

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

To: Members of the Local Pensions Board

Mr W Liquorish JP CC (Chair)

Cllr H Rae Bhatia

Ian Howe, Leicestershire County Council

Alison Greenhill, Leicester City Council

Adam Stretton, Leicestershire Fire and Rescue Service

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 Pensions Board** which will be held via **Microsoft Teams** on **Wednesday 23 September 2020 at 11.45am** 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 PENSIONS BOARD
WEDNESDAY 23 SEPTEMBER 2020
At 11.45am following the meeting of the Combined Fire Authority**

Location **Via Microsoft Teams and broadcast Live on You Tube
(<https://leics-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>)**

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. Appointment of Chairman. | |
| 2. Apologies. | |
| 3. Minutes of the Local Pension Board meeting held on 12 February 2020. | (Pages 5 - 8) |
| 4. Conflicts of Interest. | |
| 5. Scheme Administrators Update. | (Pages 9 - 12) |
| 6. Scheme Manager's Update. | (Pages 13 - 20) |
| 7. LFRS Firefighters' Pension Scheme Risk Register. | (Pages 21 - 36) |
| 8. Firefighters' Pension Scheme Breaches Register. | (Pages 37 - 48) |
| 9. Employee Representative's input. | |
| A verbal update will be received from an employee representative. | |

10. Date of Future Meetings.

The next meeting of the Local Pensions 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. Any other business.

Minutes of a meeting of the CFA - Local Pensions Board held at Leicestershire Fire and Rescue Service Headquarters, Birstall on Wednesday, 12 February 2020.

PRESENT

Mr. W. Liquorish JP CC (in the Chair)

Cllr. H. Rae Bhatia
Ian Howe
Elena Johnston
Adam Taylor

~~Alison Green~~
~~Karl Anderson~~
~~Mark Drinkwater~~
Adam Taylor

Alison Green
Karl Anderson
Mark Drinkwater

In attendance

Adam Stretton, Area Manager Business Support, Leicester Fire and Rescue Service
Anna Poole, Democratic Services Officer, Leicestershire County Council

15. Apologies.

No apologies were received.

16. Minutes of the previous meeting.

RESOLVED:

That the minutes of the meeting of the CFA Local Pension Board held on 19 June 2019 be taken as read, confirmed and signed.

17. Conflicts of Interest.

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

No such declarations were made.

18. Fire Pensions Administration Update.

The Board considered a report of the Pensions Scheme Manager regarding the future arrangements for administration of the Pension Scheme. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Members were informed that officers were working together with the Nottinghamshire and Derbyshire Schemes to find a suitable alternative provider. However, an alternative provider could not be found within the timeframe available without contravening the Public Procurement Regulations. Therefore, the County Council had agreed to continue to deliver the service until the end of December 2020, enabling an open tendering process to be followed according to the regulations.

The County Council would support the drafting of the specification for the tendering process, which would then be carried out across Leicestershire, Nottinghamshire and

Derbyshire. It was expected that the administrative support would be much more costly in the future.

RESOLVED:

That the update provided regarding the future arrangements for the administration of the Leicestershire Fire and Rescue Service Pension Scheme be noted.

19. Scheme Administrator's Update.

The Board considered a report from the Pensions Scheme Administrator which provided an overview of the key performance indicators, an estimate breakdown and details of metric data. A copy of the report, marked 'Agenda Item 5, is filed with these minutes.

Arising from discussion, the following points were raised:

