p> <p>Date :</p> |     |    |

**This form should be returned to: Governance and Planning Manager, Cheshire Fire Authority, Clemonds Hey, Oakmere Road, Winsford, Cheshire, CW7 2UA or sent by email to: [naomi.thomas@cheshirefire.gov.uk](mailto:naomi.thomas@cheshirefire.gov.uk)**



## **MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Tuesday, 7 May 2019 at Leadership Team Conference Room - Fire Service, Clemonds Hey at 1.30 pm**

### **PRESENT:**

**Board Members:** ACFO A Waller (Chair), N McElroy (FOA) and G Peers (FBU)

**Officers:** A Harvey (Director of Transformation), J Nixon (Governance Advisor), J Swift (HR Business Support Manager) and D Linton (Governance and Corporate Planning Manager)

**Guests:** G Hall (XPS) and M Warburton (FBU - Observer)

### **2 APOLOGIES**

Apologies for absence were received from Councillor G Merry.

### **3 DECLARATION OF INTERESTS**

There were no declarations of Members' interest.

### **4 NOTES FROM THE PREVIOUS MEETING**

**RESOLVED:** That

**[1] the minutes of the meeting of the Local Pension Board held on 22<sup>nd</sup> November 2018 be confirmed as a correct record.**

The following action was raised:-

#### **Minute 5 – Firefighter Pension Scheme Update (Resolution 3)**

The Chair requested an update from Graeme Hall from XPS on if the service information provided within Annual Benefit Statement could be itemised rather than combined together to allow members to verify that their information was correct more easily. In response, Graeme Hall advised that this request would require a change to the software and this was not possible at the present time. However, an option was for CFRS to use the Member Self-Service Portal, this was currently used by a number of police services including Cheshire Constabulary and Cleveland Fire and Rescue Service.

**ACTION:** The Governance and Corporate Planning Manager to liaise with XPS to arrange for a demonstration of the Self-Service Portal to take place at Clemonds Hey in July 2019.

### **5 XPS ADMINISTRATION CHESHIRE FIRE AND SERVICE DELIVERY REPORT APRIL 2018 - MARCH 2019**

The Operations Manager, Graeme Hall from XPS was in attendance and presented the Cheshire Fire and Rescue Service Delivery Report for 2018-19 which contained the following information:-

- Regulations and Guidance from April 2018 to March 2019
- Three complaints have been received between July 2018 and February 2019
- Common Data
- Performance Charts against individual service level agreements
- KPI Reporting Accuracy and Qualitative Reporting (as requested at the last meeting)
- 2017/18 Annual Benefit Statement (ABS) Issuance

At the last meeting the Pensions Board sought clarity on how XPS would report situations such as ABS's being sent to an incorrect address and XPS confirmed that this would be included within future reports. Graeme Hall confirmed that this information had now been included within the Report Addendum and reported that following the issuance of the 2017/18 ABS's by XPS Administration, Kier Pensions Unit at the time, it transpired that 36 ABS's were not issued and this covered 31 Members. Following an investigation into the member that's did not receive an ABS they were split into four groups that were detailed within the report.

The Director of Transformation made reference to the actual performance figure of 42.86 for processing new entrants in July 2018 and sought clarity on what this included. In response, Graeme Hall advised that he would check this information and respond directly to the HR Business Support Manager outside the meeting.

The Chair welcomed the KPI Reporting Accuracy and Qualitative Reporting information as requested at the last meeting and asked if future reports could include any mistakes identified by the HR Business Support Manager prior to submission.

**RESOLVED: That:**

- [1] the content of the report and comments raised be noted.**
- [2] Graeme Hall to report to the HR Business Manager directly outside the meeting regarding the query relating to actual performance figure of 42.86 for processing new entrants in July 2018.**
- [3] Graeme Hall to liaise with the HR Business Manager regarding any mistakes identified within the KPI Reporting Accuracy and Qualitative Reporting information.**

**6 FIREFIGHTER PENSION SCHEME UPDATE**

The HR Business Support Manager presented a report to provide the Pension Board with an update on current issues relating to the Firefighter's Pension Schemes, which included the following:-

- Membership Statistic
- Firefighter Pension Scheme Bulletins
- Firefighter Pension Scheme Valuation and Cost Cap Process
- Contracting-out Reconciliation Exercise
- Surveys and Information Requests
- Regulatory Updates
- Cheshire Fire and Rescue Internal Pensions Administration Performance

## Update

A Board Member referred to the Membership Statistics with specific reference to the number of Wholetime Opted Out Members and a discussion was had on the reasons given by staff for opting out of the scheme and if this number could be reduced moving forward by covering the benefits of the pension scheme in the Firefighter Induction process.

The Pensions Board were advised that in FPS Bulletin 16, the LGA had confirmed that there would be no changes to employee contribution or accrual rates. However, the employer contribution rates had increased significantly from 1<sup>st</sup> April 2019, as detailed at paragraph 5 of the report.

### **RESOLVED: That:**

**[1] the content of the report and comments raised be noted.**

## **7 FIREFIGHTER PENSION SCHEME RISK REGISTER**

The HR Business Support Manager presented the Firefighter Pension Scheme Risk Register which had been reviewed in March 2019.

A discussion was had on the Data Forecast and Calculations and the HR Business Support Manager was requested to score the risk.

### **RESOLVED: That:**

**[1] the Firefighter Pension Scheme Risk Register be noted and the Data Forecast and Calculations Risk be scored accordingly.**

## **8 CHESHIRE FIRE AND RESCUE SERVICE INTERNAL PENSIONS ADMINISTRATION PERFORMANCE UPDATE**

This update was included within Minute 6 – Firefight Pension Scheme Update.

## **9 PENSION TRANSITIONAL ARRANGEMENTS COURT OF APPEAL JUDGEMENT**

The Governance Officer provided an update on the Court of Appeal judgement in December 2018 in the McCloud/Sergeant transitional protections case. The Court of Appeal had ruled that the transitional protections were discriminatory. The Government had applied to the Supreme Court for leave to appeal the decision. The decision had been expected in April but had not yet been made. It was too early to know what the likely impact would be on members' benefits if the Court of Appeal's decision was upheld.

The Pension Board were advised that updates on the transitional arrangements were available within the FPS Bulletin.

### **RESOLVED: That:**

**[1] the verbal update be noted.**

**10 PENSION BOARD - TRAINING UPDATE**

The Director of Transformation advised that all upcoming events and training available was detailed within the FPS Bulletins which all Board Members received directly from the LGA. If any Board Member wished to attend any of these events to contact the Governance and Corporate Planning Manager who would make the necessary arrangements.

Board Members were also informed that the Firefighter's Pensions England Scheme Advisory Board Annual Training event was due to take place on 18<sup>th</sup> June 2019 at the LGA in London.

It was the intention to invite the Local Government Association (LGA) Firefighter' Pension Advisor to provide 'Local Pension Board Training' in-house later in the year. The Governance and Corporate Planning Manager advised that she would contact the LGA to make the necessary arrangements.

**RESOLVED: That:**

**[1] the Pension Board Training update be noted.**

**[2] the Governance and Corporate Planning Manager to arrange for the Local Government Association (LGA) Firefighter' Pension Advisor to provide 'Local Pension Board Training' to the Pension Board later in the year.**

## CHESHIRE FIRE AUTHORITY

**MEETING OF:** GOVERNANCE AND CONSTITUTION COMMITTEE  
**DATE :** 13 NOVEMBER 2019  
**REPORT OF :** DIRECTOR OF GOVERNANCE AND COMMISSIONING  
**AUTHOR:** ANDREW LEADBETTER

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**SUBJECT:** PENSION BOARD TERMS OF REFERENCE

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### **Purpose of Report**

1. To enable Members to consider the updated terms of reference for local pension boards recently provided by the Firefighters' Pension Scheme Advisory Board and to determine whether any of these changes should be adopted and included in the terms of reference for the Pension Board of this Authority.

**Recommended:** That Members

- [1] consider the report and decide whether any changes to the terms of reference of the Pension Board are necessary.

### **Background**

2. In April 2015, the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 came into force requiring fire authorities to establish local pension boards. The role of the Pension Board is to assist scheme managers in securing compliance with the pension regulations and ensuring the effective governance and administration of the Firefighters' Pension Schemes.
3. The Fire Authority is the scheme manager and has delegated this function to the Director of Transformation.
4. The Fire Authority adopted the nationally recommended standard terms of reference for pension boards in February 2015.
5. This year, the Firefighters' Pension Scheme Advisory Board has updated the draft terms of reference for local pension boards, following a review and the recommendations in the Pension Regulator Governance and Administration survey.
6. Members are invited to review the existing terms of reference in light of the updated version and consider whether any changes are now appropriate.

### **Information**

7. The current terms of reference are attached as Appendix 1 to this report.
8. In summary, this Authority's Pension Board is comprised of two employer representatives (one elected Member and an Assistant Chief Fire Officer)

and two scheme member representatives (one from the Fire Brigades Union and one from the Fire Officers Association). All were nominated for appointment and hold office for an indefinite term. The elected Member is the Chair and the Board meets approximately twice a year.

9. The updated terms of reference are attached as Appendix 2 to this report (the highlighting is part of the draft that has been supplied). They are more detailed than the original terms of reference. They are not compulsory and in some parts they provide a number of alternatives for authorities to consider. They can be adopted in whole or in part.
10. The following paragraphs are intended to cover the key questions that Members should consider (the Director of Transformation has reviewed the document and her observations are shown in red):
  - a) **Should substitute members be permitted?** Not currently permitted, mainly due to the time required to train and gain a knowledge of the firefighter pension scheme rules. None of the other four North West fire authorities permit substitutes. **The Director of Transformation does not believe substitute members should be permissible due to the complexity of the pension rules and knowledge requirements.**
  - b) **Member representatives can be scheme members or “have experience of representing pension schemes in a similar capacity”.** We only have firefighter pension scheme members on the board due to the unique nature of the firefighter pension schemes. **The Director of Transformation considers that members of the pension scheme are best placed to be on the Board because of their knowledge of the scheme and having representatives from both the FBU and FOA provides a good balance and is representative of the workforce.**
  - c) **Employer representatives shall be office holders or senior employees.** We have one elected Member and an Assistant Chief Fire Officer. In Lancashire two senior officers are on the Board, in Merseyside one elected Member and two officers. **The Director of Transformation sees no reason to change the current arrangements. Having an elected Member provides a level of scrutiny and the senior officer provides knowledge and experience.**
  - d) **Appointment of Chair: three options are given: An independent chair; Board appointed chair; and a fire authority appointed chair.** The elected Member is the chair of our Pension Board. Across the region, others appoint annually and rotate between the employer and member representative. **The Director of Transformation believes that the current arrangements are working well and that there is no reason to make any change.**
  - e) **Term of office: shall be longer than 12 months up to a maximum and it is for each fire authority to decide on the length of the term.** We have an indefinite term of office, as have Lancashire. Greater Manchester and Cumbria both have a four year fixed term. **The Director of Transformation believes that an**

indefinite term of office provides stability for the board. There is no reason to have a fixed term of office, particularly since it takes time to gain the necessary knowledge and experience to make a meaningful contribution.

- f) **Meetings: quarterly meetings are recommended good practice.** Our Pension Board is 'expected' to meet approximately four times per year, although in practice meets for three meetings a year, including a training day. Across the region meetings are held twice a year. **The Director of Transformation is satisfied that the number of meetings is adequate.**

11. This report and the views of this Committee on these issues will be shared with members of the Pension Board at the meeting on the 20<sup>th</sup> November 2019 and the Board will be given the opportunity to contribute before the Fire Authority considers changes to the terms of reference.

### **Financial Implications**

12. There are no financial implications arising from this report.

### **Legal Implications**

13. The Fire Authority is legally required to have a local pension board to assist the scheme manager in securing compliance with the Firefighter Pension Scheme Regulations and to ensure the effective governance and administration of the various schemes.

### **Equality and Diversity Implications**

14. There are no equality and diversity implications.

### **Environmental Implications**

15. There are no environmental implications.

**CONTACT: NAOMI THOMAS, CLEMONDS HEY, WINSFORD  
TEL [01606] 868804**

**BACKGROUND PAPERS: NONE.**



## **PENSION BOARD – FIREFIGHTERS’ PENSION SCHEMES**

### **TERMS OF REFERENCE AND ASSOCIATED RULES**

#### **Responsibilities**

The Pension Board will assist the Scheme Manager (the Fire Authority) to:

- (a) Secure compliance with:-
  - (i) The Firefighters’ Pension Scheme (England) Regulations 2014 – which create the Firefighters’ Pension Scheme 2015 (the 2015 Scheme)
  - (ii) Any other legislation relating to the governance and administration of the 2015 Scheme and any connected scheme, and
  - (iii) Any requirements imposed by the Pensions Regulator in relation to the 2015 Scheme and any connected scheme; and
- (b) Ensure the effective and efficient governance and administration of the 2015 Scheme and any connected scheme.

#### **Membership of the Board**

Pension Member representatives

1. Two pension member representatives shall be appointed to the Board.
2. Pension member representatives shall be members of the scheme administered by Cheshire Fire Authority.
3. Pension member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

Employer representatives

4. Two employer representatives shall be appointed to the Board.
5. One Member of the Fire Authority will be appointed to act as an employer representative together with an officer of the Authority.
6. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

#### **Appointment of Chair**

7. The Fire Authority Member appointed to the Board as an employer representative will act as Chair to the Board.
8. If the Chair is unable to attend a meeting of the Board the other employer representative will act as chair at that meeting.

9. The Chair of the Board shall :
  - i. ensure the Board fulfils it's responsibilities as set out in these Terms of Reference
  - ii. ensure that meetings are productive and effective and that opportunity is given for the views of all Board members to be expressed and considered and
  - iii. Seek to reach consensus and ensure that decisions are properly put to a vote when consensus cannot be reached.

### **Conflicts of Interest**

10. All members of the Board must declare to Cheshire Fire Authority on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.
11. On appointments to the Board and following any subsequent declaration of potential conflict Cheshire Fire Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of Cheshire Fire Authority and the requirements of the Pensions Regulators Codes of Practice on conflict of interest for Board members.

### **Capacity (including Training)**

12. Board members must have the capacity to devote sufficient time and energy to this role. In particular Board members shall attend and participate in training.

### **Board Administration**

13. Meetings will be arranged by the Democratic Services team, who will issue agendas and supporting papers at least seven working days in advance of meetings.
14. The Democratic Service team will also be responsible for taking minutes of the meetings.

### **Term of Office**

15. Members of the Board will be appointed for an indefinite term.
16. Board membership may be terminated prior to the end of the term of office due to:
  - i. A member representative appointed on the basis of their membership of the scheme no longer being a member of the scheme or an employee of Cheshire Fire Authority.

- ii. An employer representative no longer holding office or employment with, or being a Member of, Cheshire Fire Authority.
- iii. The representative no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

### **Meetings**

- 17. The Board is expected to meet approximately four times per year.
- 18. The Chair of the Board may call additional meetings.

### **Quorum**

- 19. A meeting is only quorate when at least one pension member representative and one employer representative is present.

### **Voting**

- 20. Each member of the Board will have one vote.
- 21. Where an equal number of votes are cast the Chair (or in his or her absence the chair of the meeting) will have a casting vote.



**PENSION BOARD OF [INSERT FIRE AND RESCUE AUTHORITY]  
TERMS OF REFERENCE**

**Name**

1. The name of the Board is “Local Pension Board” (“the Board”) and is established by [INSERT FIRE AND RESCUE AUTHORITY] (“the Authority”) as the Scheme Manager under the provisions of the Public Sector Pensions Act 2013 and The Firefighters’ Pension Scheme (Amendment)(Governance) Regulations 2015.
2. The Board shall be in place from [INSERT DATE].

**Statement of purpose**

3. The purpose of the Board is to assist [INSERT FIRE AND RESCUE AUTHORITY] in its role as a scheme manager of the Firefighters’ Pension Scheme. Such assistance is to:
  - (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and’;
  - (b) ensure the effective and efficient governance and administration of the Scheme.

**Duties of the Board**

4. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members:
  - (a) should act always in the interests of the scheme and not seek to promote the interests of any stakeholder group above another.
  - (b) should be subject to and abide by the [INSERT FIRE AND RESCUE AUTHORITY] code of conduct for members.

**Membership**

5. The Board will comprise an equal number of employer and member representatives with a minimum requirement of no less than four in total.
6. Substitute members [will/ will not] be permitted.
7. Each Board member shall endeavour to attend all Board meetings during the year.

### **Member representatives**

8. [INSERT NUMBER] member representatives shall be appointed to the Board.
9. Member representatives shall either be members of the scheme administered by [INSERT FIRE AND RESCUE AUTHORITY] or have experience of representing pension scheme members in a similar capacity.
10. Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

### **Employer representatives**

8. [INSERT NUMBER] employer representatives shall be appointed to the Board
9. Employer representatives shall be office holders or senior employees of [INSERT FIRE AND RESCUE AUTHORITY] or have experience of representing scheme employers in a similar capacity. Office holders or employees of [INSERT FIRE AND RESCUE AUTHORITY] with delegated responsibility for discharging the scheme manager function of [INSERT FIRE AND RESCUE AUTHORITY] may not serve as employer representatives.
10. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
12. Employer representatives shall be appointed by [INSERT FIRE AND RESCUE AUTHORITY] in a manner which it considers best promotes the purpose of the Board.

### **Other members**

13. [INSERT NUMBER TO BE NO GREATER THAN THE COMBINED NUMBER OF EMPLOYER AND MEMBER REPRESENTATIVES] other members shall be appointed to the Board by [INSERT FIRE AND RESCUE AUTHORITY OR THE BOARD]
14. Other members [shall/ shall not] be ex-officio members.
15. Any appointments of other members shall have regard to the best interests of the purpose of the Board.

### **Appointment of chair**

16. [INSERT FIRE AND RESCUE AUTHORITY] shall appoint a[n] (delete as appropriate):

Option 1 Independent chair

**Option 2 Board appointed chair**

**Option 3 [ INSERT FIRE AND RESCUE AUTHORITY ] appointed chair**

17. The duties of the chair should be in accordance with the duties of a chair within [INSERT FIRE AND RESCUE AUTHORITY].

**Notification of appointments**

18. On appointment to the Board [INSERT FIRE AND RESCUE AUTHORITY] shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

**Conflicts of interest**

19. All members of the Board must declare to [INSERT FIRE AND RESCUE AUTHORITY] on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.
20. On appointments to the Board and following any subsequent declaration of potential conflict [INSERT FIRE AND RESCUE AUTHORITY] shall ensure that any potential conflict is effectively managed in line with both the internal procedures of [INSERT FIRE AND RESCUE AUTHORITY] and the requirements of the Pensions Regulator's codes of practice on conflict of interest for Board members.

