

**LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE
AUTHORITY
LOCAL PENSION BOARD**

To: Members of the Local Pension Board

Mr W Liquorish JP CC (Chair)

Cllr H Rae Bhatia

Alison Greenhill, Leicester City Council

Yunus Gajra, West Yorkshire Pension Fund

Helen Scargill, West Yorkshire Pension Fund

Graham Vaux, Leicestershire Fire and Rescue Service

Adam Taylor, Leicestershire Fire and Rescue Service

Copies by email to:

Other Members of the Combined Fire Authority for information only
CFO, Directors and Area Managers.

Dear Sir/Madam,

You are invited to attend a meeting of the **Leicester, Leicestershire and Rutland Combined Fire Authority's Local Pension Board** which will be held via **Microsoft Teams** on **Wednesday 10 February 2021** following the meeting of the Combined Fire Authority for the transaction of business set out on the attached Agenda.

Yours Faithfully



Lauren Haslam
Monitoring Officer



Leicestershire Fire and Rescue Service

Headquarters, 12 Geoff Monk Way, Birstall, Leicester LE4 3BU

Tel 0116 2105555

Fax 0116 2271330

Email info@leics-fire.gov.uk

leics-fire.gov.uk

Follow @LeicsFireRescue



**LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE
AUTHORITY
LOCAL PENSION BOARD
WEDNESDAY 10 FEBRUARY 2021
Following the meeting of the Combined Fire Authority**

Location **Via Microsoft Teams.**

Officer to contact **Anna Poole (Tel. 0116 305 2583)**

E-Mail **anna.poole@leics.gov.uk**

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Apologies.		
2. Minutes of the Local Pension Board meeting held on 23 September 2020.		(Pages 5 - 8)
To approve the draft minutes of the Local Pension Board meeting held on 23 September 2020.		
3. Conflicts of Interest.		
4. Scheme Manager's Update.	Scheme Manager	
A verbal update will be given by Alison Greenhill, Pension Scheme Manager.		
5. Introduction by new Pension Scheme Provider and Pension Fund Administration Report.	Scheme Administrator	(Pages 9 - 12)
6. LFRS Firefighters' Pension Scheme Risk Register.	Scheme Manager	(Pages 13 - 28)
7. Firefighters' Pension Scheme Breaches Register.	Scheme Manager	(Pages 29 - 42)
8. Joint Pension Board - Update.	Scheme Manager	
A verbal update will be given by Alison Greenhill, Pension Scheme Manager.		
9. Employee Representative's input.		
A verbal update will be received from an employee representative.		

10. Any other business.

11. Date of next meeting.

The next meeting of the Local Pension Board will be held on Wednesday 16 June 2021 via Microsoft Teams following the meeting of the Combined Fire Authority.

Minutes of a meeting of the CFA - Local Pensions Board held at County Hall, Glenfield on Wednesday, 23 September 2020.

PRESENT

Mr. W. Liquorish JP CC
Ian Howe
Callum Faint
Graham Vaux

Cllr. H. Rae Bhatia
Alison Greenhill
Elena Johnston
Mark Drinkwater

In attendance

Gemma Duckworth – Democratic Services Officer, Leicestershire County Council

25. Appointment of Chairman.

It was moved and seconded that Mr. W. Liquorish JP CC be elected Chairman of the CFA Local Pension Board.

Mr. W. Liquorish JP CC – in the Chair

26. Apologies.

No apologies were received.

27. Minutes of the Previous Meeting.

RESOLVED:

That the minutes of the CFA Local Pension Board held on 12 February 2020 be taken as read, confirmed and signed.

28. Conflicts of Interest.

The Chairman invited members who wished to do so to declare any interests in respect of items on the agenda for the meeting.

No such declarations were made.

29. Scheme Administrators Update.

The Board considered a report from the Pensions Scheme Administrator which provided an update on the fire fighter pension administration in the quarter 1 April – 30 June 2020. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

It was noted that the pensions savings statements were on track to be completed by the deadline of 6 October and that all the Key Performance Indicators were at 100%.