- i. All Annual Benefit Statements had been issued by the statutory deadline;
- ii. McCleod/Sergeant case would potentially have a significant impact on the Fire Service depending on when it comes in to effect; this could possibly be with the new pension scheme administrator considering the timelines available;
- iii. The County Council had agreed to continue to provide a pensions administration service for the Pensions Scheme until 31 December while an open tendering process was conducted; a reduced level of service would be provided;
- iv. The 'extra work on Fire' mentioned in paragraph 22 (i) refers to the need to complete the Firefighters' Pension Fund valuation which is every 4 years, presenting additional work this year. This involves the extraction and compilation of a wide range of data from the Fire and Rescue Services, Payroll provider, Finance and Pensions in order to complete the Government Actuary Department's valuation spreadsheets and resolve any queries which may arise from that return.
- v. So far the Pensions Section has been requested by one fire authority to look back at ill health cases which have been completed and compare old scheme benefits with 2015 scheme benefits to check if there would have been an annual allowance breach. Once national guidance has been received, it is anticipated that Pension administrators will then have the necessary information to proceed with the instructions contained within that guidance. Until then all ill health benefits can only be paid as the regulations currently stand. Full details of the actions required by fire authorities was contained within the LGA bulletin number 28 which was issued in January 2020. The Pension Section has not received any cases from Leicestershire Fire Authority at this time.
- vi. Regarding the administration of the Pension Scheme, communications were needed to staff regarding requests for pensions estimates; the number of requests for estimates for each member of staff would be limited due to the changes in service provision. Communications were being prepared on a regional basis for all in Leicestershire, Derbyshire and Nottinghamshire. Members were assured that, for those making career decisions who would need more accurate estimates, that this would be supported.

RESOLVED:

That the update provided by the Scheme Administrator on the Leicestershire Fire and Rescue Service Fire Fighter' Pension Scheme be noted.

20. LFRS Firefighters' Pension Scheme Risk Register.

The Board considered a report of the Pension Scheme Manager which presented the risk register for the Leicestershire Fire and Rescue Service Pensions Scheme. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Members were informed that two new risks had been added to the Risk Register: Procurement of Pensions Administration (with the risk of not identifying a provider) and the legal ruling from the McCloud/Sergeant case and the impact that this would have on the Pension Scheme.

RESOLVED:

That the update provided on the risk register for the Leicestershire Fire and Rescue Service Pension Scheme, be noted.

21. Firefighters' Pension Scheme Breaches Register.

The Board considered a report of the Pensions Scheme Manager concerning the fire fighters' pension scheme breaches register. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

RESOLVED:

That the report on the fire fighters' pension scheme breaches register be noted.

22. Joint Pension Board - Update.

The Board received a verbal update from the Pension Scheme Manager concerning the formation of a joint Pension Board.

Members were informed that the application for the joint board was with the Secretary of State but had been paused – pending Brexit and the General Election in December. In response to questions, members were informed that the formation of the Joint Pension Board would not affect the procurement of a new administration provider.

RESOLVED:

That the update provided on the proposal of a joint Pension Board be noted.

23. Employee Representative's input.

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

In response to questions, members were informed that the Human Resources staff had identified two fire fighters who had retired on health grounds who were affected by the McCleod judgement.

RESOLVED:

That the Scheme Manager asks the Human Resources Team to seek potential cases that may be impacted by the McCleod judgement.

24. Date of next meeting.

The next meeting of the Local Pension Board will be held on Wednesday 17 June 2020 at Leicestershire Fire and Rescue Service Headquarters, Birstall following the meeting of the Combined Fire Authority.

11.45 am - 12.03 pm
12 February 2020

CHAIRMAN



LEICESTERSHIRE FIRE AUTHORITY
PENSION BOARD

23 SEPTEMBER 2020

REPORT FROM LEICESTERSHIRE COUNTY COUNCIL – PENSION
ADMINISTRATOR

PENSION FUND ADMINISTRATION REPORT QUARTER
1 APRIL 2020 – 30 JUNE 2020

Purpose of the Report

1. To inform the Combined Fire Authority (CFA) Local Pension Board of fire fighter pension administration in the quarter 1 April – 30 June 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 in the quarter 1 April – 30 June 2020.

Background

Annual Benefit Statements / Year-end / Taxation Saving Statements

4. Leicestershire County Council has issued the annual benefit statements by 31 August 2020. The pension savings statements are currently being prepared. There have been 27 cases identified for 2019 to 2020. These are on track to be completed by the deadline of 6 October 2020.

Valuation 2020

5. The Government Actuary's Department (GAD) has issued the final 2020 valuation data specifications for FPS England. The County Council's Pensions Section has started work on the valuation and aim to complete this prior to the hand over of administration to West Yorkshire Pension Fund.

Regulation Changes

6. None since the last report.

Risk and Breaches – (material or not)

7. None.

GMP Reconciliation

8. The total remaining cases is 5. HMRC is sending final data cuts to administrators. The Pensions Section will check that the remaining cases have been resolved in the final data cut once this arrives.