**Knowledge and understanding (including Training)**

21. Knowledge and understanding must be considered in light of the role of the Board to assist [INSERT FIRE AND RESCUE AUTHORITY] in line with the requirements outlined in section 2 above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
22. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
23. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.
24. The Board is entitled to one free training session per annum to be delivered in house by the LGA.

## Term of office

25. Term of Office shall be longer than 12 months to allow sufficient development of knowledge and understanding, up to a maximum of [INSERT MAXIMUM].
26. Board membership may be terminated prior to the end of the term of office due to:
- (a) A member representative appointed on the basis of their membership of the scheme no longer being a member of the scheme
  - (b) A member representative no longer being a member of the body on which their appointment relied
  - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied
  - (d) The representative no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

## Meetings

27. The Board shall as a minimum meet [INSERT NUMBER] times per year, considering that quarterly meetings are recommended good practice. Meetings shall normally take place between the hours of [INSERT TIME] and [INSERT TIME].
28. The chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.
29. All agendas and papers for Board meetings will be made publically available on the [INSERT FIRE AND RESCUE AUTHORITY] website unless, in the opinion of the Scheme Manager, they are covered by exempt/confidential information procedures under Schedule 12A of the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998.

## Quorum

either

30. The total number of members required to be present for a meeting to be quorate is [INSERT NUMBER] plus the chair or deputy chair.

or

31. A meeting is only quorate when at least xx% of both member and employer representatives are present plus the chair or deputy chair.

## Voting

32. The Chair shall determine when consensus has been reached.

33. Where consensus is not achieved this should be recorded by the Chair.

34. In support of its core functions the Board may make a request for information to [INSERT NAME OF OFFICER WITH DELEGATED SCHEME MANAGER FUNCTIONS] with regard to any aspect of the scheme manager function. Any such a request should be reasonably complied with in both scope and timing.

35. In support of its core functions the Board may make recommendations to [INSERT NAME OF OFFICER WITH DELEGATED SCHEME MANAGER FUNCTIONS] which should be considered and a response made to the Board on the outcome within a reasonable period of time.

### **Accountability**

36. The Board will be collectively and individually accountable to the Scheme Manager, which is ultimately [INSERT FIRE AND RESCUE AUTHORITY] as the responsible authority for the Firefighters' Pension Schemes.

37. [INSERT FIRE AND RESCUE AUTHORITY] continue to be responsible for the contractual arrangements, including delivery against the contract and agreed key performance indicators for the pension scheme administration.

### **Data Protection**

38. The Board will adhere to the Data Protection Policies held by the Scheme Manager ([INSERT FIRE AND RESCUE AUTHORITY]).

### **Interpretation**

39. In these terms 'the Scheme' means the Firefighters' Pension Scheme.

40. In these terms Regulations means the Firefighters' Pension Scheme 1992, as amended, the Firefighters' Pension Scheme 2006, as amended and the Firefighters' Pension Scheme Regulations 2014 as amended.

41. In these terms 'regulations' include the Firefighters' Pension Scheme 1992, as amended, the Firefighters' Pension Scheme 2006, as amended, the Firefighters' Pension Scheme Regulations 2014 as amended, the Pension Regulators Codes of Practice as they apply to the scheme manager and pension board, and any other relevant legislation applying to the Scheme.

### **Amendment to the Terms of Reference**

42. These terms of reference may be amended by regulation or in consultation with the Board by the Scheme Manager.

V4 04 06 2019

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## ANNEX A

### EXAMPLE APPOINTMENT PROCESSES

#### Directly appointed member representatives

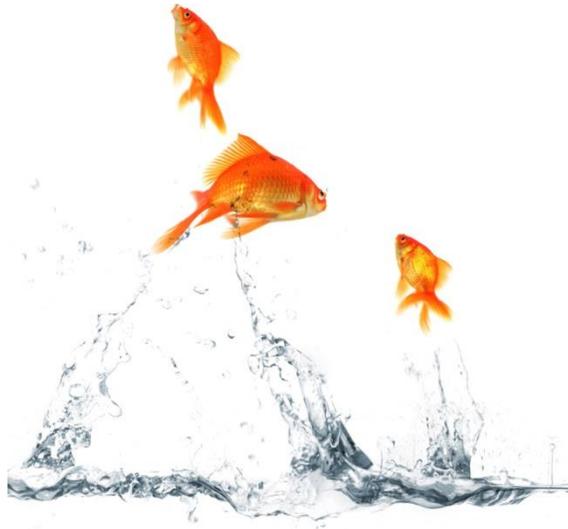
1. Every member of the scheme administered by [INSERT FIRE AND RESCUE AUTHORITY] shall be sent a nomination pack to include the terms of reference, an invitation to nominate themselves or another appropriate person as a member representative, a nomination form and a voting form.
2. Any nomination should include information as to how the nominee meets the requirements of the role as set out in the terms of reference and how their appointment would be in the best interests of the purpose of the Board.
3. Nominations shall be posted on the website of [INSERT FIRE AND RESCUE AUTHORITY] together with instructions for the completion and submission of voting forms.
4. The [INSERT NUMBER] nominees with the most number of votes shall be appointed to the Board.

#### Independent chair

1. [INSERT FIRE AND RESCUE AUTHORITY] shall place an advertisement for an independent chair of the board in the appropriate media to include but not be restricted to:
  - (a) The website of [INSERT FIRE AND RESCUE AUTHORITY]
  - (b) One local media outlet
  - (c) An employer newsletter
  - (d) A member newsletter
2. The advertisement should ask for applications for the role of independent chair and should include information as to how to apply together with a description of the role.
3. Applications should be submitted to [INSERT SECTION/OFFICER OF FIRE AND RESCUE AUTHORITY] and show how the candidate meets the requirements of the role as set out in the terms of reference and how their appointment would be in the best interests of the purpose of the Board.
4. [INSERT SECTION/OFFICER OF FIRE AND RESCUE AUTHORITY] shall score the applications against the requirements of the role as set out in the terms of reference and the highest scoring candidates should make up the shortlist.

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**Cheshire Fire**

**Service Delivery Report**

**2019-2020**

# April 2019 – March 2020

## Regulations and Guidance

### April 2019

FPS Bulletin 19

**Consequences:** for information only. This bulletin included news and updates on the club memorandum and the exit cap consultation. LGA advised that new and updated factsheets on Two (Split) pensions, eligibility to join the FPS and Pensions Taxation are available on their website.

### May 2019

FPS Bulletin 20

**Consequences:** for information only. This bulletin covered an update on the Mc Cloud and Sargeant transitional protections case.

It included pensionable pay guidance and factsheet in light of the High Court Judgement in Booth v Mid and West Wales.

Also included in this bulletin was a link to a leaflet that had been produced in conjunction with the Fire Communications Working Group (FCWG) to assist FRA's in communicating the recent changes following the Amendment regulations and also reminding FRA's that information must be provided to members by 1<sup>st</sup> July 2019.

A technical note was published to give guidance to FRA's on the implications on payments in relation to the FPS following the government consultation on restricting exit payments.

## June 2019

Attendance at Fire Pensions Officers Group Meeting – Bradford, 12 June 2019

Attendance at Ill-health & Injury Workshop – London, 19 June 2019

FPS Bulletin 21

**Consequences:** for information only. The bulletin covers the earlier than expected outcome of the Governments application for permission to appeal to the Supreme Court. The decision was made on 27<sup>th</sup> June 2019, the Supreme Court has denied the Governments request for an appeal in the transitional protections case in respect of age discrimination and pension protection. Until the remedy has been determined by the employment tribunal and any regulations changed as a result we cannot speculate how future benefits may change. Any retirement projections, annual benefit statement as at 31<sup>st</sup> March 2019 or pension information must be based on the regulations as they currently stand.

LGA are preparing a briefing note covering the full background to the case and each stage of the challenge which can be shared with its members. This note will be published as soon as possible.

The bulletin also included replacement FPS 2006 Non-Club Transfer-In Factors, the suspension of any outstanding cases can be lifted and these factors can be used with immediate effect.

Other updates and newsletters from The Pensions Ombudsman (TPO), HMRC and the GAD PSPS newsletter.

## July 2019

Attendance at Fire-fighters pensionable pay workshop – LGA London 18<sup>th</sup> July 2019

FPS bulletin 22

**Consequences:** for information only. This bulletin was titled “the take-over issue” which included articles from organisations across the sector on topics affecting the FPS. Articles such as a legal update from Weightmans, what to expect if a scheme complaint is referred to The Pension Ombudsman and a view from the Pensions Regulator on the Governance & Administration Survey 2018, plus many more.

## August 2019

FPS bulletin 23

**Consequences:** for information only. This bulletin covered the AON administration and benchmarking review final report, a new fact sheet for compensatory ill health pensions for retained firefighters, along with other news and updates from HMRC, The Pensions Regulator and The Pensions Ombudsman.

**September 2019**

Attendance at Fire-fighters AGM 24<sup>th</sup> & 25<sup>th</sup> September 2019 – the two day event took place at Smith Square London, presentations are available at the following:-

Day one <http://www.fpsboard.org/images/PDF/Events/AGM2019/AGM2019day1.pdf>

Day two <http://www.fpsboard.org/images/PDF/Events/AGM2019/AGM2019day2.pdf>

FPS bulletin 24

**Consequences:** for information only. Included in this bulletin are details of the appointment of a new contractor Duradiamond Health Ltd to provide the Board of Medical Referees (BMR) from 1 October 2019.

HMRC have received claims for refunds of National Insurance Contributions for FPS 2006 special members. HMRC will contact FRA's shortly to advise what action you need to take.

Further updates and news on current issues were also included.

## Headlines

## Additional Work

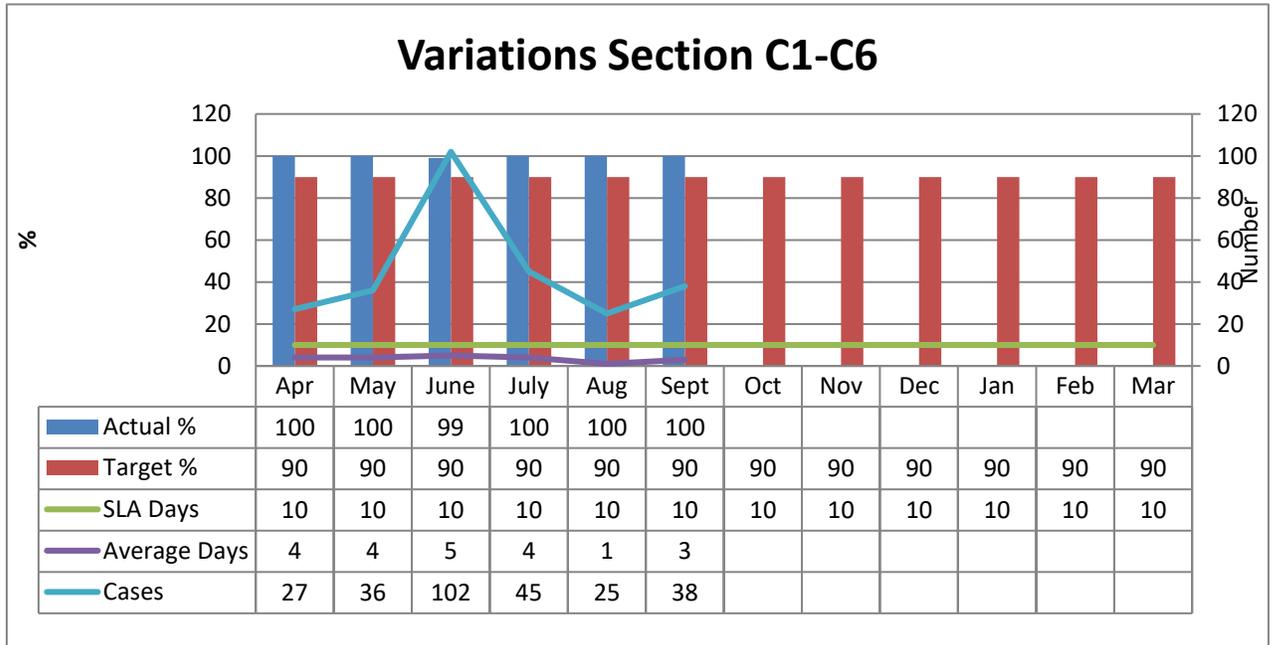
## Complaints

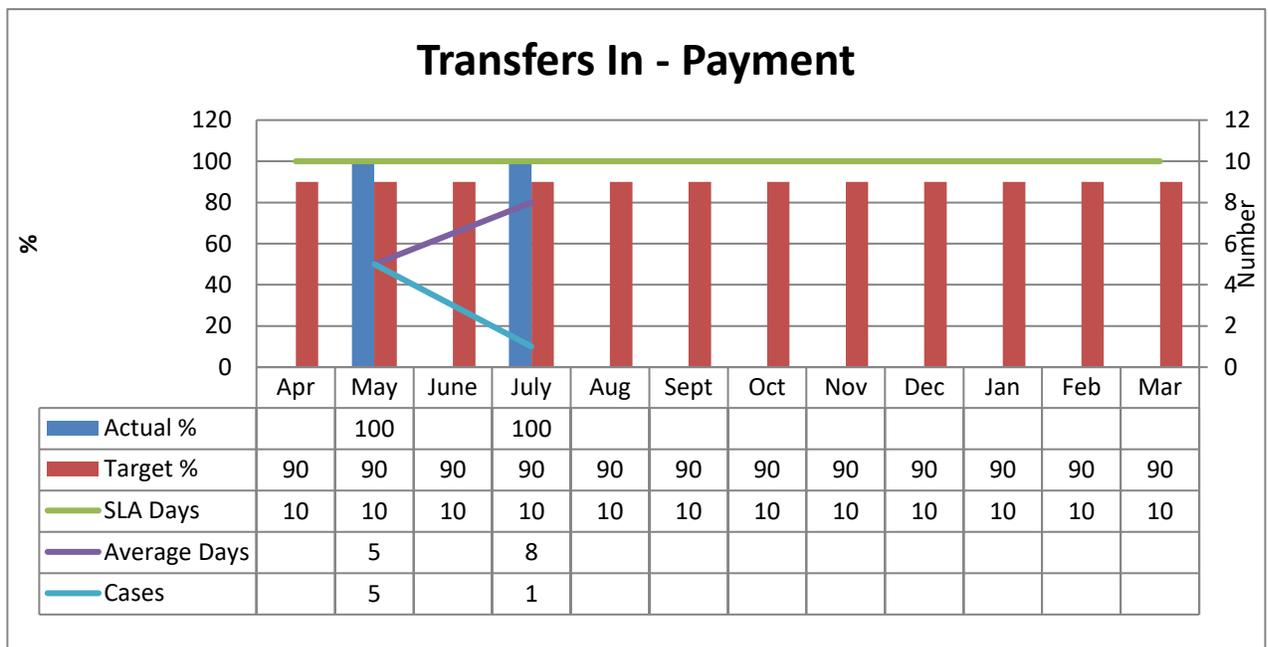
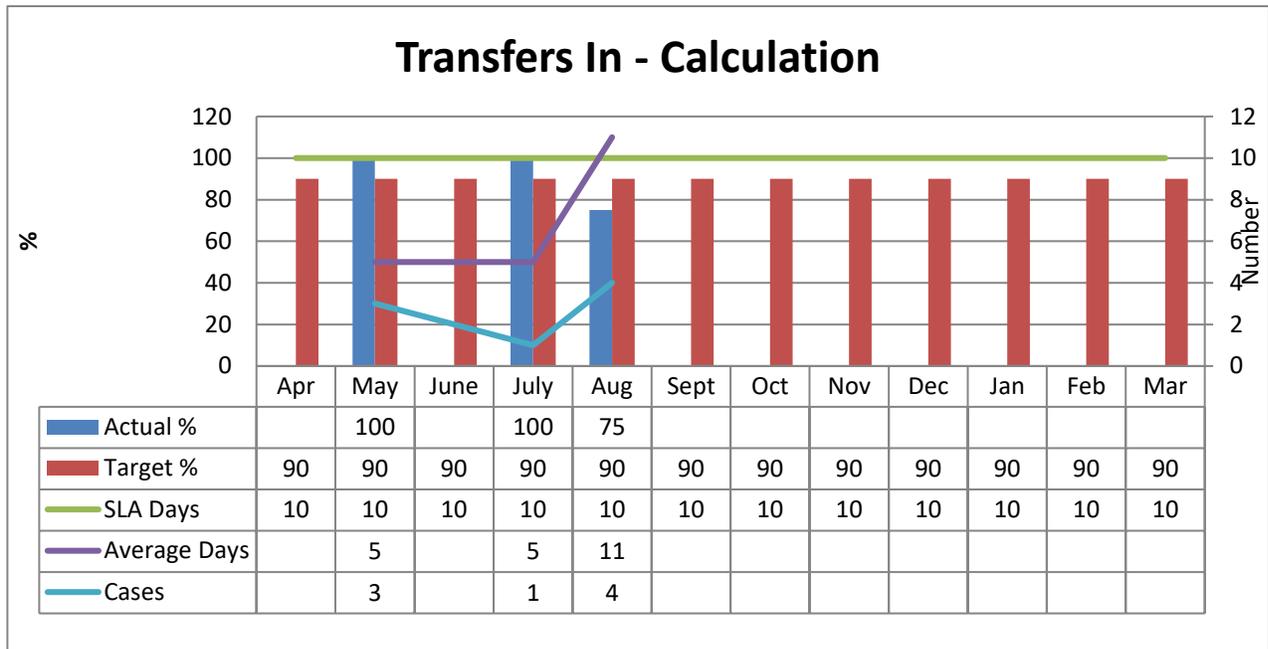
# Common Data

| Data Item                          | Common Data Score<br>Cheshire Fire |                |               | Revised Score<br>Cheshire Fire |                        |               | Reason/notes   |
|------------------------------------|------------------------------------|----------------|---------------|--------------------------------|------------------------|---------------|--|
|                                    | Max<br>Population                  | Total<br>Fails | % OK          | Max<br>Population              | Total<br>Revised Fails | % OK          |  |
| <b>NINo</b>                        | 2279                               | 5              | 99.78%        | 2279                           | 4                      | 99.82%        | 1 under 16   |
| <b>Surname</b>                     | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>Forename / Inits</b>            | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>Sex</b>                         | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>Title</b>                       | 2279                               | 1              | 99.96%        | 2279                           | 0                      | 100.00%       | Member title is Reverend   |
| <b>DoB Present</b>                 | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>Dob Consistent</b>              | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>DJS</b>                         | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>Status</b>                      | 2279                               | 0              | 100.00%       | 2279                           | 0                      | 100.00%       |  |
| <b>Last Status Event</b>           | 2279                               | 3              | 99.87%        | 2279                           | 3                      | 99.87%        |  |
| <b>Status Date</b>                 | 2279                               | 18             | 99.21%        | 2279                           | 18                     | 99.21%        | 5 Pension Credit Members   |
| <b>No Address</b>                  | 2279                               | 7              | 99.69%        | 2279                           | 7                      | 99.69%        | 7 Active Member addresses to Request   |
| <b>No Postcode</b>                 | 2279                               | 10             | 99.56%        | 2279                           | 10                     | 99.56%        | 1 Undecided leaver post returned gone away   |
| <b>Address (All)</b>               | 2279                               | 55             | 97.59%        | 2279                           | 55                     | 97.59%        | 42 Deferred Member, Post Returned/Gone Away  |
| <b>Postcode (All)</b>              | 2279                               | 57             | 97.50%        | 2279                           | 57                     | 97.50%        | 3 Pensioner, Post Returned/Gone Away<br>2 Widow/Dependant, Post Returned/Gone Away |
| <b>Members with a Fail</b>         | <b>2279</b>                        | <b>84</b>      | <b>96.31%</b> | <b>2279</b>                    | <b>82</b>              | <b>96.40%</b> |  |
| <b>Members with Multiple Fails</b> | <b>2279</b>                        | <b>54</b>      | <b>97.63%</b> | <b>2279</b>                    | <b>54</b>              | <b>97.63%</b> |  |