Members were informed that, in relation to the Sargeant case, further national guidance was still awaited. As a result, the Pension Section was currently unable to re-calculate any pension benefits already paid or to base benefits on the 1992 scheme where members were due to or had already transitioned into the 2015 scheme.

RESOLVED:

That the update provided on the administration of the fire fighter pension scheme in the quarter 1 April to 30 June 2020 be noted.

30. Scheme Manager's Update.

The Board considered a report from the Treasurer/Scheme Manager which provided an update on the project to appoint a new administrator of the fire fighters' pension scheme. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion, the following points were raised:

- i) It was noted that there were two high risk areas in the transfer of the pension administration to West Yorkshire. These related to pressure on staff resources and differences in data. Where there were open tasks, these did not currently migrate to the new system and work was therefore taking place to achieve this.
- ii) The Board was informed that a communications plan to inform scheme members of the change was being developed and would be presented to the next meeting.
- iii) It was reported that an agreement had been signed with the LGA to defend any individual pension claims and Bevan Brittain was being used for this purpose.
- iv) The Scheme Manager asked the Employee Representatives to notify her of any areas they wished to focus on at future meetings of the Board.

RESOLVED:

That the report be noted.

31. LFRS Firefighters' Pension Scheme Risk Register.

The Board considered a report of the Treasurer/Scheme Manager which presented the current risk register. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

It was reported that two risks had been removed. Risk 11 had previously been removed as it had been merged with Risk 6, which related to the issue of local pensions expertise. The Chief Fire and Rescue Officers and Scheme Managers from Derbyshire, Nottinghamshire and Leicestershire were discussing the sharing of a pension expert post to support all three fire authorities. This would be a specialist resource and was welcomed. A meeting was due to take place on 13 November to formalise this arrangement.

RESOLVED:

That the risk register be approved.

32. Firefighters' Pension Scheme Breaches Register.

The Board considered a report of the Treasurer/Scheme Manager which gave an update on the Breaches Register. A copy of the report marked 'Agenda Item 8' is filed with these minutes. The Breach Register had been circulated to the Board and identified that no breaches had taken place in the reporting period.

RESOLVED:

That the Breach Register, which identified that no breaches have taken place in the reporting period, be noted.

33. Employee Representative's input.

The Board received a verbal update from an employee representative of the Local Pension Board.

In response to a query around the discrimination ruling, it was stated that the guidance issued by the Home Office on 21 August was very much interim and it was therefore currently difficult to clarify what information would be provided with annual benefits statements as there was a risk that members could be mis-informed if asking for a pension forecast. Assurance was given that if more guidance was issued before the next meeting of the Board, the Treasurer/Scheme Manager would write to the Fire Brigade Union. However, it was stressed that individuals could continue to make a decision about their retirement using the current rules before the guidance was issued.

Advice from the Monitoring Officer would be sought around the possibility of individual scheme members signing a waiver due to the issuing of informal guidance. This would be included as an item for discussion at the next meeting of the Board.

RESOLVED:

That the status of informal guidance be included as an item on the agenda for the next meeting of the Board.

34. Date of Future Meetings.

The next meeting of the Local Pension Board will be held on Wednesday 16 December 2020 via Microsoft Teams at 12 noon following the meeting of the Combined Fire Authority.

Future meetings will be held on:

10 February 2021
16 June 2021.

11.45am – 12.13pm
23 September 2020

CHAIRMAN

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**LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE AUTHORITY
LOCAL PENSION BOARD**

10 FEBRUARY 2021

**REPORT FROM WEST YORKSHIRE PENSION FUND – PENSION
ADMINISTRATOR**

PENSION FUND ADMINISTRATION REPORT

Purpose of the Report

1. To introduce the Combined Fire Authority (CFA) Local Pension Board to the new fire fighters pension scheme administrators, the West Yorkshire Pension Fund (WYPF) and provide an update for the period 1 November 2020 to 31 December 2020.
2. This is designed to assist the CFA Local Pension Board. It is also considered best practise to provide a report of this type.

Recommendation

3. That the Local Pension Board notes the update provided on the administration of the fire fighter pension scheme for the period 1 November 2020 to 31 December 2020.