Update on Sargeant case (transitional protections remedy)

9. Whilst further guidance is awaited in respect of the Sargeant case, this year's annual benefit statements have not quoted any projections to retirement age. This has been agreed with all 3 fire authorities.
10. As a result of the need for further guidance, the Pension Section is currently unable to re-calculate any pension benefits already paid or to base benefits on the 1992 scheme where members are due to or have already transitioned into the 2015 scheme. Once full guidance is released, FRAs and pension administrators will be in a better position to proceed.

Termination of Administration

11. The Pension Section and Leicestershire Fire and Rescue Service are currently working with West Yorkshire Pension Fund to move the pension administration to West Yorkshire including pensioner payroll. Data extracts have been prepared for West Yorkshire as well as supplementary information that they require. West Yorkshire has sent contracts out to all three fire authorities for signing.

Key Performance Indicators - Quarter 1 April 2020 to 30 June 2020

12. Retirement benefits notified to members within 10 days of paperwork received was achieved in 100% of cases.
13. Pension payments made within 5 working days of receiving a member's election was achieved in 100% of cases.
14. Death related benefits notified to dependant within 10 working days of notification was achieved in 100% of cases.
15. Death related payments made within 5 working days was achieved in 100% of cases.

Officers to Contact

Ian Howe – Pensions Manager

Ian.Howe@leics.gov.uk

(0116) 305 6945

Elena Johnston – Fire Pensions Team Manager

Elena.Johnston@leics.gov.uk

(0116) 305 8216

This page is intentionally left blank

LEICESTERSHIRE

FIRE and RESCUE SERVICE

| | |
|--------------------------|--|
| Status of Report: | Public |
| Meeting: | Local Pensions Board |
| Date: | 23 September 2020 |
| Subject: | Scheme Manager's Update |
| Report by: | The Treasurer/Scheme Manager |
| Author: | Alison Greenhill, Treasurer/Scheme Manager |
| For: | Discussion |

Purpose of report

1. The purpose of this report is to provide the Pensions Board with an update on the project to appoint a new administrator of the Firefighters' Pensions Scheme.

Recommendation

2. The Board is asked to read and note the content of this report.

Background

3. The current administrators, Leicestershire County Council, are terminating the contract with effect from December 2020.
4. A project is underway in collaboration with Derbyshire and Nottinghamshire Fire and Rescue Services with the objective of appointing a new supplier.
5. An invitation to tender was published for which five bids were received. These were independently evaluated by representatives of the three Fire and Rescue Services and the scores were then jointly moderated. West Yorkshire Pension Fund (WYPF) submitted the most economically advantageous tender and were awarded the contract.

Project update

6. An overview of the project can be found in Appendix 1.

Financial Implications

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

Legal Implications

8. 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.