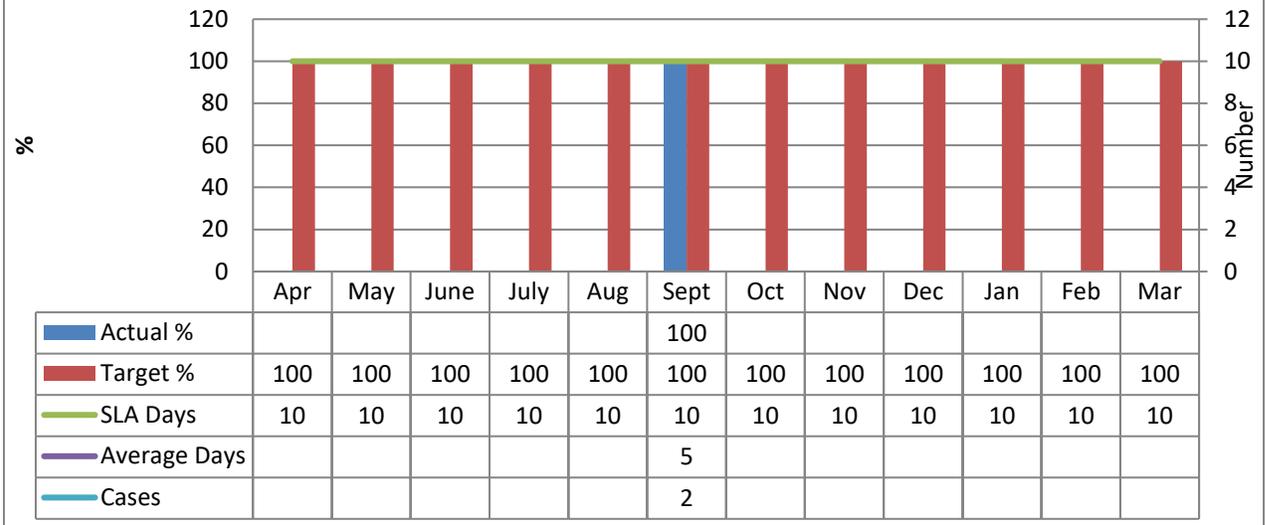
## Performance Charts

The following charts show performance against individual service level requirements. The detailed performance tables upon which they are based are included at Appendix A.

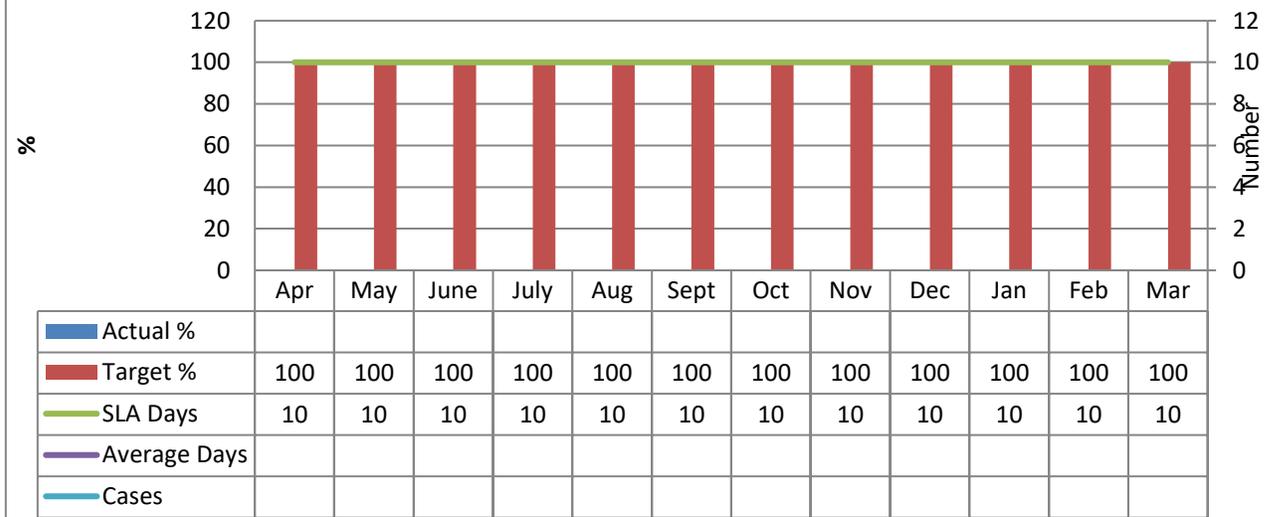


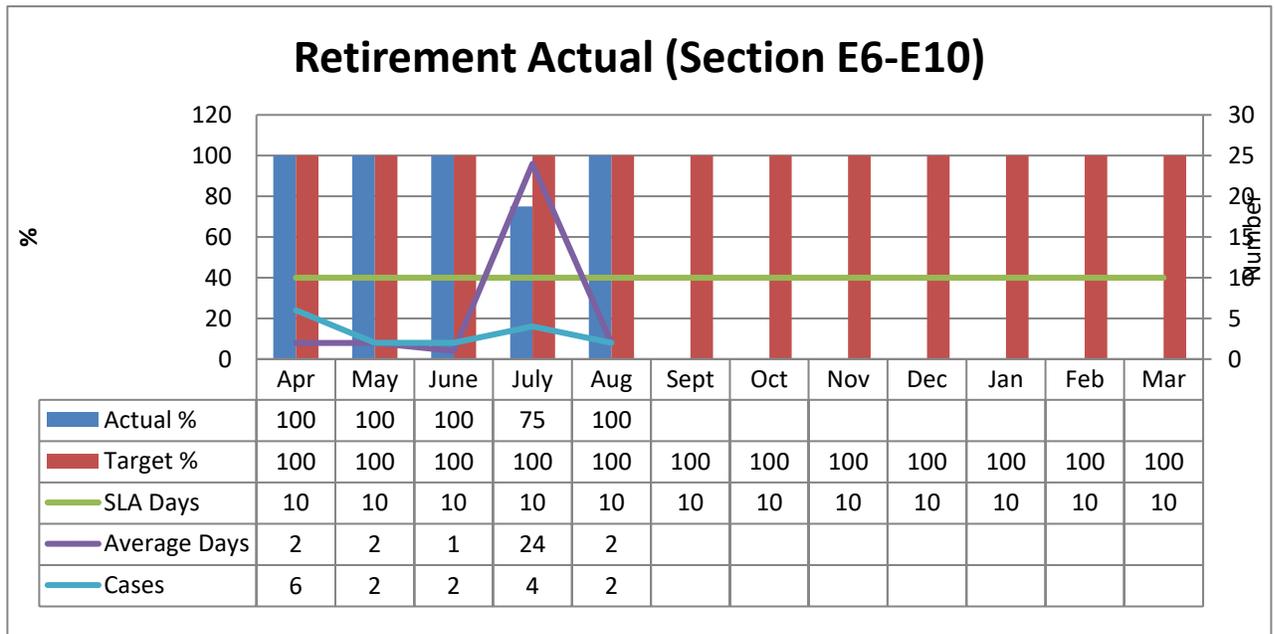
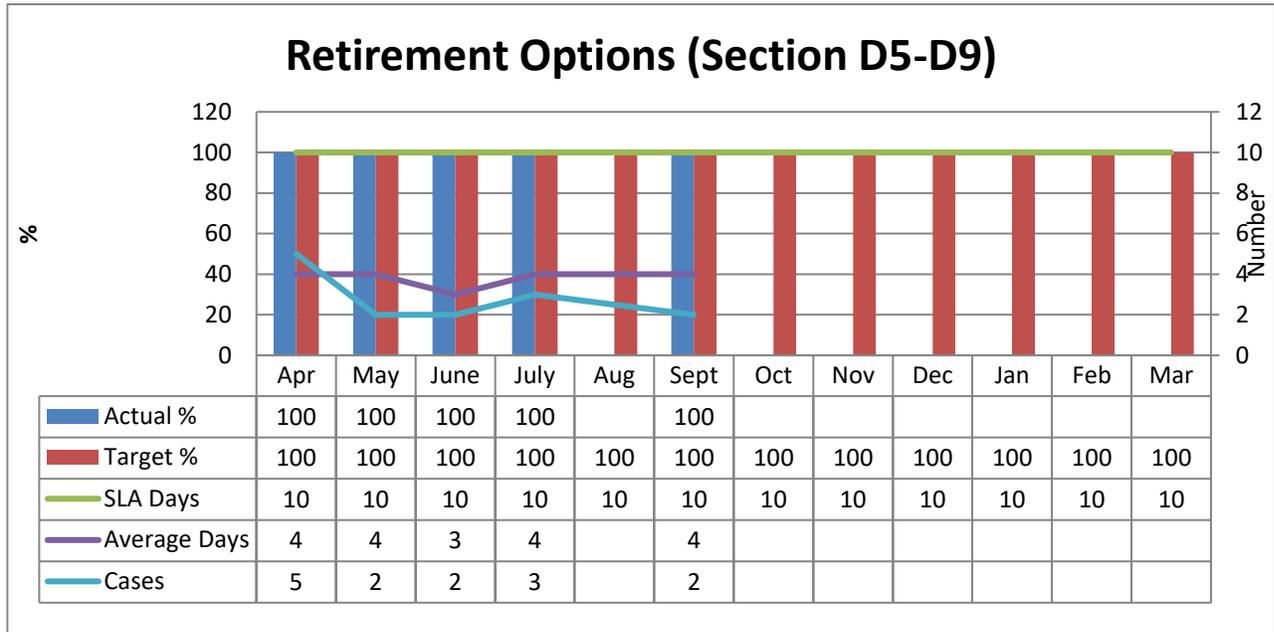


### Transfers Out - Calculation (Section D4)

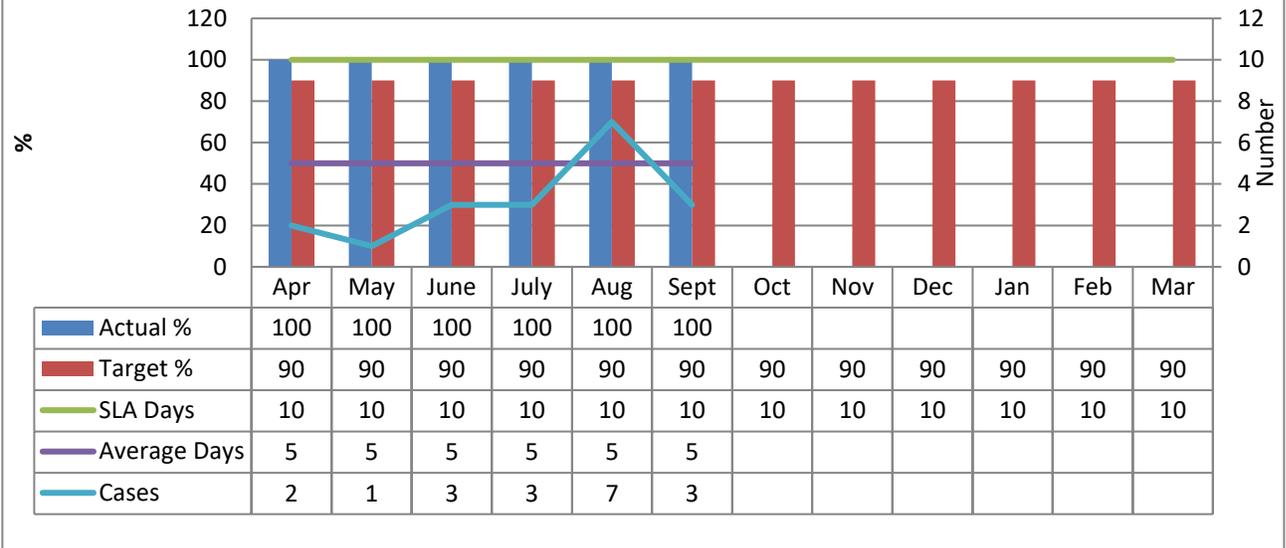


### Transfers Out - Payment (Section E5)

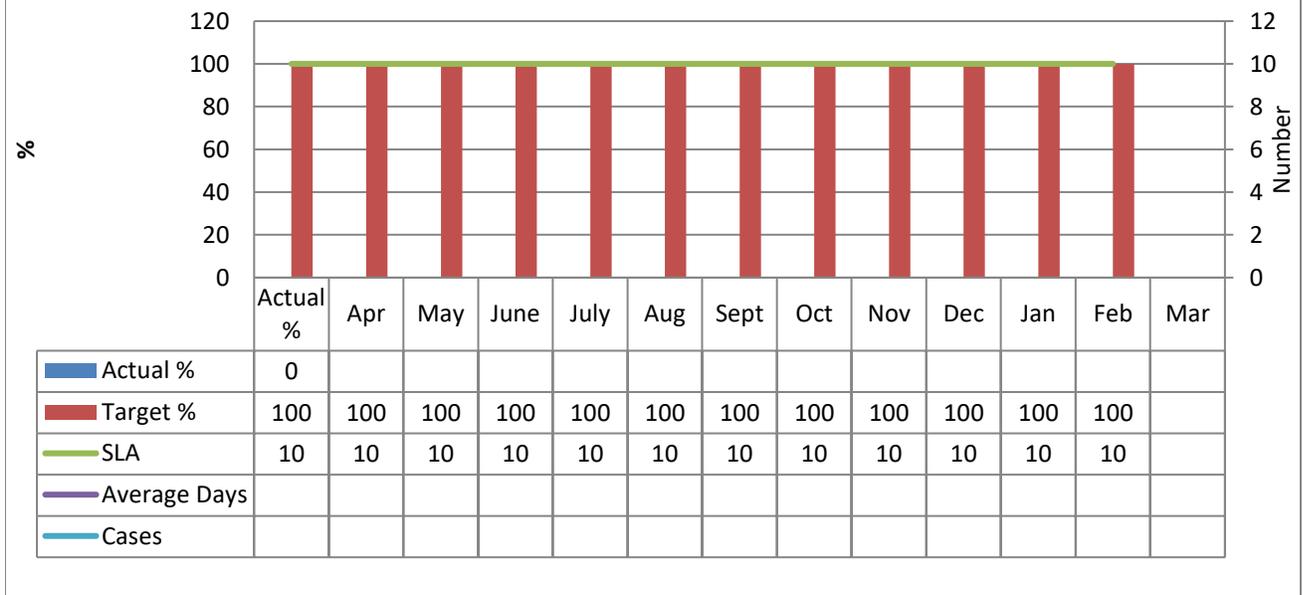


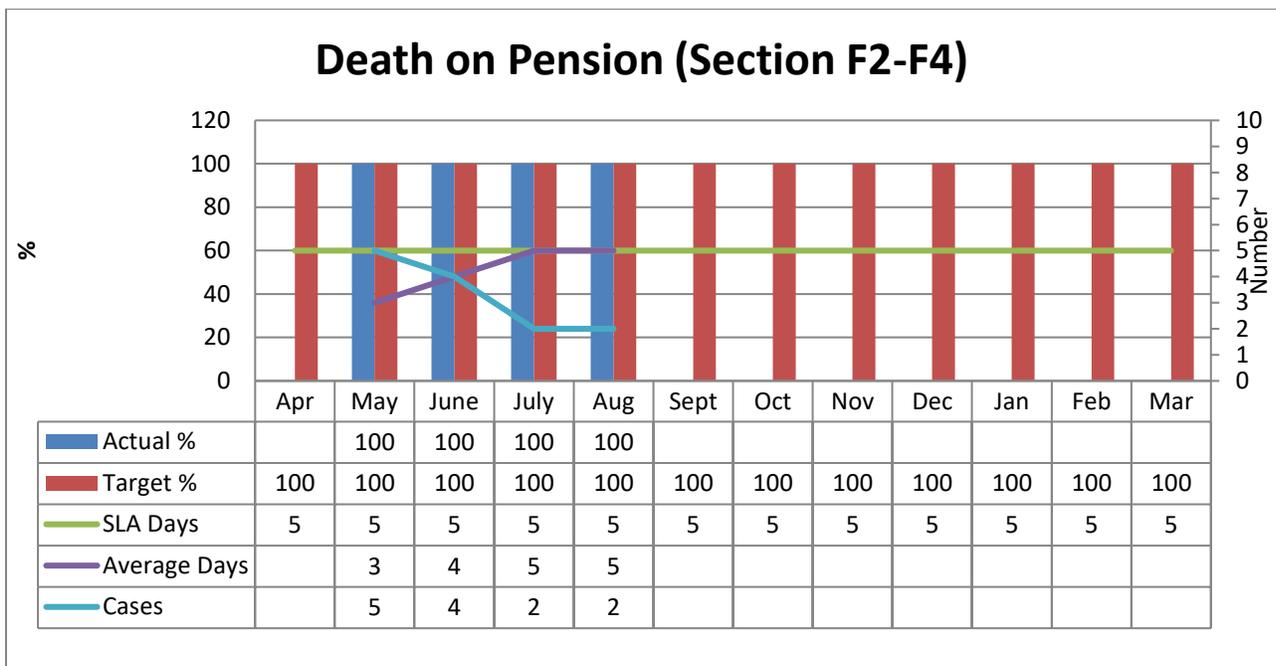
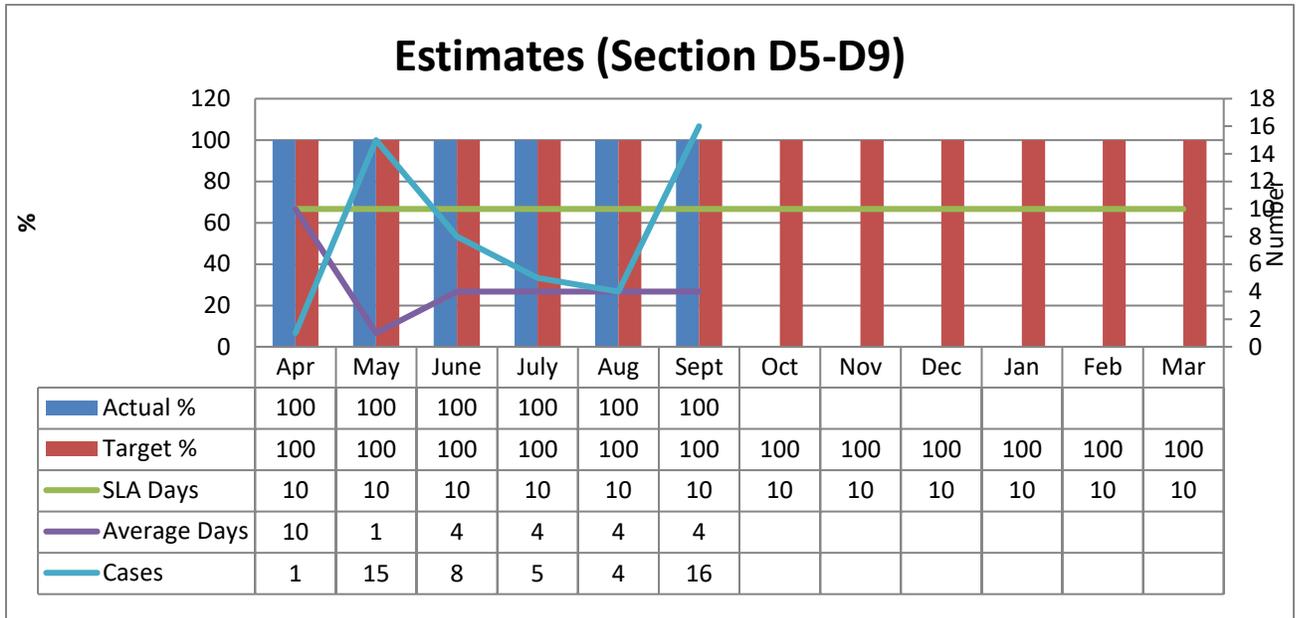