Background

Transfer of Administration

4. Administration of the Firefighters Pension scheme transferred from Leicestershire County Council to WYPF on 1 November 2020. The project to transfer data and payroll went very smoothly and all services are now provided by WYPF.

Annual Benefit Statements / Year-end / Taxation Saving Statements

5. As part of the transition, Leicestershire County Council confirmed to WYPF that they have issued the pension savings statements by the statutory deadline of 6 October 2020 for the 27 cases they had identified.

Valuation 2020

6. Leicestershire County Council confirmed to WYPF that they have completed and submitted the valuation extracts requested by the Government Actuary's Department by the 31 December 2020 deadline.

Regulation Changes

7. None since the last report.

Risk and Breaches – (material or not)

8. None.

Update on Sargeant case (transitional protections remedy)

9. There has been no further update on this since the last meeting of the Local Pension Board.

HMRC Annual Event Reporting

10. The reports were produced by WYPF and passed to Leicestershire County Council which submitted the data to HMRC. Leicestershire Fire Service has been notified of the payments required. This will be dealt with in full by WYPF going forward.

Key Performance Indicators - 1 November 2020 to 31 December 2020

11. The Table below details performance against each of the Key Performance Indicators for the period 1 November – 31 December 2020:

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAG E TIME TAKEN (DAYS)
Change of Address	3	20	3	85	100	2
Change of Bank Details	8	20	8	85	100	1
Death in Retirement	1	5	1	85	100	1
Deferred Benefits Into Payment - Payment of Lump Sum	3	3	3	85	100	1
Divorce Settlement - Pension Sharing order Implemented	1	80	1	100	100	3
General Payroll Changes	28	20	28	85	100	1
Initial letter Death in Retirement	1	5	1	85	100	1

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAG E TIME TAKEN (DAYS)
Payment of Spouses _Child Benefits	1	10	1	100	100	1
Pension Set Up Payment of Lump Sum	1	3	1	85	100	1
Retirement Actual	1	10	1	85	100	1
Set Up New Spouse Pension	1	5	1	85	100	1

Officers to Contact

Yunus Gajra – Head of Governance and Business Development, West Yorkshire Pension Fund

Yunus.gajra@wypf.org.uk

07582 105760

Helen Scargill – Client Relationship Manager, West Yorkshire Pension Fund

Helen.scargill@wypf.org.uk

07582 106704

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LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public

Meeting: Pensions Board

Date: 10 February 2021

Subject: Leicestershire Fire and Rescue Service Firefighter's Pension Scheme (FFPS) Risk Register

Report by: The Treasurer/Scheme Manager

Author: Alison Greenhill

For: Discussion

1. Purpose

1.1 The purpose of this report is to present to the Local Pension Board (the Board) the risk register for the Leicestershire Fire and Rescue Service Local Pension Scheme.

2. Recommendations

2.1 The Local Pension Board is asked to review the content of the risk register attached at Appendix 1. The Board is asked to then approve the register if it feels that, subject to any amendments it makes, it adequately reflects current risks.

3. Background

3.1 Good governance ensures that there is an appropriate Risk Register in place. It is also a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a Risk Register which is regularly reviewed.

3.2 The risk register consists of relevant risks to LFRS FFPS considering both the administration of pensions by LFRS staff and its relationship and work undertaken by the administering body being West Yorkshire Pension Fund.

3.3 The process used to identify and score risks is that of best practice and using the definition of risk taken from the International Risk Management Standard ISO31000. All risks cannot be eliminated however risk appetite and risk

awareness are key in ensuring that risks the Board are exposed to are appropriately managed.

- 3.4 Each identified risk has been scored using the 5 x 5 risk matrix as set out in Appendix 2.
- 3.5 Each risk is scored as it currently is with existing actions/controls and then further management actions/controls are identified which should have the effect of reducing the risk score.
- 3.6 The risk register will be reviewed quarterly by the Scheme Manager, Area Manager Finance (LFRS) and the Pensions Administration Manager (WYPF).
- 3.7 Risk 6 has been updated reflecting the progress made in agreeing a tri-service agreement for specialist pensions advice. A Service Level Agreement/contract is currently being finalised.