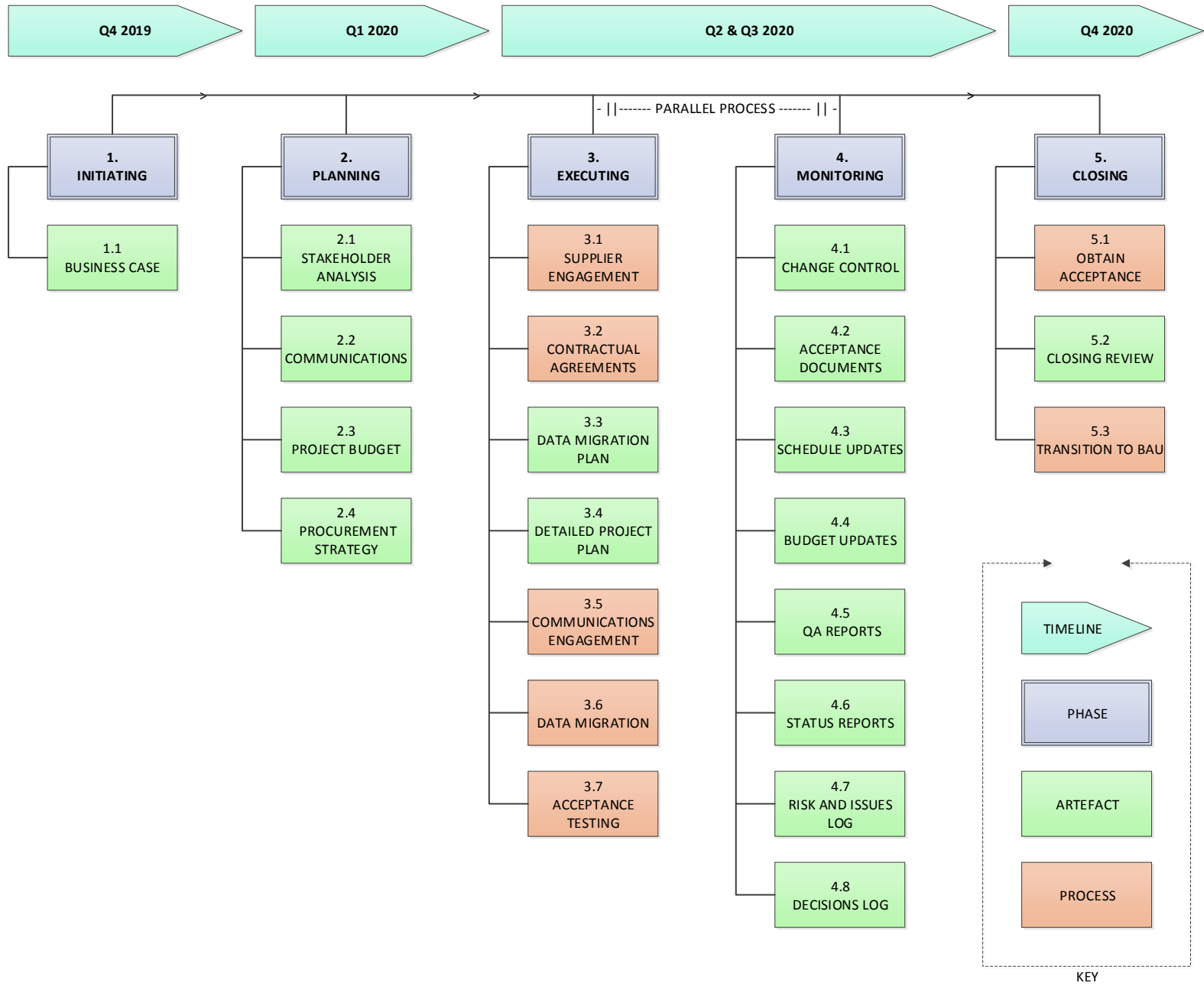
Officer to Contact

Alison Greenhill, Scheme Manager

Alison.Greenhill@leicester.gov.uk

0116 454 5552

WORK BREAKDOWN STRUCTURE (WBS)



WORK BREAKDOWN STRUCTURE (WBS)

| WBS | Workstream | Start Date | End Date | Stage in Lifecycle | Workstream Lead | RAG Rating | Update |
|-----|------------------------|------------|----------|--------------------|-----------------|------------|--|
| 1.1 | Business Case | Nov 2019 | Dec 2019 | Completed | Jon Lau | | Business case completed and signed-off by project board. |
| 2.1 | Stakeholder Analysis | Oct 2019 | Dec 2020 | Completed | Jon Lau | | Stakeholder register completed and maintained with regular updates. |
| 2.2 | Communications | Oct 2019 | Dec 2020 | Ongoing | FRS leads | | Communications planned to relevant stakeholders by each Fire Service. |
| 2.3 | Project Budget | Oct 2019 | Dec 2020 | Completed | Jon Lau | | Notional and actual project costs to be apportioned between the three Fire Authorities. |
| 2.4 | Procurement Strategy | Oct 2019 | May 2020 | Completed | Jon Lau | | ITT developed by Leicester City Council Procurement Manager in conjunction with the Fire and Rescue Services. |
| 3.1 | Supplier Engagement | May 2020 | Dec 2020 | Ongoing | Jon Lau | | Kick-off meeting undertaken with supplier in July 2020. Regular online meetings scheduled with supplier until December 2020. |
| 3.2 | Contractual Agreements | Jul 2020 | Sep 2020 | Ongoing | Dominic Taylor | | Each of the three Fire Authorities to sign individual contracts with WYPF. The contracts have been prepared by Leicester City Council solicitor and sent to the parties for signing. |