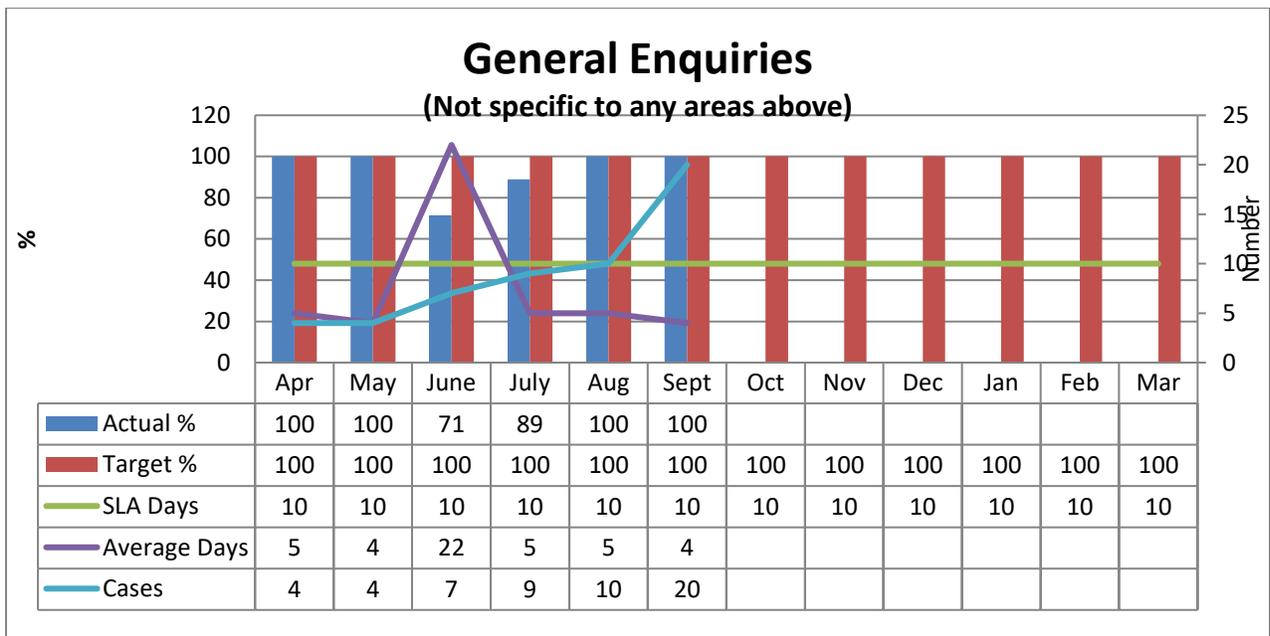
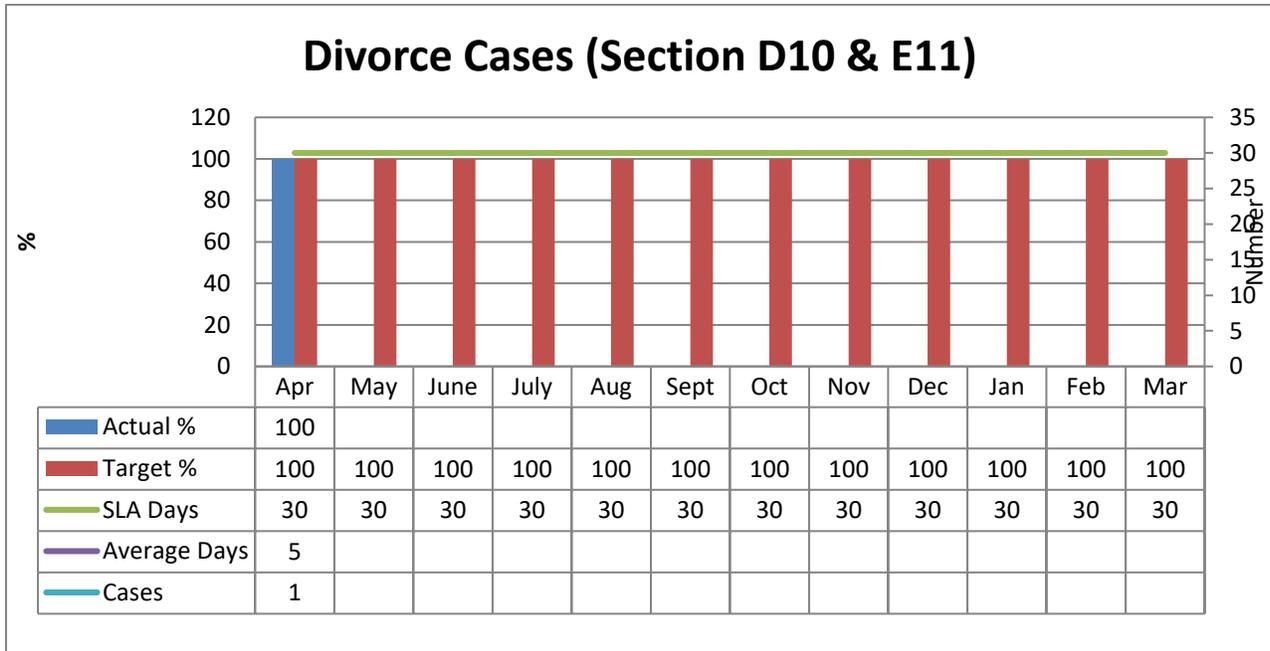
### Deferred Benefits (Section E4)



### Refund Cases (Section E3)







# April 2019

| Service                           | KPI       | Days | Minimum Target | Average Case Time (days) | FPS | NFPS | FPS | NFPS | TOTAL (cases) | Within Target | Actual Performance | Comments |
|-----------------------------------|-----------|------|----------------|--------------------------|-----|------|-----|------|---------------|---------------|--------------------|----------|
| Death in Service                  | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Death of a pensioner              | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Deferred Benefits                 | E4        | 10   | 90             | 5                        | 1   | 1    | 0   | 0    | 2             | 2             | 100.00             |          |
| Divorce Cases                     | D10+E11   | 30   | 100            | 5                        | 0   | 1    | 0   | 0    | 1             | 1             | 100.00             |          |
| Estimates                         | D5-D9     | 10   | 100            | 10                       | 1   | 0    | 0   | 0    | 1             | 1             | 100.00             |          |
| General                           | Enquiries | 10   | 100            | 5                        | 3   | 1    | 0   | 0    | 4             | 4             | 100.00             |          |
| Processing new entrants           | A4        | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Refunds                           | E3        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Retirement Actual                 | E6-E10    | 10   | 100            | 2                        | 4   | 2    | 0   | 0    | 6             | 6             | 100.00             |          |
| Retirement Options                | D5-D9     | 10   | 100            | 4                        | 3   | 2    | 0   | 0    | 5             | 5             | 100.00             |          |
| Transfers – in (Calculation)      | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – in (Payment Received) | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Calculation)     | D4        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Payment)         | E5        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Variations                        | C1-C6     | 10   | 90             | 4                        | 4   | 23   | 0   | 0    | 27            | 27            | 100.00             |          |

**May 2019**

| Service                           | KPI       | Days | Minimum Target | Average Case Time (days) | FPS | NFPS | FPS | NFPS | TOTAL (cases) | Within Target | Actual Performance | Comments |
|-----------------------------------|-----------|------|----------------|--------------------------|-----|------|-----|------|---------------|---------------|--------------------|----------|
| Death in Service                  | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Death of a pensioner              | F2-F4     | 5    | 100            | 3                        | 5   | 0    | 0   | 0    | 5             | 5             | 100.00             |          |
| Deferred Benefits                 | E4        | 10   | 90             | 5                        | 0   | 1    | 0   | 0    | 1             | 1             | 100.00             |          |
| Divorce Cases                     | D10+E11   | 30   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Estimates                         | D5-D9     | 10   | 100            | 1                        | 13  | 2    | 0   | 0    | 15            | 15            | 100.00             |          |
| General                           | Enquiries | 10   | 100            | 4                        | 4   | 0    | 0   | 0    | 4             | 4             | 100.00             |          |
| Processing new entrants           | A4        | 10   | 90             | 1                        | 0   | 15   | 0   | 0    | 15            | 15            | 100.00             |          |
| Refunds                           | E3        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Retirement Actual                 | E6-E10    | 10   | 100            | 2                        | 1   | 1    | 0   | 0    | 2             | 2             | 100.00             |          |
| Retirement Options                | D5-D9     | 10   | 100            | 4                        | 1   | 1    | 0   | 0    | 2             | 2             | 100.00             |          |
| Transfers – in (Calculation)      | 0         | 10   | 90             | 5                        | 0   | 3    | 0   | 0    | 3             | 3             | 100.00             |          |
| Transfers – in (Payment Received) | 0         | 10   | 90             | 5                        | 5   | 0    | 0   | 0    | 5             | 5             | 100.00             |          |
| Transfers – Out (Calculation)     | D4        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Payment)         | E5        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Variations                        | C1-C6     | 10   | 90             | 4                        | 4   | 32   | 0   | 0    | 36            | 36            | 100.00             |          |

# June 2019

| Service                           | KPI       | Days | Minimum Target | Average Case Time (days) | FPS | NFPS | FPS | NFPS | TOTAL (cases) | Within Target | Actual Performance | Comments    |
|-----------------------------------|-----------|------|----------------|--------------------------|-----|------|-----|------|---------------|---------------|--------------------|-------------|
| Death in Service                  | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Death of a pensioner              | F2-F4     | 5    | 100            | 4                        | 4   | 0    | 0   | 0    | 4             | 4             | 100.00             |             |
| Deferred Benefits                 | E4        | 10   | 90             | 5                        | 1   | 2    | 0   | 0    | 3             | 3             | 100.00             |             |
| Divorce Cases                     | D10+E11   | 30   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Estimates                         | D5-D9     | 10   | 100            | 4                        | 5   | 3    | 0   | 0    | 8             | 8             | 100.00             |             |
| General                           | Enquiries | 10   | 100            | 22                       | 3   | 4    | 0   | 2    | 7             | 5             | 71.43              | GAD Factors |
| Processing new entrants           | A4        | 10   | 90             | 18                       | 3   | 20   | 0   | 0    | 23            | 23            | 100.00             |             |
| Refunds                           | E3        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Retirement Actual                 | E6-E10    | 10   | 100            | 1                        | 2   | 0    | 0   | 0    | 2             | 2             | 100.00             |             |
| Retirement Options                | D5-D9     | 10   | 100            | 3                        | 2   | 0    | 0   | 0    | 2             | 2             | 100.00             |             |
| Transfers – in (Calculation)      | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Transfers – in (Payment received) | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Transfers – Out (Calculation)     | D4        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Transfers – Out (Payment)         | E5        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |             |
| Variations                        | C1-C6     | 10   | 90             | 5                        | 38  | 64   | 0   | 1    | 102           | 101           | 99.02              |             |

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**July 2019**

| Service                           | KPI       | Days | Minimum Target | Average Case Time (days) | FPS | NFPS | FPS | NFPS | TOTAL (cases) | Within Target | Actual Performance | Comments |
|-----------------------------------|-----------|------|----------------|--------------------------|-----|------|-----|------|---------------|---------------|--------------------|----------|
| Death in Service                  | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Death of a pensioner              | F2-F4     | 5    | 100            | 5                        | 2   | 0    | 0   | 0    | 2             | 2             | 100.00             |          |
| Deferred Benefits                 | E4        | 10   | 90             | 5                        | 1   | 2    | 0   | 0    | 3             | 3             | 100.00             |          |
| Divorce Cases                     | D10+E11   | 30   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Estimates                         | D5-D9     | 10   | 100            | 4                        | 2   | 3    | 0   | 0    | 5             | 5             | 100.00             |          |
| General                           | Enquiries | 10   | 100            | 5                        | 4   | 5    | 0   | 1    | 9             | 8             | 88.89              |          |
| Processing new entrants           | A4        | 10   | 90             | 1                        | 0   | 8    | 0   | 0    | 8             | 8             | 100.00             |          |
| Refunds                           | E3        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Retirement Actual                 | E6-E10    | 10   | 100            | 24                       | 4   | 0    | 1   | 0    | 4             | 3             | 75.00              |          |
| Retirement Options                | D5-D9     | 10   | 100            | 4                        | 2   | 1    | 0   | 0    | 3             | 3             | 100.00             |          |
| Transfers – in (Calculation)      | 0         | 10   | 90             | 5                        | 0   | 1    | 0   | 0    | 1             | 1             | 100.00             |          |
| Transfers – in (Payment received) | 0         | 10   | 90             | 8                        | 0   | 1    | 0   | 0    | 1             | 1             | 100.00             |          |
| Transfers – Out (Calculation)     | D4        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Payment)         | E5        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Variations                        | C1-C6     | 10   | 90             | 4                        | 10  | 35   | 0   | 0    | 45            | 45            | 100.00             |          |

# August 2019

| Service                           | KPI       | Days | Minimum Target | Average Case Time (days) | FPS | NFPS | FPS | NFPS | TOTAL (cases) | Within Target | Actual Performance | Comments |
|-----------------------------------|-----------|------|----------------|--------------------------|-----|------|-----|------|---------------|---------------|--------------------|----------|
| Death in Service                  | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Death of a pensioner              | F2-F4     | 5    | 100            | 5                        | 2   | 0    | 0   | 0    | 2             | 2             | 100.00             |          |
| Deferred Benefits                 | E4        | 10   | 90             | 5                        | 2   | 5    | 0   | 0    | 7             | 7             | 100.00             |          |
| Divorce Cases                     | D10+E11   | 30   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Estimates                         | D5-D9     | 10   | 100            | 4                        | 3   | 1    | 0   | 0    | 4             | 4             | 100.00             |          |
| General                           | Enquiries | 10   | 100            | 5                        | 4   | 6    | 0   | 0    | 10            | 10            | 100.00             |          |
| Processing new entrants           | A4        | 10   | 90             | 0                        | 0   | 6    | 0   | 0    | 6             | 6             | 100.00             |          |
| Refunds                           | E3        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Retirement Actual                 | E6-E10    | 10   | 100            | 2                        | 1   | 1    | 0   | 0    | 2             | 2             | 100.00             |          |
| Retirement Options                | D5-D9     | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – in (Calculation)      | 0         | 10   | 90             | 11                       | 0   | 4    | 0   | 1    | 4             | 3             | 75.00              |          |
| Transfers – in (Payment received) | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Calculation)     | D4        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Payment)         | E5        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Variations                        | C1-C6     | 10   | 90             | 1                        | 5   | 20   | 0   | 0    | 25            | 25            | 100.00             |          |

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# September 2019

| Service                           | KPI       | Days | Minimum Target | Average Case Time (days) | FPS | NFPS | FPS | NFPS | TOTAL (cases) | Within Target | Actual Performance | Comments |
|-----------------------------------|-----------|------|----------------|--------------------------|-----|------|-----|------|---------------|---------------|--------------------|----------|
| Death in Service                  | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Death of a pensioner              | F2-F4     | 5    | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Deferred Benefits                 | E4        | 10   | 90             | 5                        | 1   | 2    | 0   | 0    | 3             | 3             | 100.00             |          |
| Divorce Cases                     | D10+E11   | 30   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Estimates                         | D5-D9     | 10   | 100            | 4                        | 8   | 8    | 0   | 0    | 16            | 16            | 100.00             |          |
| General                           | Enquiries | 10   | 100            | 4                        | 5   | 15   | 0   | 0    | 20            | 20            | 100.00             |          |
| Processing new entrants           | A4        | 10   | 90             | 1                        | 1   | 19   | 0   | 0    | 20            | 20            | 100.00             |          |
| Refunds                           | E3        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Retirement Actual                 | E6-E10    | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Retirement Options                | D5-D9     | 10   | 100            | 4                        | 2   | 0    | 0   | 0    | 2             | 2             | 100.00             |          |
| Transfers – in (Calculation)      | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – in (Payment received) | 0         | 10   | 90             | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Transfers – Out (Calculation)     | D4        | 10   | 100            | 5                        | 0   | 2    | 0   | 0    | 2             | 2             | 100.00             |          |
| Transfers – Out (Payment)         | E5        | 10   | 100            | #N/A                     | 0   | 0    | 0   | 0    | 0             | 0             | 0.00               |          |
| Variations                        | C1-C6     | 10   | 90             | 3                        | 7   | 31   | 0   | 0    | 38            | 38            | 100.00             |          |

## CHESHIRE FIRE AUTHORITY

**MEETING OF:** PERFORMANCE AND OVERVIEW COMMITTEE  
**DATE:** 10<sup>TH</sup> JULY 2019  
**REPORT OF:** DIRECTOR OF TRANSFORMATION  
**AUTHOR:** JILLSWIFT

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**SUBJECT:** PENSION ADMINISTRATOR - CHANGES TO PROCESS

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### Purpose of Report

1. The aim of this report is to provide further information regarding changes that have been made to improve the quality of employee data and business processes following a number of errors made by the current pension administrator XPS (previously Kier Pensions).