4. Background Papers

LPR Code of Practice no 14 (Governance and administration of public pension schemes).

ISO 31000 – Risk management principles and guidelines standard

BS65000 – Guidance on Organisational Resilience.

Appendix

Appendix 1 – Firefighters Pension Scheme Risk Register

Appendix 2 - Risk Assessment Matrix

Officer to Contact

Alison Greenhill, Treasurer

Alison.greenhill@leicester.gov.uk

0116 454 5552

Firefighters Pension Scheme Risk Register

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
1	Failure to administer the scheme in line with regulations and policies	Regulatory	Administration failure	Up to date knowledge through various sources such as SAB and the Home Office. Up to date training. Attendance at regional fire administrator working group. Information on the scheme is held on the Firefighters section of the LGSS Pensions Service website.	1	4	M	TACT				1	4	M	TACT

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
2	Those charged with governance of the Scheme are unable to fulfil their responsibilities effectively.	Regulatory	Reputation	Requires Board members to receive continuing training.	2	2	M	OPS	Proposed creation of a Joint East Midlands Pension Board to provide efficiency and resilience	Scheme Manager	No date available, requires ministerial approval and other matters are occupying ministerial time	1	2	L	OPS

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
3	Policies not being in place and up to date	Regulatory		Policies to be reviewed and updated	3	3	H	TACT	HR action plan includes a review of all policies as part of the HR strategy			2	2	M	OPS

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
4	Failure to recognise/manage conflicts of interest	PEOPLE		Declarations of interests at the beginning of each meeting.	1	2	L	OPS				1	2	L	OPS

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
5	Potential fraudulent activity by staff/scheme members	PEOPLE	Illegal expenditure	Review of finance function set out clear roles and responsibilities for those administering pensions. HR review of processes currently underway. National Fraud Initiative participation of review of declarations of interest policy. Internal audit of pensions (CFA and administrator)	1	3	M	TACT				1	4	M	TACT

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
6	Changes to the Firefighters Pension Scheme and lack of expertise in the revised/new area.	Business process	Breach of regulation	The use of advisors (e.g. LGA) where deemed applicable to provide relevant information and recommendations on particular areas.	2	3	M	TACT	Tri-service pension advisor role has been agreed	Scheme Manager	Jan 2021	1	3	M	OPS

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
7	Failure to provide adequate information to the Pension Board.	Regulatory	Breach of regulation	Board meetings held quarterly at which key information relating to the administration of the Scheme(s) is provided. Extraordinary meetings can also be arranged for urgent items.	1	2	L	OPS				1	2	L	OPS

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
8	Failure to include all required information in documents issued to members under disclosure regulations	Regulatory	Breach of regulation	Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups.	1	4	M	TACT				1	4	M	TACT

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
9	Failure to communicate adequately with scheme members	PEOPLE	Negative impact on staff. Breach of regulation	Website regularly updated. Newsletters are published annually, Annual Benefit Statements produced and distributed	2	3	M	TACT	Regular pension roadshows to be arranged inviting all 3 FA's employees to update on the FFPS	3 x scheme managers and LCC pensions manager	Rolling programme	1	3	M	OPS

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
10	Records are not accurate or do not reflect changes in circumstances.	PEOPLE	Business process	Records are supported by appropriate documentation, input and output checks are undertaken. Regular reviews of data quality in line with the Public Service Pensions (Record keeping and misc. amendments) Regulations 2014.	1	4	M	TACT				1	4	M	TACT

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
12	Barriers to promotion and retention of senior staff due to annual allowances tax burden	PEOPLE	Negative impact on staff	Arrangements in place with Notts/Derbyshire to share relevant pensions expertise/resource	4	3	H	TACT	Rolling programme of pension roadshows	Scheme Manager	Ongoing	3	3	H	TACT

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
14	Failure to implement the new Fire Pensions Administrator on time	PEOPLE	Business process	Existing contract extended to 31.12.20, project team and plan in place, contract awarded	1	3	M	TACT				1	3	M	TACT