WORK BREAKDOWN STRUCTURE (WBS)

| WBS | Workstream | Start Date | End Date | Stage in Lifecycle | Workstream Lead | RAG Rating | Update |
|-----|---------------------------|------------|----------|--------------------|-----------------|------------|--|
| 3.3 | Data Migration Plan | Jul 2020 | Aug 2020 | Complete | Ian Howe | | Data is currently held on Aquila Heywood software at Leicestershire County Council which needs to be transferred to the Civica system at WYPF. Aquila Heywood have undertaken an implementation study in relation to the transfer. |
| 3.4 | Detailed Project Plan | Jul 2020 | Dec 2020 | Ongoing | Jon Lau | | A detailed project plan has been produced in conjunction with WYPF and is reviewed at the regular online meetings. |
| 3.5 | Communications Engagement | Jul 2020 | Dec 2020 | Ongoing | FRS leads | | As per 2.2 above. |
| 3.6 | Data Migration | Aug 2020 | Dec 2020 | Ongoing | Ian Howe | | The data migration is currently underway. |
| 3.7 | Acceptance Testing | Sep 2020 | Dec 2020 | Not started | WYPF | | Acceptance testing will commence shortly. |

RISK AND ISSUE SUMMARY

Closed Risks: 8

Open Risks: 6

| Risk No. | Date Raised | Risk Owner | Description of Risk | Impact of Risk | Impact (I) | Probability (P) | Score (I x P) | Rating | Mitigating Actions |
|----------|-------------|------------------------|---|--|------------|-----------------|---------------|--------|---|
| R-8 | 18/12/19 | Fire Authorities | <u>Pressure on staff resources</u> The project will add extra pressures on staff resources. | Diverting time and resources from usual activities. | 4 | 5 | 20 | High | All three Authorities to contribute staff to the project and work to be distributed as evenly as possible. |
| R-9 | 18/12/19 | Scheme Managers | <u>Differences in data</u> The format of data provided to the Administrators differs between Authorities. | Potential difficulties and errors during data migration. | 4 | 4 | 16 | High | To be resolved in the Aquila Heywood implementation study. |
| PR002 | 22/07/2020 | WYPF & Scheme Managers | <u>Project staff on leave</u> Planned and unplanned absences for long periods or at key points. | Key milestones and targets are not being met which will impact the project's progress, timescales and quality. | 4 | 2 | 8 | Med | Ensure there is sufficient cover if a member is absent. |
| PR001 | 22/07/2020 | WYPF | <u>Timescale for transition</u> Go-live is currently planned for 1st December 2020 which will allow WYPF three months to develop pensioner payroll, load routine and conduct a parallel payroll testing. | If data is not loaded by first week in December 2020 there is a risk that Pensioners due to be paid at end of December would not be made by WYPF's payroll system. | 4 | 1 | 4 | Low | The timing of the test data extract and parallel payroll run have been scheduled to allow WYPF adequate time possible to prepare for core functions to be available from go-live. |

RISK AND ISSUE SUMMARY

| Risk No. | Date Raised | Risk Owner | Description of Risk | Impact of Risk | Impact (I) | Probability (P) | Score (I x P) | Rating | Mitigating Actions |
|----------|-------------|------------------------|--|--|------------|-----------------|---------------|--------|--|
| PR003 | 22/07/2020 | WYPF & Scheme Managers | <u>Pandemic</u> Coronavirus pandemic leads to full office closures | IT systems/data are not fully accessible. | 2 | 2 | 4 | Low | Remote access to systems and meeting by conference call. |
| PR007 | 22/07/2020 | WYPF | <u>Loss of access to records</u> Leicestershire County Council will cease to have access to Altair records after 31 st December 2020 | WYPF may not be able to resolve any outstanding data issues. | 2 | 2 | 4 | Low | WYPF to resolve all data queries by 31st December 2020. |

This page is intentionally left blank

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public

Meeting: Pensions Board

Date: 23 September 2020

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

Report by: The Treasurer/Scheme Manager

Author: Alison Greenhill

For: Discussion

Recommendations

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

Background

2. 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. The risk register consists of relevant risks to the Leicestershire Fire and Rescue Service FFPS considering both the administration of pensions by LFRS staff and its relationship and work undertaken by the administering body being Leicestershire County Council (LCC).
4. 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.
5. Each identified risk has been scored using the 5 x 5 risk matrix as set out in Appendix 2.