### Recommended: That

[1] Members note the report.

### Background

2. Pension administration is currently outsourced to a company called XPS pensions. Its services include the administration and calculation of employee pensions and payment of the pensioner payroll. The role of the Cheshire Fire payroll team is to ensure that XPS are notified of all changes to employee pay that impacts the calculation of their pension.
3. XPS provides a suite of forms to enable employers to complete such notifications. Changes include increases or decreases in pay for temporary/permanent promotions, payment of allowances and changes to contracted hours.
4. Following changes to the pension schemes in July 2013 and the introduction of the new CARE scheme in 2015, the definition of pensionable pay has changed. As a result, it is now more complex to determine pensionable pay, in particular where employees have a number of changes and have service in the 1992 scheme as well as the 2015 scheme.

### Information

5. During 2018, a number of errors were made by the pension provider relating to the calculation of pensionable pay. This resulted in affected employees receiving incorrect quotations which they will have considered when making

important decisions about their future. In all cases, the calculations were corrected before payment was made, therefore no employees were overpaid as a result of these errors; the employees were paid what they were entitled to.

6. Following investigation, the causes of the errors were identified as:

- Misinterpretation of data sent by Cheshire Fire
- Lack of XPS staff with knowledge of Firefighter Pension regulations
- Breakdown in XPS internal controls regarding counter-checking of calculations and approval of lump sum payments
- Incorrect pay used to calculate final pensionable pay

7. In all cases, it was found that instructions sent to XPS by the Cheshire Fire payroll team had been accurate and timely. However the team at XPS has either misinterpreted the information, or in some cases, not referred to the most up to date pay details.

8. In order to ensure these errors do not reoccur the following additional controls have been put in place:

|   |   |
|---|---|
| Misinterpretation of data   | <p>Leaver forms have been updated to make them more fit for purpose following changes to scheme regulations.</p> <p>This will ensure that Cheshire Fire staff can more clearly detail pay received and this in turn will reduce the risk that XPS staff will misinterpret the data.</p> <p>XPS are also working on an amended variation form which has still to be finalised.</p> |
| Lack of XPS staff with knowledge of Firefighter Pension Regulations | Only experienced staff will work on Cheshire Fire pension calculations.   |
| Breakdown in internal controls                                      | <p>XPS has been instructed that payments should not be released without prior approval from a Cheshire Fire signatory.</p> <p>No pension payments will be approved unless there is evidence that calculations have been checked by a senior member of the XPS team.</p>   |
| Incorrect pay used to calculate final pensionable pay               | Pensionable pay will be provided by the Cheshire Fire payroll team rather than the outsourced payroll provider as they have better knowledge of pension scheme rules.   |

|  |   |
|--|---|
|  | <p>All retirements and pensionable pay calculations for quotations will be completed or checked by the Payroll and Pensions HR Lead to ensure accuracy of data.</p> <p>XPS has been instructed to ensure all staff who work on Cheshire Fire pension calculations are suitably experienced and trained.</p> <p>A pensionable pay guide has been produced to ensure all Cheshire Fire pay and pensions staff have the necessary knowledge to complete pensionable pay calculations to provide resilience in the absence of the Payroll and Pensions HR Lead.</p> |
|--|---|

9. In addition to these controls, the pension provider is required to attend Pension Board meetings. The Board supports the Scheme Manager by scrutinising the performance of the provider against agreed service level. XPS also provides quarterly performance reports and attends quarterly contract meetings where any issues and complaints are discussed with HR representatives.

### **Financial Implications**

10. To-date no payment have been made in excess of entitlement. Should that occur the Service would look to XPS to assist it in pursuing a remedy.

### **Legal Implications**

11. Officers will continue to monitor the performance of XPS and reinforce the contractual obligations, wherever relevant.

### **Equality and Diversity Implications**

12. None

### **Environmental Implications**

13. None

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 TEL [01606] 868804  
 BACKGROUND PAPERS: NONE**



## CHESHIRE FIRE AND RESCUE SERVICE

MEETING OF : LOCAL PENSION BOARD – FIREFIGHTERS  
PENSION SCHEME  
DATE : 20 NOVEMBER 2019  
REPORT OF : PENSION SCHEME MANAGER  
AUTHOR : JILL SWIFT

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SUBJECT : FIREFIGHTER PENSION SCHEME UPDATE

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### Purpose of Report

1. The purpose of this report is to provide the Pension Board with an update on current issues relating to the Firefighters' Pension Schemes.

### Information

2. **Membership Statistics**

Membership statistics are detailed in Appendix A.

3. **Firefighter Pension Scheme Bulletins**

Any actions for FRAs outlined in the monthly LGA bulletins are monitored on the action log at Appendix B. Copies of the FPS bulletins issued since May have been sent to Board Members for reference.

4. **Contracting-Out Reconciliation Exercise**

5. Cheshire Fire and Rescue Service (CFRS) are still currently in phase 2 of the GMP reconciliation project, which was due to conclude at the end of December 2018. However, HMRC have now extended the deadlines to December 2019 due to the volume of queries they have received. XPS are currently working through the responses already received from HMRC in order to conclude the investigation phase of the project, however phase 2 is unlikely to be completed until the final data is provided by HMRC in December.

Phase 1 – Accessing the data and initial assessment

Phase 2 – Investigation of variances

Phase 3 – Reconcile

Phase 4 – Correct Scheme and HMRC data

6. A summary of the current position is provided in Appendix C. The total inactive member cases left to be reviewed are 295 and active member queries 462, 404 of which are orphaned records which should be straight forward to resolve.

7. **2018 Firefighter Pension Scheme Administration Survey**

In December 2018, FRAs responded to The Pension Regulator's (TPR) annual administration survey, the results of which were published in May 2019. Appendix D provides a summary of results.

8. The 6 key processes that TPR monitor are:

- Conflicts of Interests Policies
- Knowledge and Understanding
- Assessing and Managing Risks
- Monitoring records for accuracy/completeness
- Resolving contribution payment issues
- Processes to identify, assess and report breaches of the law

A more detailed outline can be found at

<http://fpsregs.org/images/admin/TPR-6-key-processes.v1.pdf>

9. Only 85% of FRAs indicated that they had a Conflicts of Interest policy. CFRS currently have a documented Code of Conduct and Conflict policy which outlines how we will identify, monitor and manage conflicts. Conflicts are a standing agenda item, and any conflicts declared are documented in a Conflicts of Interest log.

10. In the 2018 survey, 98% of FRAs had procedures in place to ensure the knowledge and understanding of Board Members was sufficient to support the Scheme Manager to run the schemes effectively and comply with legislation. In Cheshire, all Board Members are expected to complete TPR's training toolkit and attend annual training sessions. However, it was emphasised that boards should have a robust plan in place to ensure that evaluation of skills takes place regularly, particularly for boards with a high turnover.

11. Only 80% of FRAs reported having documented procedures for managing and assessing risks. In Cheshire, a risk register is in place and is a standing item on the agenda at each Board meeting. The register is reviewed and updated quarterly and any feedback from the Board is incorporated. The survey indicated that FRAs felt the top 3 administration and governance risks for the FPS were:

- Securing compliance with changes in regulations (61%)
- Record Keeping (receipt and management of correct data) (51%)
- Recruitment and retention of staff or knowledge (26%)

12. 85% of FRAs reported to having procedures for monitoring the accuracy of records. However, in contrast, a benchmarking survey conducted by Aon last year indicated that a significant number of employers said that they experience difficulties in providing data for the administration of the scheme, these were in meeting expected turnaround times, providing data of required quality, not being clear on

what was expected and extracting data.

13. Due to the complexities of the scheme and the volume of changes to roles and pay, CFRS do experience difficulties in providing data. This is predominantly due to difficulties in automating these processes, which results in a lot of work being completed manually. However, there are a number of processes, checks and balances in place to ensure the accuracy of this data and we work closely with XPS to ensure they have all the data they need to carry out pension calculations and process annual benefit statements.
14. Nationally, TPR are advocating that administrators move to a monthly reporting process, which is also the case for our LGPS pension provider Cheshire Pension Fund, who have already commenced this work. Currently, pensionable pay and contributions data for the Firefighter Pension Schemes is provided annually in April.
15. This will provide the administrator with real time information, however, it is likely that setting up monthly returns will be a complex project involving both the pension and payroll provider. Where software needs to be reconfigured it may involve additional costs and due to the complexity of the scheme, it may not be possible to fully automate the process.
16. 85% of FRAs report to having procedures for resolving contribution issues. CFRS have a number of processes in place to ensure that:
  - tapered protection members taper on the appropriate date and have the correct pro-rata contributions taken
  - modified scheme members who are repaying historic contributions are monitored by Finance and HR write to anyone who ceases to repay advising them of the consequences
  - members taking a period of unpaid leave are informed how to repay contributions and how much it will cost.
17. The majority of FRAs now have documented procedures for identifying and assessing breaches of the law, using TPR's traffic light system. Cheshire Fire also have a policy in place and utilise LGAs best practice template to assess any potential breaches.
18. TPR also flagged a number of key areas of focus for FRAs which were cyber security, frequency of Pension Board meetings and barriers to improvement. XPS have provided a cyber security brief at Appendix E showing how they protect member data and to assure the Board that the necessary controls are in place.
19. **Annual Benefit Statement Update 2019**

Annual Benefit Statements (ABS) were distributed to active members week commencing 19<sup>th</sup> August 2019.

20. In 2016 and 2017, XPS reported technical issues with the production of the annual benefit statements, which resulted in a number of members not receiving their ABS by the deadline of 31<sup>st</sup> August.
21. As a result, in 2018, CFRS undertook a reconciliation exercise to provide confidence that all active members had received a statement. However, 36 members, mainly those with multiple roles, only received a statement for one of their roles.
22. In 2019, XPS have undertaken more thorough checks to ensure manual processes are in place to pick up members with more than one role and also members of the Modified 2006 scheme, whose statements have to be completed manually.

23. Statement numbers are as follows:

|  |            |
|--|------------|
| Total Active Members at 31/03/2019     | 586        |
| Minus starters/leavers since this date | -27        |
| Minus errors                           | -6*        |
| <b>Total statements Due</b>            | <b>553</b> |
| <b>Total statements printed</b>        | <b>523</b> |
| <b>Total manual statements</b>         | <b>30</b>  |

\* Four of the errors were due to pension sharing orders and were resolved manually. Two were data errors which are being investigated further.

24. As with previous years, we issued communications to staff in the Green Bulletin asking them to advise us if they did not receive a statement. To date we have had 9 reports from staff report who have not received a statement, which XPS are currently investigating further. We also received a number of queries from staff with multiple roles as both of their statements contained the same employee number, which has caused confusion. This has been fed back to XPS to ensure next year's statements are clearer.
25. Based on the numbers above, and factoring in the outstanding 11 queries, this means 98% of active members have received their ABS. This is in comparison to 94% in 2018.
26. A breaches assessment has been prepared at Appendix F for the Board's information. It is unlikely to constitute a reportable breach due to the small numbers involved.
27. In July, XPS demonstrated the pension self-service system and Board Members agreed to launch the facility for CFRS members. XPS have confirmed that member data has now been loaded and the system is ready to go live. Over the coming weeks we will be issuing communications to members advising them of their log in details and

how to use the system.

28. All ABS from 2019/20 onwards will be issued online only.

29. **Re-Enrolment 2019 Update**

The Pensions Act 2008 introduced automatic enrolment to a pension scheme for all eligible workers in the UK. Eligible workers are those over age 22 and under State Pension Age (SPA) who earn more than £10,000 per year (£833 per month).

The implementation date, called the staging date, varies by employer according to how many employees the organisation has. CFRS's staging date was 1 October 2013. Every three years, employers must re-enrol eligible workers into the pension scheme. The first re-enrolment took place on 1 October 2016 and the second was due on 1 October 2019.

30. During the re-enrolment cycle, we assess the age and earnings of all staff who are not members of a pension scheme and automatically re-enrol them into a pension scheme if they meet the criteria. There were 63 employees who were not members of a pension scheme as at the re-enrolment date. Of these, 3 were over State Pension Age and 9 had opted out within the previous 12 months and therefore did not need to be assessed further.

31. Of the remaining staff, 34 met the criteria to be enrolled. To date, 20 of have opted out immediately.

32. **Restricting Exit Payments in the Public Sector**

A £95,000 cap on public sector exit packages was due to be introduced in October 2016 as part of the Enterprise Act 2016. However, this has not yet come into force due a number of delays in progressing the legislation through Parliament.

33. The cap will include a wide range of termination payments as well as including pension strain costs for early retirements. The Government instructed all departments responsible for public sector pensions to review the scheme regulations with a view to amending them to allow the cap to be implemented. The most recent consultation closed in July 2019 and a response is still awaited.

34. In the FPS schemes there are 2 circumstances where a pension strain costs arises; Authority Initiated Early Retirement (AIER) in the 2006 and 2015 schemes and enhanced commutation in the 1992 scheme. In current draft legislation, these 2 scenarios will be exempt from the cap, however, the exemption only applies to AIER cases relating to fitness. It is not yet clear if the exemption will apply for other reasons.

35. If the exemption is removed following review of the consultation responses, it is likely that the FPS regulations would need to be amended and clarity would be required on how the pension strain cost would be calculated.

36. **Scheme Annual Activities**

There are a number of activities that the scheme must complete each year.

|                       |  |
|-----------------------|--|
| <b>Q1<br/>Apr-Jun</b> | Annual Data Returns - May<br>Scheme Year Start – 6 <sup>th</sup> April<br>ABS preparation<br>Pension Increase - April<br>CARE revaluation – 1 <sup>st</sup> April<br>TPR survey results  |
| <b>Q2<br/>Jul-Sep</b> | Employer data deadline<br>Mandatory Scheme Pays deadline – 31 <sup>st</sup> July<br>Issue ABS to active members by 31 <sup>st</sup> August   |
| <b>Q3<br/>Oct-Dec</b> | Issue Pension Savings Statements - 6 <sup>th</sup> October<br>TPR scheme return - November<br>TPR admin and governance survey - November<br>LGA Firefighter Pension Scheme AGM – Sep/Oct<br>Accounting for Tax return deadline – 31 <sup>st</sup> December |
| <b>Q4<br/>Jan-Mar</b> | Voluntary Scheme Pays deadline – 31 <sup>st</sup> January<br>Event Report deadline – 31 <sup>st</sup> January<br>Paying over scheme sanction charges – 31 <sup>st</sup> January<br>Paying over Mandatory Scheme Pays - 14 <sup>th</sup> February           |

37. In quarter 2 all tasks were completed to deadlines. In quarter three, the following tasks are outstanding but are on track to be completed on time.

- TPR scheme return – 20<sup>th</sup> November
- TPR administration survey – 29<sup>th</sup> November
- Accounting for tax return – 31<sup>st</sup> December

38. **LGA Conference Updates**

In May 2019, the LGA held a joint Police and Fire Governance Conference in London. The conference contained a number of best practice recommendations, to improve the efficiency and effectiveness of Local Pension Boards and provided attendees with an update on the TPR administration survey, a summary of which is provided above in paragraphs 7-18.

39. One of the recommendations was to report to the Pension Board on key cyclical processes, with the aim of providing assurance to the Board and the Scheme Manager that the schemes are compliant with statutory duties. This has been included for information in paragraphs 36 and 37.
40. The conference also provided feedback from a high performing LGPS Board and an interesting piece on the behaviours of high performing Boards which encouraged Boards to reflect on a number of key questions:
- **Do you complete an annual self-assessment?**  
A self-assessment has been completed within the past 12 months
  - **Do you review your terms of reference regularly?**  
The terms of reference are due to be reviewed at the next Governance and Constitution Committee
  - **Do you have an annual work plan?**  
Yes a work plan is in place to track pieces of work that are ongoing or planned for the future such as the introduction of self-service.
41. Following the recent case on pensionable pay, Booth v Mid and West Wales, the LGA held a pensionable pay workshop in July. Whilst FRAs did not get the clear guidance they were hoping for, the workshop was useful to understand how other FRAs are treating allowances and to review and understand the numerous principles that are in place due to case law.
42. Following this workshop, all elements of CFRS pay have been reviewed against these principles to ensure we are compliant. The review did not highlight any changes that are required. Any new allowances that we create are assessed against these principles to ensure we remain compliant in the future.
43. In September, the LGA held the Annual General Meeting which included an update from the Home Office on the McCloud/Sargeant case, a review of case law and the services that the LGA technical team provide and a summary of the results of the Aon administration and benchmarking review conducted in 2018. In the afternoon, a number of workshops were held covering the topics of abatement, transitional pension calculations and national performance monitoring.
44. The Aon review identified that it had been difficult to benchmark the effectiveness and cost of pension administration in the Fire sector due to the different models of pension provision, such as where a Fire Service sits within the local council and has in house pension administration.
45. The review found that costs of administering Firefighter pensions appeared to be higher than other public sector schemes due to the

complexity of regulations. It also found that the costs for special projects were proportionately higher than the day to day running of the schemes, indicating the administrators may have to bring in additional and highly skilled resources to complete this type of work.

46. The LGA would like to gather information about the costs of administering the schemes on an annual basis and will work with the Fire Finance network to establish how best to identify and recognise these costs.
47. The survey also found that the complexity of the schemes resulted in FRAs finding it difficult to make decisions, and members finding it difficult to understand their benefits. However, where FRAs try to engage members by running pension surgeries or workshops, take up is usually low. The survey also sought views on performance reporting. Currently pension administrators report on a variety of KPIs but there is little consistency across the Fire sector.
48. Aon recommended that an accredited Firefighter Pension qualification is implemented and that a set of national performance measures is established.
49. The slides for all conferences can be viewed at <http://www.fpsboard.org/index.php/events>
50. **Regulatory/Scheme Updates**
51. Revised non-club transfer factors were announced in May 2019. This concluded the updates to factors following changes to the SCAPE discount rates in the autumn 2018 budget.
52. In July 2019, the Government accepted the court's decision in the McCloud/Sargeant case and this will now be referred back the employment tribunal for remedy to be agreed. The Firefighter's pension case will be heard on the 18<sup>th</sup> December 2019.
53. From 1<sup>st</sup> October, the Board of Medical Referees for the FPS will change to a company called Duradiamond Health Ltd. Any cases from 14<sup>th</sup> September onwards will be referred to the new contractor.