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
15	Impact of the McCloud judgement	PEOPLE	Breach of regulation Negative impact on staff	Regional working with Notts/Derbys fire pensions experts and with the LGA	3	3	H	TACT	Ensure new pensions administration supplier is fully able to undertake the necessary remedies when known	Pensions Administrator	April 2021?	2	3	M	TACT

ASSESSMENTS REMOVED OR ARCHIVED DURING THE CURRENT YEAR

CRR REF	HAZARD STATEMENT	FINAL RISK ASSESSMENT SCORE				REASON FOR REMOVAL	WHEN REMOVED
		L	I	R	ML		

Risk Assessment Matrix

IMPACT	5					
	4	1,8,5,10				
	3		6,9,11,13	3	12	
	2	4,7	2			
	1					
		1	2	3	4	5
		LIKELIHOOD				

VERY HIGH	High level risk with the potential to cause catastrophic damage to the reputation, finances or governance of the Service
HIGH	Mid-high level risk possibly requiring significant amendment to policy/procedure and significant financial outlay
MEDIUM	Low –mid level risk possibly requiring new policy and/or some financial outlay
LOW	Low level risk capable of being managed within normal service policy and procedure

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LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public

Meeting: Pensions Board

Date: 10 February 2021

Subject: Firefighter's Pension Scheme Breaches Register

Report by: The Treasurer/Scheme Manager

Author: Alison Greenhill

For: Discussion

1. Purpose

1.1 The purpose of this report is to report on the Leicestershire Fire and Rescue Service Pension Scheme Breaches Register.

2. Recommendations

2.1 The Board notes the Breach Register as attached at Appendices 1 and 2, which identifies that no breaches have taken place in the reporting period.

3. Background

3.1 The Pensions Act 2004 required that The Pension Regulator must be informed of breaches to the law where that breach is likely to be of material significance.

3.2 A breach is where a legal duty relevant to the administration of the scheme hasn't been or isn't being complied with: this could relate for instance to keeping records, internal controls or calculating benefits.

3.3 The Pensions Regulator recommends that the pension scheme should have adequate procedures that enable breaches of the law to be considered and reported. This includes having a system to record breaches even if they are not reported to the regulator.

4. Report

- 4.1 Whilst previous breaches have been considered, and where necessary reported to the Pensions Regulator, there is currently no systematic method of capturing where potential breaches have been identified, reviewed and what subsequent action has been taken.
- 4.2 The following people are required to report breaches to the Pensions Regulator:
- Scheme Manager;
 - Pension Board Members;
 - Employer;
 - Professional Advisor;
 - Scheme Administrator;
 - Any advisor to the Scheme Manager.
- 4.3 The Local Government Association have issued some suggested templates for assessing breaches. These have been used to draw up a LF&RS breach assessment template, register and associated guidance. These can be found at Appendices 1 and 2.
- 4.4 The assessment considers the cause, effect, reaction and wider implications of the breach. Each of these is then assessed according to whether it is of material significance by using the Red / Amber / Green assessment tool as recommended by the Pensions Regulator. Further details can be found in Appendix 1.
- 4.5 The assessment should, in normal circumstances be completed within 4 weeks of the breach first coming to light, signed by the Scheme Manager and reported back to the Pensions Board at the earliest opportunity.

5. Financial Implications

- 5.1 There are no financial implications arising directly from this report. Any financial implications for the Authority will be reported to the Corporate Governance Committee.

6. Legal Implications

- 6.1 The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes. This report aims to fulfil the requirement for Pension Board members to assist the Scheme Manager in ensuring that effective administration arrangements are in place.

Appendix

Appendix 1 – LFRS Breach Assessment Template

Appendix 2 - LFRS Register of Fire Fighter Pension Fund Breaches

Officer to Contact

Alison Greenhill, Treasurer

Alison.greenhill@leicester.gov.uk

0116 454 5552

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LF&RS Breach Assessment Template

Registered Breach Number (from Register):

Date:

Person Completing Assessment:

Breach Identified by:

How was breach identified – eg informed by scheme manager, picked up from technical notes / LGA bulletins

Details:

Brief details of breach being assessed.