### Pensioner and Deferred Members

| Scheme       | Deferred   | Pensioner  | Widow      | Dependant |
|--------------|------------|------------|------------|-----------|
| 1992 Scheme  | 81         | 713        | 105        | 6         |
| 2006 Scheme  | 226        | 36         | 2          | 0         |
| 2015 Scheme  | 162        | 6          | 2          | 0         |
| <b>Total</b> | <b>469</b> | <b>755</b> | <b>109</b> | <b>6</b>  |

### Active Members

| Scheme                                 | Actives    |      |
|--|------------|------|
| 1992 Scheme – Protected                | 16         | 2.5% |
| 1992 Scheme – Taper Protected          | 16         | 2.5% |
| 2006 Scheme – Protected                | 6          | 0.9% |
| 2006 Scheme – Taper Protected          | 2          | 0.3% |
| 2006 Modified Scheme – Protected       | 10         | 1.5% |
| 2006 Modified Scheme – Taper Protected | 2          | 0.3% |
| 2015 Scheme                            | 599        | 92%  |
| <b>Total</b>                           | <b>651</b> |      |

### Opted Out Members v Active Members

| Scheme                   | Operational Staff | % of WT      | % of total operational employees |
|--------------------------|-------------------|--------------|----------------------------------|
| Wholetime Active Members | 412               | 95.59%       | 59.28%                           |
| Wholetime Opted Out      | 19                | 4.41%        | 2.73%                            |
|                          |                   | % of On Call | % of total operational employees |
| On Call Active Members   | 239               | 90.53%       | 34.39%                           |
| On Call Opted Out        | 25                | 9.47%        | 3.60%                            |
| <b>Total</b>             | <b>695</b>        |              | <b>100%</b>                      |

93.67% of operational employees are in a pension scheme. 6.33% are opted out.

## Membership by Age and Ethnicity

| Membership by Gender and Ethnicity |           |             |            |            |             |
|------------------------------------|-----------|-------------|------------|------------|-------------|
|                                    | Gender    |             | Ethnicity  |            |             |
|                                    | Female    | Male        | BME        | Not Known  | White       |
| Pension Scheme                     | %         | %           | %          | %          | %           |
| 1992                               | 0         | 100         | 0          | 12.5       | 87.5        |
| 2006                               | 0         | 100         | 0          | 0          | 100.0       |
| Modified                           | 0         | 100         | 0          | 0          | 100.0       |
| 2015                               | 7.9       | 92.1        | 1.8        | 3          | 95.2        |
| Opt Out                            | 6.8       | 93.2        | 4.5        | 0          | 95.5        |
| <b>Total in a scheme</b>           | <b>94</b> | <b>93.7</b> | <b>1.7</b> | <b>2.9</b> | <b>95</b>   |
| <b>Total opted out</b>             | <b>6</b>  | <b>6.3</b>  | <b>4.5</b> | <b>0.0</b> | <b>95.5</b> |

| Membership by Age        |              |             |             |             |           |
|--------------------------|--------------|-------------|-------------|-------------|-----------|
|                          | 18-20        | 21-30       | 31-40       | 41-50       | 51+       |
|                          | %            | %           | %           | %           | %         |
| 1992                     | 0.0          | 0.0         | 0.0         | 0.0         | 100       |
| 2006                     | 0.0          | 0.0         | 0.0         | 0.0         | 100.0     |
| Modified                 | 0.0          | 0.0         | 0.0         | 0.0         | 100.0     |
| 2015                     | 1.3          | 22.4        | 33.2        | 39.1        | 4.0       |
| Opt Out                  | 0.0          | 13.6        | 52.3        | 25.0        | 9.1       |
| <b>Total in a scheme</b> | <b>100.0</b> | <b>95.7</b> | <b>89.6</b> | <b>95.5</b> | <b>95</b> |
| <b>Total opted out</b>   | <b>0.0</b>   | <b>4.3</b>  | <b>10.4</b> | <b>4.5</b>  | <b>5</b>  |

| Bulletin No. | Action   | Completed Date  |
|--------------|--|---|
| 18           | Comms exercise regarding survivors pensions. Initial review by XPS indicates that CFRS are likely to have no impacted members.   | Awaiting comms guidance from LGA                                  |
| 12           | Complete ABS survey  | 14/11/2018  |
| 13           | Ensure any under/overpayment of GMP is corrected. Deficits need to be paid by 21st May.  | 10/06/2019 - scheme in surplus.<br>Cheque received w/c 10/06/2019 |
| 14           | Provide LGA with update on scheme reconciliation exercise  | 31/12/2018  |
| 14           | Draft and publish employee communications regarding the changes to commutation factors   | 31/10/2018  |
| 14           | Complete Administration benchmarking survey  | 14/01/2019  |
| 14           | Complete TPR Governance and Administration Survey  | 30/11/2018  |
| 14           | Provide purchase order for Scheme Levy   | Already provided earlier in Jill Swift                            |
| 14           | Provide comms to members regarding The Police and Firefighters' Pension (Amendment) Regulations 2018 (Split pensions and same sex marriage)  | 24/04/2019  |
| 15           | Pension Board Chairs and Scheme Managers, please ensure you liaise with your pension manager to ensure that the updated Added Years/Added Pension and CPD, Tax charge debits and Non-Club Transfer-In ("TV-in") factors are applied with immediate effect. | 11/01/2019 & 25/01/2019   |
| 15           | SAB request for information regarding reasons for opt outs and difficulties surrounding recruitment and retention of talented and experienced personnel due to potential tax consequences of breaching the annual allowance                                | 31/01/2019  |
| 15           | Ensure TPR annual returns are submitted for all 3 schemes by XPS by deadline of 5 <sup>th</sup> November   | 04/11/2018  |
| 15           | Draft and publish comms to members regarding the Age Discrimination case   | 28/12/2018  |
| 16           | Ensure XPS are aware of the changes to Early/Late retirement factors and CETV and divorce factors  | 28/12/2018  |
| 16           | Ensure XPS are aware of new added years/added pension/CPD, tax charge debit and non-club transfer factors  | 04/02/2019  |
| 17           | Release Member Survey – deadline 28 <sup>th</sup> Feb  | 04/02/2019  |
| 17           | Ensure XPS are aware of new trivial commutation factors  | 25/02/2019  |
| 17           | Draft and publish member comms regarding the cost cap mechanism being paused and confirmation of employee and employer contribution rates for 2019/20  | 12/03/2019  |
| 17           | Ensure Kier are aware of updated Club Transfer Memorandum and new Club Transfer factors  | 01/04/2019  |

|    |  |                            |
|----|--|----------------------------|
| 17 | Provide XPS with written authority to act as administrators with regards to GMP scheme reconciliation in order to request data from HRMC | 22/02/2019                 |
| 18 | Notify XPS of new Pension Debit Adjustment and Pension Credit factors  | 29/03/2019                 |
| 18 | Publish APB guidance on the intranet and ensure it is referenced in temp promotion and temp allowance letters                            | 29/03/2019                 |
| 19 | Add factsheet about Split pensions to the intranet   | 19/06/2019                 |
| 19 | Add factsheet about Annual Allowance to the intranet   | 19/06/2019                 |
| 20 | Publish LTA factsheet on the intranet  | 19/06/2019                 |
| 20 | Complete Training Survey   | 19/06/2019                 |
| 20 | Publish disclosure information in the green bulletin by 1st July 2019  | 24/06/2019                 |
| 20 | Review pensionable pay matrix following Booth v Mid and West Wales case  | Completed 08/10/2019 JS/JN |
| 21 | Ensure XPS have new Transfer in Factors  | 01/07/2019                 |
| 21 | Release comms to staff about the outcome of the McCloud appeal application   | Completed 03/09/2019 JS    |
| 23 | Notify LGA of key contact for HMRC   | Completed 06/10/2019 JS    |
| 24 | Notify HR of changes to Medical Board of Referees  | Completed 06/11/2019 JS    |
| 24 | Update LGA of change of key contact for HMRC   | Updated 06/11/2019 JS      |
| 25 | Communicate non-club transfer in factors to XPS  | Completed 06/11/2019 JS    |
| 25 | Send amended date requirements to Graeme Hall  | Completed 06/11/2019 JS    |
| 25 | Send GAD pension accounting disclosure and forecasting guidance to Jerry Faulkner  | Completed 06/11/2019 JS    |



# **GMP Reconciliation Update**

**Cheshire Fire and Rescue Service**

October 2019

# Contents

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# 01 Introduction

## 01.01 Background and purpose

---

The purpose of this report is to provide an update on the progress of the GMP reconciliation project for Cheshire Fire and Rescue Service.

## 01.02 GMP Reconciliation Update and News

---

In the GMP update sent to you in July 2019 we informed you that 295 inactive queries and 475 active queries had been submitted to HMRC. The number of active case queries actually sent to HMRC was 462. It was originally anticipated that HMRC would reply to all queries and provide a final membership closure scan by early 2019. However, since then, HMRC announced that they would be extending their response deadline to May/June 2019 and the final closure scan deadline to December 2019.

As a result of these extensions, work has very recently commenced on reviewing the replies that we have received from HMRC in order to progress and complete Stage 2. However, this is something of a preliminary step because, until the final closure scans are received, it is possible that the number of recalculations/rectifications may change if HMRC update their records with any other changes before December 2019.

# 02 Scheme member update

## 02.01 Inactive members

In the previous update we stated that 295 inactive member queries had been sent. The table below provides an update of the current reconciliation position of the **inactive** members at 30 September 2019.

| Member status/category                  | Queries submitted to HMRC | Total replies investigated | Cases left to review |
|---|---------------------------|----------------------------|----------------------|
| Pension members over state pension age  | 42                        | 0                          | 42                   |
| Pension members under state pension age | 71                        | 0                          | 71                   |
| Deceased members/adult survivors        | 17                        | 0                          | 17                   |
| Deferred members                        | 91                        | 0                          | 91                   |
| Leavers - no liability                  | 11                        | 0                          | 11                   |
| Orphaned HMRC/scheme                    | 63                        | 0                          | 63                   |
| <b>Total</b>                            | <b>295</b>                | <b>0</b>                   | <b>295</b>           |

## 02.02 Explanation of cases

Once work commences on the cases that will be investigated by the team, some of them will require no further action. Example of cases that will be in this category include:

- Queries where HMRC have advised that their records have been updated with the information we have provided.
- End Date queries where the Scheme end date is after State Pension Age (SPA) and HMRC are quoting the end date as the final year of revaluation before SPA. As the GMP is not subject to revaluation after SPA, we can accept the HMRC date and no further action is required.

Some cases, requiring further action, will be identified where HMRC details are still incorrect, the member's Altair record is incorrect or a recalculation of benefits is required. Any further cases of HMRC being incorrect will be re-submitted to HMRC and hopefully amended and addressed with the results of the final closure scan. The inactive queries are taking priority due to the nature of these cases and the potential over and under payments involved. As such, work has not yet commenced on the active members which remain unchanged since our last update.

We will invoice you each month for the work that has been completed for inactive members as we progress through HMRC replies.

# Scheme member update continued

## 02.03 Active member analysis breakdown

The results of the active member reconciliation are as follows, broken down between the two pension schemes.

Fire Pension Scheme 1992:

| Category                    | Initial Results | Queries submitted to HMRC |
|-----------------------------|-----------------|---------------------------|
| Best Match - NINO & Surname | 22              | 22                        |
| Orphaned - HMRC             | 399             | 21                        |
| Orphaned - Scheme           | 176             | 175                       |
| Start Date Mismatch         | 2               | 0                         |
| <b>Total</b>                | <b>599</b>      | <b>218</b>                |

Fire Pension Scheme 2006:

| Category                       | Initial Results | Queries submitted to HMRC |
|--------------------------------|-----------------|---------------------------|
| 100% Matches                   | 8               | 0                         |
| Best Match - NINO & Surname    | 3               | 0                         |
| MULTIPLE (HMRC) Mismatches     | 8               | 1                         |
| MULTIPLE ( Scheme ) Mismatches | 11              | 0                         |
| Orphaned - HMRC                | 468             | 208                       |
| Orphaned - Scheme              | 13              | 0                         |
| Start Date Mismatch            | 218             | 35                        |
| <b>Total</b>                   | <b>729</b>      | <b>244</b>                |

# Scheme member update continued

## 02.03 Active member analysis breakdown continued

---

The total number of queries submitted to HMRC across both schemes was 462:

| Category                    | Total 1992 & 2006 scheme queries submitted to HMRC |
|-----------------------------|--|
| Best Match - NINO & Surname | 22   |
| MULTIPLE (HMRC) Mismatches  | 1  |
| Orphaned - HMRC             | 229  |
| Orphaned - Scheme           | 175  |
| Start Date Mismatch         | 35   |
| <b>Total</b>                | <b>462</b>   |

Of the 462 cases, 404 are classed as 'Orphaned' and either have:

1. A record with HMRC, but none with the scheme or
2. A record under one of the schemes, but no liability with that scheme with HMRC.

These cases are the bulk of the active queries and after investigation and instruction to HMRC should be relatively straightforward to correct. We have identified that many of these cases have been recorded under the incorrect scheme contracting out number (SCON) with HMRC, where 1992 scheme members have been recorded in the 2006 scheme and vice versa.

# 03 Costing

In previous correspondence we have concentrated on details of the work required on the reconciliation of inactive members and have not communicated with you costs regarding the active Scheme reconciliation. We have now quantified the position in relation to the active members, which is summarised in the table below:

| Category                       | 1992 Scheme | 2006 Scheme | Total | Resolved NFA | Queries Submitted to HMRC | Queries to be Investigated |
|--------------------------------|-------------|-------------|-------|--------------|---------------------------|----------------------------|
| 100% Matches                   | 0           | 8           | 8     | 8            | 0                         | 0                          |
| Best Match - NINO & Surname    | 22          | 3           | 25    | 3            | 22                        | 22                         |
| MULTIPLE (HMRC) Mismatches     | 0           | 8           | 8     | 7            | 1                         | 1                          |
| MULTIPLE ( Scheme ) Mismatches | 0           | 11          | 11    | 11           | 0                         | 0                          |
| Orphaned - HMRC                | 399         | 468         | 867   | 638          | 229                       | 229                        |
| Orphaned - Scheme              | 176         | 13          | 189   | 14           | 175                       | 175                        |
| Start Date Mismatch            | 2           | 218         | 220   | 185          | 35                        | 35                         |
|                                | 599         | 729         | 1328  | 866          | 462                       | 462                        |

Cost

£150

£2309.08

We will shortly raise an invoice for the cost of the resolved active members; in total there are 866 active member queries which have been resolved and the charge for the work is £150.

We estimate that the charge to investigate the remaining active queries will be **£2309.08**. Could you please forward a Purchase Order, made out to XPS Administration, for £2309.08 to [leanne.ferreira@xpsgroup.com](mailto:leanne.ferreira@xpsgroup.com).



**Contact us**  
**xpsgroup.com**

**Registration**

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

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**Authorisation**

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).

# Public Service Pensions Governance Conference

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Fire and Police Local Pension Boards  
Governance Conference 2019

Nick Gannon  
Policy Lead

15 May 2019



The  
Pensions  
Regulator  
Making workplace pensions work

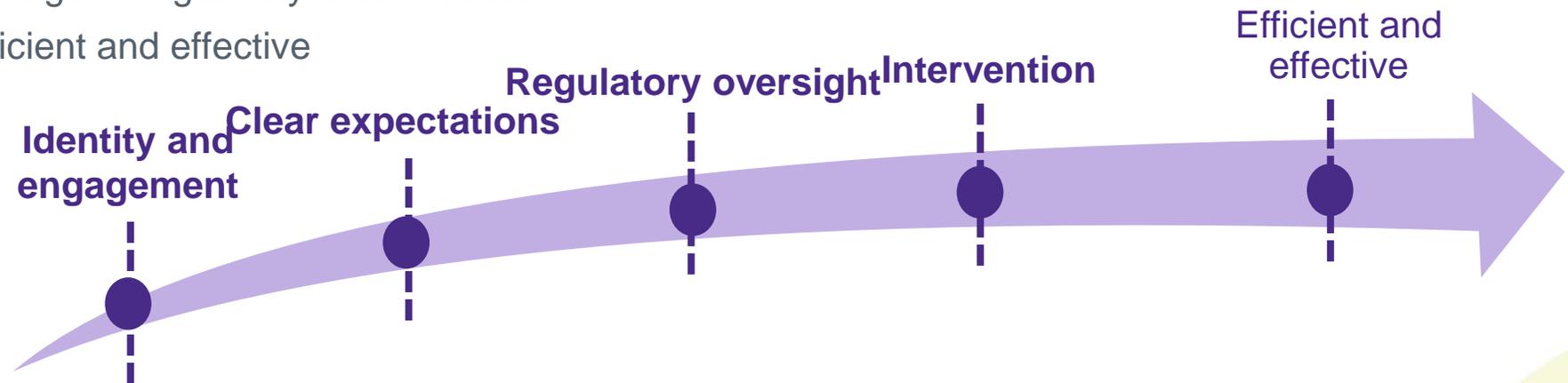
# An evolving Pensions Regulator



# The evolving Pensions Regulator

- Our role is to protect workplace pensions
- We are being **clearer, quicker and tougher**
- We are changing in five key areas:
  - clarifying our identity
  - setting clear expectations
  - improving our regulatory oversight
  - using a wider range of regulatory interventions
  - being more efficient and effective

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# TPR Future

- Be proactive with our engagement (PSPS, DB, DC and MTs)
- Supervision and Enforcement functions
- Clearer, quicker and tougher approach

## Page 70 **New approach will:**

- Build strong, open and transparent relationships with those responsible for scheme governance & administration
- Enable greater understanding of legal requirements and TPRs perspective
- Enable us to detect and address any potential problems early on and to work with those involved to resolve them
- Greater focus on governance and administration standards across all the schemes we regulate

# Governance and Administration Survey (2018)

# PSPS survey

- The survey is voluntary
- Carried out in November & December 2018
- This year's responses covered 94% of schemes and 99% of memberships.
- The survey is anonymous by default, though schemes can attribute their answers so that TPR and or their Scheme Advisory Board can see them
- TPR does not take regulatory action based on the answers given, but the answers in aggregate may inform our regulatory approaches