Using attached guidance comment on the four areas and score red, amber or green

	Cause	Effect	Reaction	Wider Implications
Red				
Amber				
Green				

Action

What is course of action in response to the breach?

History / Frequency

Has this breach occurred before and with what frequency?

Decision

Report as Material Breach	
Recorded as Breach	

Note that where a breach is reportable as a serious breach, it should be reported to the Pensions Regulator without unnecessary delay. A decision is expected to be reached within working weeks of the breach being identified unless there is reason that this deadline cannot be met. In this instance, the reason should be recorded and new deadline set according to the information available.

Assessed by: Date of Assessment: Who else has been consulted regarding assessment?
--

Signed by Scheme Manager:

The assessment should normally be signed by the Scheme Manager.

Guidance for completing the Assessment Cause

You need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected you should carry out further checks. However the regulator should be contacted without delay if you become aware of either theft, suspected fraud or other serious offence and you are also concerned that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or regulatory authority.

Some causes are likely to be of more concern to the regulator than others.

Here are some examples:

- acting, or failing to act, in deliberate contravention of the law
- dishonesty
- incomplete or inaccurate advice
- poor administration, ie failure to implement adequate administration procedures
- poor governance
- slow or inappropriate decision-making practices

When deciding whether a cause is likely to be of material significance you should also consider whether:

- the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake
- there have been any other breaches (reported to the regulator or not) which when taken together may become materially significant

Effect

You will need to consider the effects of any breach when deciding whether to report it.

Bearing this in mind, the causes and effects below are considered likely to be of material significance to the regulator:

- Pension board members not having the appropriate degree of knowledge and understanding
- Pension board members having a conflict of interest

- Adequate internal controls not being established and operated
- Accurate information about benefits and scheme administration not being provided to the scheme members and others • Appropriate records not being maintained
- Pension board members having misappropriated assets of the scheme or being likely to do so
- Any other breach

Reaction

The reaction to a breach should be taken into account when assessing whether the breach is likely to be of material significance to the regulator.

For example the regulator will not normally consider a breach to be materially significant where:

- prompt and effective action has been taken to investigate and correct the breach
- processes are in place to minimise the risk of the breach happening again
- those affected have been notified, where appropriate.

However, when considering whether to report the breach you should consider collectively the cause, effect, reaction and wider implications of the breach, not the reaction to the breach alone.

Where you do not know the facts or events around a suspected breach, you may want to check with the pension board or scheme manager or with others who are in a position to confirm what has happened.

However, remember that it would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority.

Wider Implications

You should also consider the wider implications when deciding whether a breach must be reported.

The breach is likely to be of material significance to the regulator where the fact that a breach has occurred makes it more likely that:

- further breaches will occur within the scheme
- further breaches will occur in other schemes

Here are two examples:

- poor record-keeping or a lack of appropriate knowledge and understanding of pension board members are likely to result in multiple breaches
- a breach caused by a system failure is likely to cause additional breaches in other public service schemes that use the same system

Traffic Light Framework for Deciding Whether or not to Report

Red

Where the cause, effect, reaction and wider implications of a breach when considered together are likely to be of material significance.

These must be reported to the regulator.

Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.

Amber

Where the cause, effect and wider implications of a breach, when considered together may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported. The breach must still be recorded regardless of whether or not the breach is reported to the regulator.

Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However, the breach was caused by a system error which may have wider implications for other public service schemes using the same system.

Green

Where the cause, effect and wider implications of a breach, when considered together are not likely to be of material significance. These are recorded but not reported.

Example: A members' benefits have been calculated incorrectly. This was an isolated incident which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

Appendix 2 **LF&RS Register of Fire Fighter Pension Fund Breaches**

Number	Date	Brief Description	Red / Amber / Green Assessment	Officer Responsible for Assessment	Outcome	Date Reported to TPR
001						
002						
003						
004						
005						

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Updated by: Alison Greenhill, Scheme Manager

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