# PSPS survey – Key processes



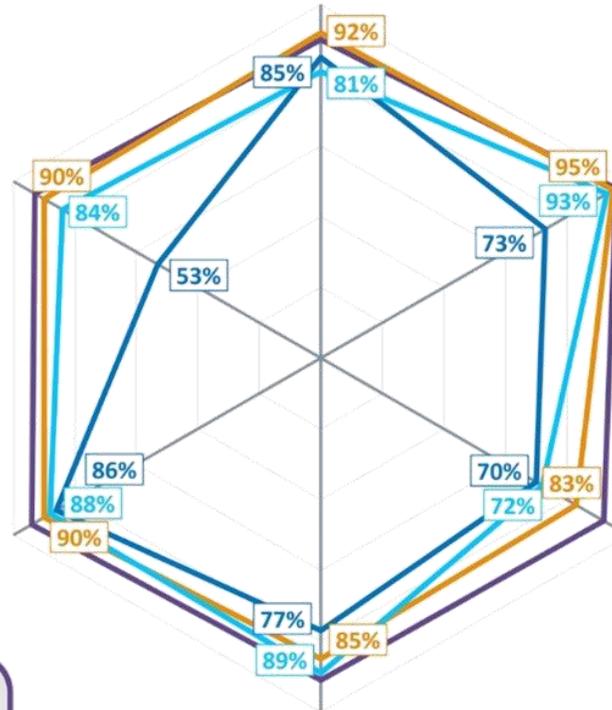
**90%** have documented policy to manage board members' conflicts of interest  
(-2% from 2017)

**93%** have procedures to identify, assess & report breaches of the law  
(+3% from 2017)

**96%** have access to knowledge, understanding & skills needed to properly run scheme  
(+1% from 2017)

**94%** have process for resolving contribution payment issues\*  
(+4% from 2017)

**92%** have documented procedures for assessing & managing risks  
(+9% from 2017)



**74%** of schemes had all of these processes in place (+16% from 2017)  
These schemes covered **75%** of all memberships

**91%** have processes to monitor records for accuracy/completeness  
(+6% from 2017)

\* In 2015-2017 this question included "and assessing whether to report payment failures to TPR" - so not directly comparable

Base: All respondents (195)

PSPS performance has improved since 2017 for four of the key processes, and three-quarters of schemes now have all of them in place

# Key processes (by size within scheme type)

Key processes by whether above/below median number of memberships for that scheme type

| Proportion of schemes with...   | Firefighters    |              | Police          |              |
|---|-----------------|--------------|-----------------|--------------|
|   | Median or below | Above median | Median or below | Above median |
| Documented policy to manage board members' conflicts of interest          | 87%             | 83%          | 91%             | 90%          |
| Access to knowledge, understanding & skills needed to properly run scheme | 96%             | 100%         | 87%             | 100%         |
| Documented procedures for accessing and managing risks                    | 78%             | 83%          | 91%             | 95%          |
| Processes to monitor scheme records for accuracy/completeness             | 87%             | 83%          | 87%             | 90%          |
| Process for resolving contribution payment issues                         | 83%             | 87%          | 91%             | 100%         |
| Procedures to identify, assess and report breaches of the law             | 87%             | 91%          | 87%             | 100%         |
| <b>Net: All these processes in place</b>                                  | <b>61%</b>      | <b>65%</b>   | <b>65%</b>      | <b>81%</b>   |

Base: All respondents

Other: Median or below (6), Above median (5); Firefighters: Median or below (23), Above median (23);

Local Government: Median or below (46), Above median (48); Police: Median or below (23), Above median (21)

The link between key processes and size is evident for all scheme types other than firefighters

# Pension board meetings in the last 12 months

|   |                 | Fire-fighters | Police |
|---|-----------------|---------------|--------|
| Scheduled to take place   | Mean            | 3.0           | 3.7    |
|   | 4+ in last year | 41%           | 73%    |
| Actually took place   | Mean            | 2.5           | 3.5    |
|   | 4+ in last year | 20%           | 61%    |
| Attended by scheme manager or representative                                | Mean            | 2.3           | 3.2    |
|   | 4+ in last year | 17%           | 52%    |
| % of scheduled meetings that took place (mean)                              |                 | 85%           | 96%    |
| % of meetings taking place attended by scheme manager/representative (mean) |                 | 89%           | 91%    |

Base: All respondents (Base, Don't know, Did not answer question)  
 Schemes (195, 1%, 1%), Other (11, 0%, 0%), Firefighters (46, 0%, 0%), Local Govt (94, 0%, 1%), Police (44, 2-5%, 0%)

**Firefighters' schemes held board meetings less regularly than other scheme types, with an average of 2.5 in the last 12 months (and only 20% had 4 or more)**

# Pension Board composition

## Number and turnover of pension board members

|   | Fire-fighters | Police |
|---|---------------|--------|
| Current board members (mean)                          | 5.1           | 8.2    |
| Vacant positions (mean)                               | 0.3           | 0.4    |
| Board members that left in last 12 months (mean)      | 1.2           | 2.1    |
| Board members appointed in last 12 months (mean)      | 1.1           | 2.1    |
| Mean % of total positions that are vacant             | 6%            | 5%     |
| Mean % of total positions that left in last 12 months | 21%           | 24%    |
| Mean % of total positions appointed in last 12 months | 18%           | 24%    |

# Pension Board Composition

**Overall 11 schemes reported that they had fewer current board members than specified by their respective regulations.**

## Firefighters

- Three schemes (7%) had fewer than the minimum 4 board members specified by the regulations; two had 3 current members and one had 2 current members
- All three of these schemes had vacant positions and would meet the minimum requirement if these were filled (all would have 4 members)

## Police

- Two schemes (5%) had fewer than the minimum 6 board members specified by the regulations; one had 4 current members and the other had 5 current members
- One of these had vacant positions and would meet the minimum requirement if these were filled (it would have 6 members)
- The other one had no vacant positions (and did not report any board members leaving in the previous 12 months), so would continue to be below the minimum threshold

9 of the 11 schemes with fewer board members than specified by the regulations would meet this threshold if their vacant positions were filled (and one did not know if they had vacant board positions)

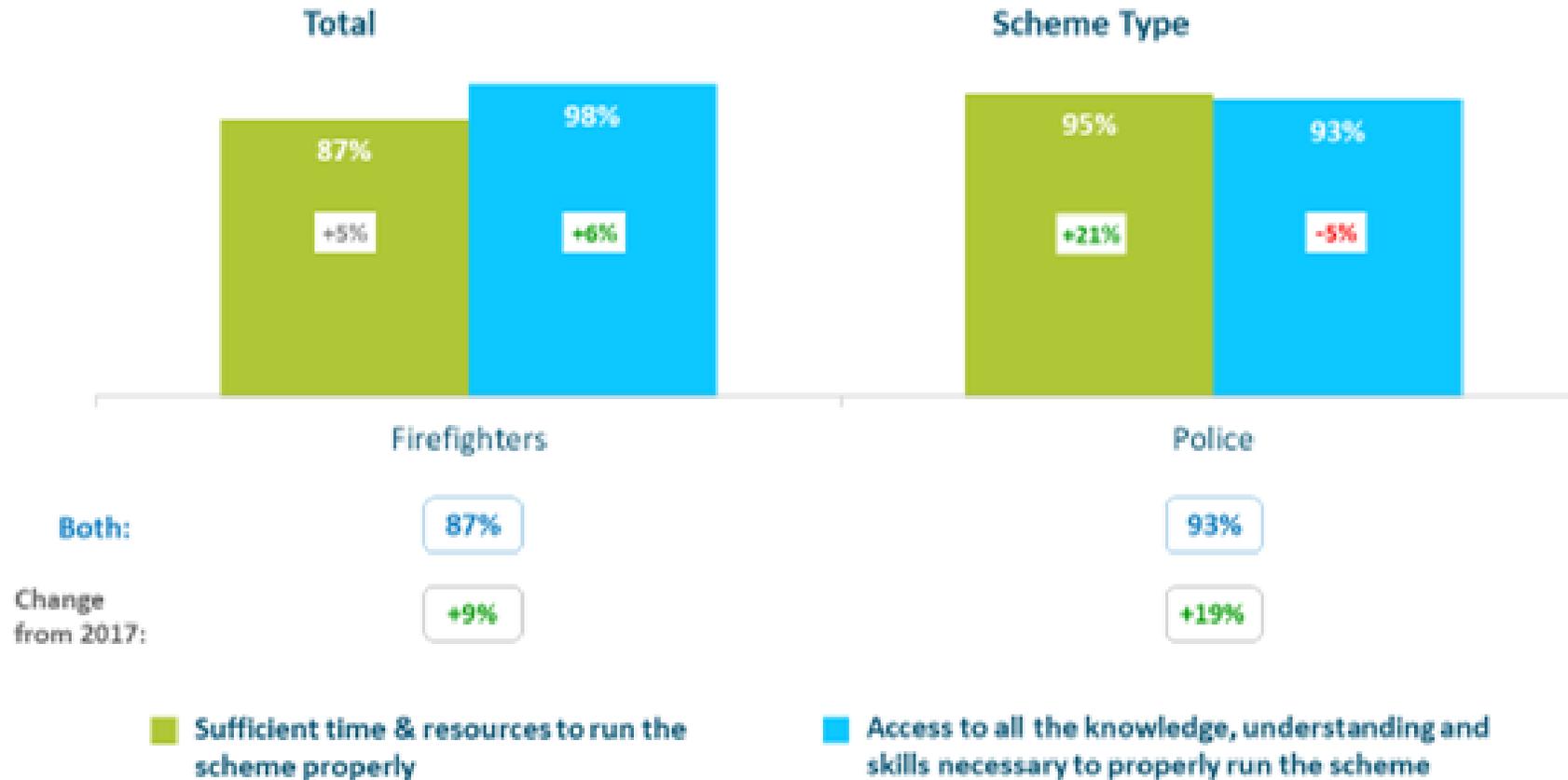
# Assessing and managing risk

## Proportion of schemes that...

|   | Fire-fighters | Police        |
|---|---------------|---------------|
| Have documented procedures for assessing and managing risk  | 80%<br>(+17%) | 93%<br>(+9%)  |
| Have a risk register  | 87%<br>(+18%) | 93%<br>(+5%)  |
| Have reviewed the scheme's exposure to new and existing risks <u>at least every quarter</u> (in the last 12 months) | 24%<br>(-11%) | 68%<br>(+24%) |

# Knowledge & Understanding (1)

Do the scheme manager and pension board have...?



# Knowledge & Understanding (2)

How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

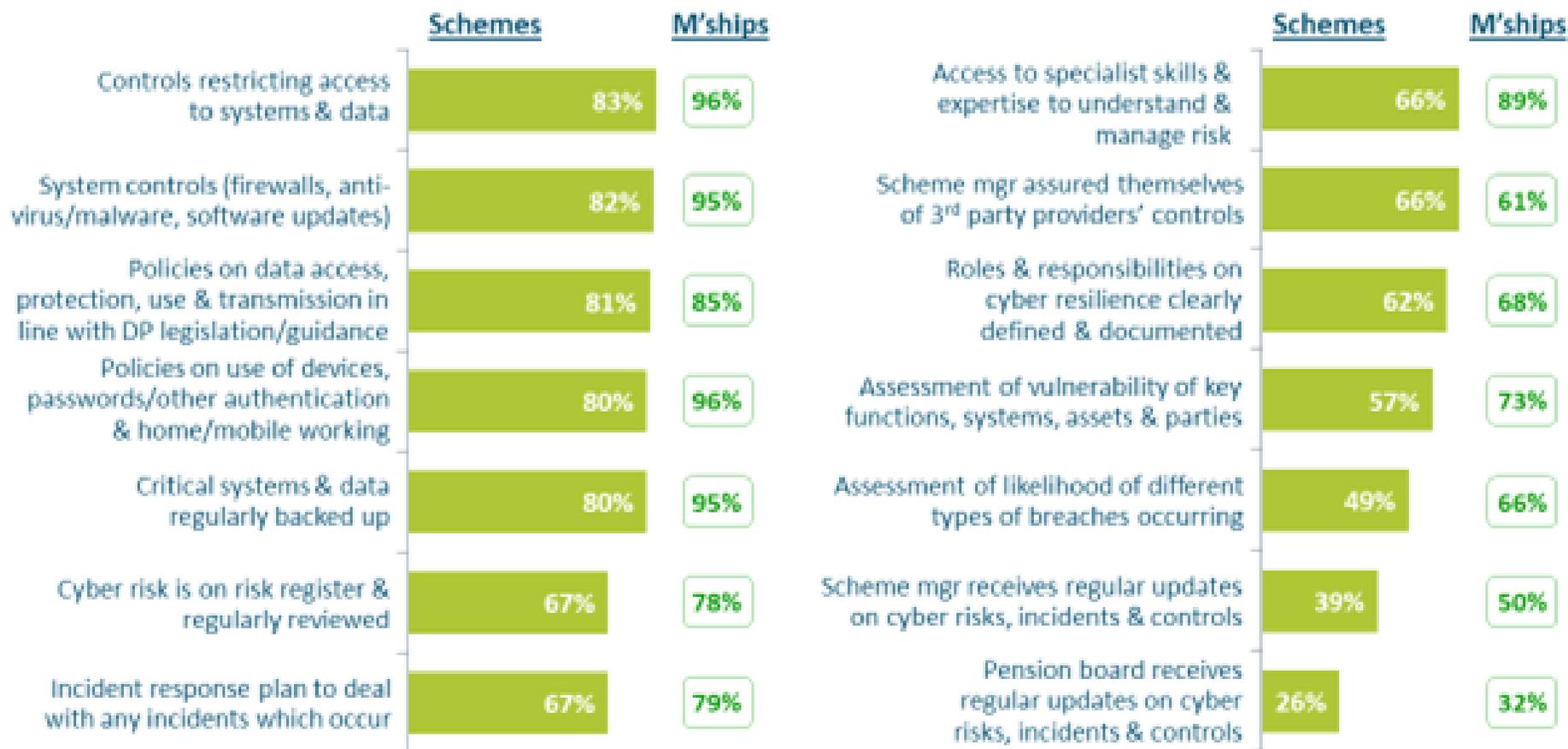


# Employer data provision

| Single employer schemes | Does your participating employer...? |   |                            |                                   |
|-------------------------|--------------------------------------|---|----------------------------|-----------------------------------|
|                         | Always provide timely data           | Always provide accurate & complete data | Submit data to you monthly | Submit data to you electronically |
| Yes                     | 90%                                  | 85%                                     | 78%                        | 92%                               |
| No                      | 7%                                   | 11%                                     | 21%                        | 7%                                |

# Protection against cyber risk (overall)

Which of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'?



Base: All respondents (Base, None of these, Don't know, Did not answer question)  
Schemes (195, 0%, 6%, 1%), Memberships (195, 0%, 1%, 0%)

**93% of schemes had one or more of these cyber controls in place (covering 98% of memberships)**

**Vast majority have cyber controls in place  
– but few regularly inform board and scheme manager of risks and incidents**

# Protection against cyber risk

Which of the following controls does your scheme have in place to protect your data and assets from 'cyber risk'?

|  | Fire-fighters | Police |  | Fire-fighters | Police |
|--|---------------|--------|--|---------------|--------|
| Controls restricting access to systems & data  | 80%           | 61%    | Access to specialist skills & expertise to understand & manage risk            | 59%           | 52%    |
| System controls (firewalls, anti-virus/malware, software updates)                            | 85%           | 57%    | Scheme manager assured themselves of 3 <sup>rd</sup> party providers' controls | 57%           | 68%    |
| Policies on data access, protection, use & transmission in line with DP legislation/guidance | 83%           | 55%    | Roles & responsibilities on cyber resilience clearly defined and documented    | 65%           | 52%    |
| Policies on use of devices, passwords/other authentication & home/mobile working             | 80%           | 48%    | Assessment of vulnerability of key functions, systems, assets & parties        | 61%           | 41%    |
| Critical systems & data regularly backed up  | 78%           | 59%    | Assessment of likelihood of different types of breaches occurring              | 52%           | 48%    |
| Cyber risk is on risk register & regularly reviewed  | 72%           | 41%    | Scheme manager receives regular updates on cyber risks, incidents & controls   | 35%           | 27%    |
| Incident response plan to deal with any incidents which occur                                | 65%           | 45%    | Pension board receives regular updates on cyber risks, incidents & controls    | 20%           | 30%    |

# Cyber security & breaches in the last year

Have any of the following happened to your scheme in the last 12 months?

|  | Fire-fighters | Police     |
|--|---------------|------------|
| Staff receiving fraudulent emails or being directed to fraudulent websites | 39%           | 45%        |
| Attacks that try to take down website/online services                      | 22%           | 5%         |
| People impersonating scheme in emails/online                               | 7%            | 2%         |
| Computers becoming infected with other viruses, spyware or malware         | 9%            | 0%         |
| Computers becoming infected with ransomware                                | 4%            | 0%         |
| Hacking/attempted hacking of online bank accounts                          | 2%            | 0%         |
| Any other types of cyber security breaches or attacks                      | 2%            | 0%         |
| <b>Net: Any cyber security breaches/attacks</b>                            | <b>48%</b>    | <b>48%</b> |

Thinking of all the cyber security breaches or attacks which, if any, of the following happened as a result?

|  | Fire-fighters | Police    |
|--|---------------|-----------|
| Website or online services taken down or made slower | 23%           | 5%        |
| Temporary loss of access to files or networks        | 14%           | 0%        |
| Personal data altered, destroyed or taken            | 0%            | 0%        |
| <b>Net: Any impact reported</b>                      | <b>32%</b>    | <b>5%</b> |

# Barriers to improvement

What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

|  | Fire-fighters | Police |
|--|---------------|--------|
| Complexity of the scheme   | 83%           | 75%    |
| Lack of resources or time  | 54%           | 41%    |
| Volume of changes required to comply with legislation              | 46%           | 55%    |
| Recruitment, training & retention of staff & knowledge             | 37%           | 25%    |
| Employer compliance  | 0%            | 2%     |
| Issues with systems (IT, payroll, administration systems, etc)     | 26%           | 14%    |
| Lack of knowledge, effectiveness or leadership among key personnel | 4%            | 9%     |
| Poor communications between key personnel                          | 0%            | 2%     |
| Other barriers   | 2%            | 5%     |
| There are no barriers  | 2%            | 5%     |



# The Pensions Regulator

Making workplace pensions work



# Key results

## Firefighters

- **Only 63% have all 6 key processes in place, but this is still a significant improvement (41% in 2017)**
- Increases in proportion with risk register (+18%) and procedures for assessing/managing risks (+17%)
- Least likely to have cyber controls in place (85%), but 48% experienced attacks/breaches and a third of these reported a negative impact
- 78% met ABS deadline for all active members – but only 11% of those missing deadline reported it to TPR
- While 17% identified non-ABS breaches of law, only 2% reported these to TPR

## Police

- **Notable improvements over last year; 73% have all 6 key processes in place (vs. 47% in 2017)**
- Increased confidence that scheme manager and board have sufficient time/resources (+21%)
- Rise in proportion with register of interests (+16%)
- Data reviews least likely to have found issues with common (47%) and scheme-specific data (56%)
- 75% met ABS deadline for all active members
- Only 14% identified non-ABS breaches of law and few reported these to TPR (2%)



## Information Security

XPS Pensions Group have a comprehensive information security programme designed to provide a layered defence so that all tools work together to protect both XPS Pensions Group and our client's data.



Network traffic is analysed using Darktrace Enterprise Immune system, a next generation AI and machine learning technology.

### Information Governance and Risk Management

- XPS Pensions Group maintain an ISO27001 Information Security Management System (ISMS) across the group. All information security risks are reported into a group level Risk & Audit committee, held in a central risk register, and the committee meet on a quarterly basis to review all risks across the business. The Risk & Audit committee report directly to the board.
- All security policies are reviewed on an annual basis and whenever there is a policy change to ensure that they meet both customer requirements and regulatory requirements e.g. GDPR.
- XPS Pensions Group use a number of 3rd party suppliers to provide services to both clients and the business. Where these providers have access to personal data we conduct annual security reviews and request penetration test results.
- As part of our recruitment and on boarding process all employees are subject to vetting which includes a criminal background check.

### Network Security

- All laptops are configured with Windows 10 and encrypted with Microsoft BitLocker.
- Site-to-site traffic is secured over a private MPLS WAN. Personal and confidential data sent externally is encrypted using a minimum of AES 256-bit encryption.
- The perimeter is secured with Cisco managed firewalls and supplemented by a SonicWall Intrusion Detection/Intrusion Prevention System (IDS/IPS).
- Network traffic is analysed using Darktrace Enterprise Immune system, a next generation AI (artificial intelligence) and machine learning technology. The system learns all traffic (patterns of life) to detect suspicious activity and Darktrace Antigena provides a recommended response to mitigate the threat.
- Email security is provided by Mimecast Advance Threat Prevention configured to filter incoming/outgoing mail to reduce spam, archive mail and prevent attacks using malicious email attachments.
- Regular monthly server updates are implemented using Microsoft System Centre Configuration Manager.
- Wireless Security is provided using Meraki wireless access points. Corporate networks are hidden (restricted to domain authenticated devices/users) and secured with WPA2 encryption.
- Access to the internet is controlled using Zscaler cloud-based internet proxy which blocks all access to social media, cloud-based storage and webmail.



## User Education and Awareness

- Security training is provided to all new joiners via Astute-eLearning online security training and all users are required to undertake annual refresher training.
- Quarterly phishing tests are conducted from KnowBe4 platform.
- Security bulletins are issued on a routine basis to provide additional security guidance and training.

## Malware Prevention

- All clients and servers are configured with Webroot Secure Anywhere agents. Webroot provides a next generation cloud-based anti-malware and journal based anti-ransomware solution.

## Data Loss Prevention Controls

- Mimecast cloud-based email security is configured for DLP and enforces encryption for all unencrypted personal data.
- Access to USB is restricted via group policy and disabled for all users by default.

## Secure Configuration

- Twice annual penetration testing of our perimeter and public IP addresses is conducted.
- Annual AAF01/06 audits are conducted for XPS Administration as recommended by The Pensions Regulator.
- In addition, we hold the UK government Cyber Essentials certification. XPS Administration are certified to ISO 27001 which is being rolled out to offices that were previously not in scope.

- All hardware and software changes are managed through Best Practice ITIL change control processes, therefore all changes require technical and security approval before implementation.
- Standard hardened images are used for all system builds.

## Managing User Privileges

- All user accounts are controlled by Microsoft Default Domain Policy and Group Policy Objects to provide least privilege access to data and resources.
- Access is granted using the policy of 'least privilege' and includes regular reviews for all users.
- KeePass is used for administrative password management which helps to prevent uncontrolled storage of passwords and provide easy password auditing.

## Incident Management

- Fully documented and updated Incident Management processes exist to manage security incidents which includes standing up a Cyber Incident Response Team (CIRT).
- System Backups are replicated between datacentres with Microsoft Data Protection Manager which can be used to recover systems if there is a virus or ransomware attack. Additional long-term backups are stored in a third external datacentre.
- BCP and DR plans are fully implemented and tested on at least an annual basis.

## Home and Mobile Working

- Remote connectivity is secured via SonicWall GVPN and Barracuda client- based VPNs.
- Microsoft Intune is configured to provide mobile device management (MDM) and enforces encryption on mobile devices.



Our processes also ensure that personal data is encrypted in transit through the use of encryption.



Training on Cyber related issues is provided at induction and annually thereafter to enhance levels of awareness of risk and the associated process.

## For further information

If you would like further details about XPS's approach to Information Security please contact XPS Information Security Team or your client account manager.

 @xpsgroup

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## Breach Assessment Template

### Date of assessment

01/12/2019

### Introduction

Annual Benefit Statements.

For August 2019

Total active members @ 31.3.2019 = 586

Leavers since this date = 19

New starters in March = 8

System/Data errors = 6 (those outstanding from our email & PSO debit that needs looking at

**Total statements due = 553**

Total Printed = 523 (bulk run)

Modified retained = 30 (12 x 2 statements, 6 x 1 statement) these will be produced manually

There were 2 statements outstanding as at the deadline of 31/08/2019 due to data errors that are still being investigated.

### Identified

Following last years breach we now do an annual reconciliation exercise of ABSs to ensure XPS active member records match those held by Cheshire Fire.

# Assessment

[Using the [TPR guidance](#) comment on the four areas and score red, amber or green

|              | <b>Cause</b>                               | <b>Effect</b>  | <b>Reaction</b>   | <b>Wider Implications</b>  |
|--------------|--|--|---|--|
| <b>Red</b>   |  |  |   |  |
| <b>Amber</b> |  |  |   |  |
| <b>Green</b> | An isolated incident linked to data error. | There is evidence that only 2 members were affected. Although other members reported not receiving a statement, this is likely due to postal issues. | Action has been taken to correct the breach and the cause has been identified and once the data errors have been resolved, this should not occur for these members next year. | It is unlikely that the scheme will be in breach of other legal requirements |

## Action

Correction of data errors for the 2 affected members.

## History / Frequency

There were a number of members who did not receive a statement in 2016, 2017 and 2018 due to technical issues with the interface between the pension software and the printing database and the software not identifying multiple roles. However, this year has seen a significant improvement.

## Decision

|                                  |     |
|----------------------------------|-----|
| <b>Report as material breach</b> |     |
| <b>Recorded as breach</b>        | Yes |

**Assessed by:** Jill Swift

**Date of assessment:** 06/11/2019

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## Board Review:

**Tabled at Board Meeting:** No but issue reported to November

LPB

**Agreed by board:** N/A

**Firefighter Pension Scheme Risk Register**

| Risk Area - OPERATIONS                 | Likelihood | Impact | Score | Control  | Owner                             | Test / Review               | Comments   |
|--|------------|--------|-------|--|-----------------------------------|-----------------------------|--|
| Operational disaster (i.e. flood/fire) | 1          | 8      | 8     | All records are stored electronically. Data is backed up regularly and server providers also have business continuity procedures in place.   | Pension Provider                  | Annual review               | Business continuity and safety/security of records is part of contract agreements              |
|  |            |        |       | The majority of pension documents are electronic and all personnel files have been scanned.<br><br>Data is regularly backed up, can be accessed from anywhere on the network and server providers also have business continuity procedures in place. | Scheme Manager                    | Ongoing                     | Business continuity and safety/security of records is part of data storage contract agreements |
|  |            |        |       | Contracts with pension provider are stored electronically and hard copy stored in Legal Dept   | Scheme Manager                    | In line with contract dates |  |
| Member data incomplete or inaccurate   | 3          | 8      | 24    | Annual reconciliation of member data to ensure accuracy and resolve any gaps   | Scheme Manager                    | Annual                      | Currently, checks are completed in preparation for annual returns.                             |
|  |            |        |       | Annual data check of common data and any addresses found to be incorrect are investigated using a tracing agency   | Pension Provider / Scheme Manager | Annual                      |  |
|  |            |        |       | Robust payroll processes in place to ensure accuracy of data sent to pension provider  | Scheme Manager / MFSS             | Review Annually             |  |

|  |   |   |    |  |                           |   |  |
|--|---|---|----|--|---------------------------|---|--|
| Administration Failure / Maladministration | 5 | 9 | 45 | Formal agreement in place with pension provider including SLAs   | Scheme Manager            | Quarterly                                 | Receive quarterly reports from the provider's performance management system outlining where SLAs have been met / breached.<br><br>Provider presents report to the Pension Board at each meeting. |
|  |   |   |    | Authority Levels and signatory lists clearly documented and up to date   | Scheme Manager / Provider | When there is a change in staff or policy |  |
|  |   |   |    | Review Pension Providers audit reports   | Scheme Manager            | Annually                                  |  |
|  |   |   |    | Close management of administration contract  | Scheme Manager            | Quarterly                                 | Scheduled quarterly contract meetings with provider.   |
|  |   |   |    | Robust internal controls in place for both the pension provider and CFRS including:<br>- Counter checks by senior team member for all calculations<br>- Provider to have documented controls for all calculations and payments<br>- CFRS to check agreement with all calculations for pension and lump sums and approve payment. | Scheme Manager / Provider | Ongoing                                   |  |

|                                |   |   |    |   |                           |           |   |
|--------------------------------|---|---|----|---|---------------------------|-----------|---|
|                                |   |   |    | Provider has a training programme in place for their staff, including Fire specific pension scheme rules  | Provider                  | Ongoing   |   |
|                                |   |   |    | Transparent and open monitoring process to ensure lessons are learned from any errors made.   | Scheme Manager / Provider | Ongoing   | Monitored through quarterly contract meetings   |
|                                |   |   |    | Ensure resilience in Provider and CFRS teams to mitigate the impact of loss of key staff/knowledge of Fire Pension Schemes  | Scheme Manager / Provider | Ongoing   | A joint payroll and pensions lead position has been created and recruited to in the Joint HR team in recognition of the need to retain key knowledge and skills.<br><br>Provider have ensured that staff with experience and knowledge of FPS regs are available to work on CFRS contract |
| Data Forecast and Calculations | 3 | 8 | 24 | Robust business process in place to ensure the Administrator are provided with accurate pensionable pay and service information to enable accurate forecasts to be produced for members | Scheme Manager            | Annually  |   |
|                                |   |   |    | Administrator to make available suitable forms and guidance to enable clear instructions to be provided by employer   | Provider                  | Ongoing   |   |
|                                |   |   |    | Administrator to ensure that team are suitably trained in FPS regulations   | Provider                  | Quarterly | Review any training issues in quarterly performance reviews   |

|   |   |   |    |   |  |  |  |
|---|---|---|----|---|--|--|--|
| <p><b>McCloud/Sargeant</b><br/>Lack of resources to complete any remedy actions</p> | 8 | 8 | 64 | <ul style="list-style-type: none"> <li>- Ensure additional budget is available for the additional internal resources that will be needed to complete any remedy actions including additional budget which may be required to pay for tasks which may need to be completed by payroll/pension providers on top of the current contract SLAs.</li> <li>- Consider state of data in advance of remedy process being confirmed</li> </ul>   |  |  | <p>The Home Office were denied the right to appeal. The Firefighter's case has been referred back to the ET for a remedy hearing on 18<sup>th</sup> December 2019.</p> |
| <p><b>Cyber Security</b></p>  | 2 | 9 | 18 | <ul style="list-style-type: none"> <li>- Both Cheshire Fire and Rescue Service and the pension administrator have access to specialist skills and knowledge to assess and manage the risk of cyber security incidents</li> <li>- All systems are subject to regular back ups to ensure critical data is not lost</li> <li>- Robust IT policies on password, access and acceptable use along with limited access to certain websites to reduce the risk of malware attacks</li> <li>- Documented business continuity plans where security is breached.</li> <li>- Both CFRS and the pension administrator to have:             <ul style="list-style-type: none"> <li>- robust system controls in place such as firewalls, anti-virus and</li> </ul> </li> </ul> |  |  | <p>Pension administrator has provided an overview of cyber security policies.</p>  |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  | <p>anti-malware as well as a regular schedule of software updates.</p> <p>- Access to systems and data is limited to authorised personnel only</p> |  |  |  |
|--|--|--|--|--|--|--|--|

| <b>Risk Area – FINANCIAL</b>  | <b>Likelihood</b> | <b>Impact</b> | <b>Score</b> | <b>Control</b>  | <b>Owner</b>              | <b>Test / Review</b> | <b>Comments</b>  |
|---|-------------------|---------------|--------------|---|---------------------------|----------------------|--|
| Excessive charges by provider   | 2                 | 5             | 10           | <p>Contracts are governed by OJEU rules and are often limited to 2 years with the option to extend, meaning providers are regularly reviewed.</p> <p>Contract prices and any adhoc scenarios where additional charges may be incurred are laid out in the contract terms.</p> | Scheme Manager            | Term of the Contract | It is always possible that changes to pension regs or tax regs will incur additional work for the provider or require software to be reconfigured, resulting in unforeseen costs for the FRA i.e. GMP reconciliation and McCloud/Sargeant. |
| Fraud / Fraudulent behaviour  | 2                 | 8             | 16           | <p>Only pension forms from authorised signatories will be accepted by the pension provider</p> <p>Pension Provider staff have documented processes and both internal and external audit procedures.</p>   | Scheme Manager / Provider | Ongoing              |  |
| Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner | 2                 | 9             | 18           | <ul style="list-style-type: none"> <li>- Pension provider have a technical team with specialist knowledge of the regulations and tax rules</li> <li>- Pension provider produce employer bulletins outlining tax rules for employers</li> </ul>                                | Scheme Manager / Provider | Ongoing              |  |

|   |   |   |    |   |                           |         |   |
|---|---|---|----|---|---------------------------|---------|---|
|   |   |   |    | <ul style="list-style-type: none"> <li>- Employer subscribes to knowledge hub and receives LGA/Home Office bulletins and circulars</li> <li>- Regular updates from the Scheme Advisory Board</li> <li>- Employer subscribes to HMRC pension tax updates</li> <li>- Access professional tax advice when necessary</li> </ul> |                           |         |   |
| <b>McCloud v Sargeant</b><br>Possible back claims from members negatively impacted by this case | 5 | 9 | 45 | <ul style="list-style-type: none"> <li>- Finance team to ensure reserves are in place</li> </ul>  | Scheme Manager / Provider | Ongoing | Remedy not yet known. Treasury likely to cover some costs, but these are likely to involve: <ul style="list-style-type: none"> <li>- back payment of employer contributions</li> <li>- compensation payments</li> <li>- additional resource to co-ordinate the remedy process.</li> <li>- Possible additional charges from the pension administrator to recalculate historic pension payments and reconfigure software</li> </ul> |



|  |   |   |  |   |                     |     |   |
|--|---|---|--|---|---------------------|-----|---|
|  |   |   |  | - Process in place to ensure fund is compensated in cases where abatement is not applied to the member                              |                     |     |   |
| <b>McCloud v Sargeant</b><br>Ruling leading to increased costs to the pension fund | 5 | 5 |  | - Ensure the outcome of this ruling is factored in to any pension fund budgeting/accounting and contingency planning is considered. | Finance / Treasurer | TBC | This is likely to impact employer contributions in the future |

| <b>Risk Area – REGULATORY AND COMPLIANCE</b>        | <b>Likelihood</b> | <b>Impact</b> | <b>Score</b> | <b>Control</b>   | <b>Owner</b>   | <b>Test / Review</b>                       | <b>Comments</b> |
|---|-------------------|---------------|--------------|--|----------------|--|-----------------|
| Failure to interpret rules or legislation correctly | 2                 | 8             | 16           | <ul style="list-style-type: none"> <li>- Utilise central LGA resource and regional / national groups to assist with interpretation of rules and possible provision of legal opinion</li> <li>- Subscribe to the LGA Knowledge hub to get regular updates and liaise with other FRAs</li> <li>- Access professional advice where required</li> <li>- Utilise LGA/Home office bulletins and circulars</li> <li>- Utilise knowledge and expertise of the Pension Provider technical team</li> <li>- Annual training for pension board and members of the pension team</li> <li>- Attendance at FPS AGM</li> </ul> | Scheme Manager | Review as new legislation comes into Force |                 |

|  |  |  |  |   |   |  |  |
|--|--|--|--|---|---|--|--|
|  |  |  |  | - Clear documented process for decision making outlining process to be followed and the responsible parties   |   |  |  |
| Failure to comply with disclosure requirements or communicate with staff |  |  |  | <ul style="list-style-type: none"> <li>- Annual Benefit Statements (ABS) provided to all active scheme members in August each year</li> <li>- Annual Benefit Statements provided to all deferred members on an annual basis</li> <li>- Annual check by Scheme Manager to ensure all members have received an ABS</li> <li>- Spot check an ABS for each pension scheme to ensure accuracy of figures</li> <li>- Business processes in place to ensure the relevant legal statements are issued to any staff who are contractually or auto-enrolled.</li> <li>- Business process in place to communicate with members whose contribution banding changes.</li> <li>- Dedicated Intranet page for pension related matters which includes forms, details about the scheme rules, employee guides and information about pension tax.</li> <li>- Any news relating to changes to pension or pension tax is communicated in the Green</li> </ul> | <ul style="list-style-type: none"> <li>Provider</li> <li>Provider</li> <li>Scheme Manager</li> <li>Scheme Manager</li> <li>Scheme Manager</li> <li>Scheme Manager</li> <li>Provider / Scheme Manager</li> <li>Scheme Manager</li> </ul> | <ul style="list-style-type: none"> <li>Annual</li> <li>Annual</li> <li>Annual</li> <li>Annual</li> <li>Annual</li> <li>Annual</li> <li>Ongoing</li> <li>Ongoing</li> </ul> |  |

|  |  |  |  |   |  |  |  |
|--|--|--|--|---|--|--|--|
|  |  |  |  | Bulletin or where the change impacts all staff (i.e. end of contracting out), letters will be sent to all staff |  |  |  |
|--|--|--|--|---|--|--|--|