6. 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.
7. The risk register will be reviewed quarterly by the Scheme Manager, Area Manager Finance (LFRS) and Pensions Manager (LCC).
8. Two risks have been removed. Risk 11 previously has been removed as this has been merged with risk 6 – being the issue regarding local pensions expertise. The 3 Chief Fire and Rescue Officers and Scheme Managers are actively discussing the sharing of an expert pension post supporting all 3 FA's. This is a specialist resource and would work very well formally as it is already in place to some extent informally. Risk 13, the rollout of the firefighters' online pension modeller and 2019 annual benefits statements has been removed as events have overtaken this with the procurement of a new fire pensions administrator.
9. Risk 14 with regard to the administration of firefighters' pensions has been amended and updated to reflect the successful procurement of a new administrator (being the West Yorkshire Pension Fund). The project is now in implementation phase and the risk has therefore been amended and has a reduced risk score to reflect this.

Background Papers

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

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

ISO 31000 – Risk management principles and guidelines standard

<https://www.iso.org/iso-31000-risk-management.html>

BS 65000 – Guidance on Organisational Resilience.

Officer to Contact

Alison Greenhill, Scheme Manager

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 being discussed to provide efficiency and resilience | 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 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

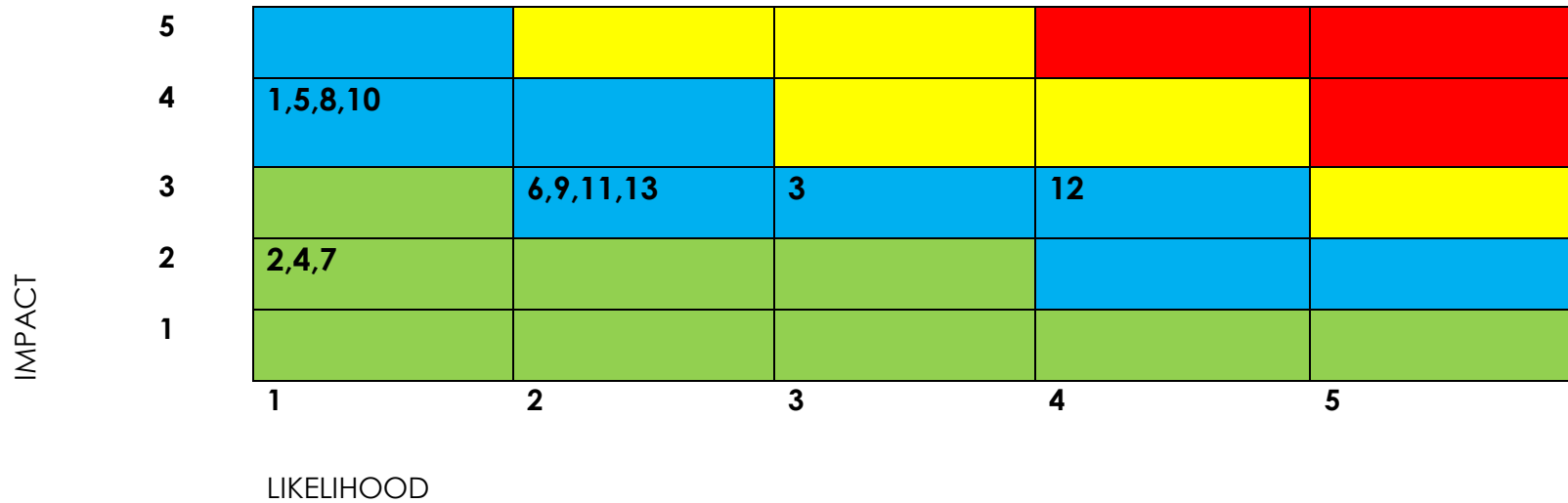
This page is intentionally left blank

Risk Assessment Matrix



| | |
|------------------|--|
| 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 |

Risk Management Matrix



| | |
|--------------------|--|
| CORPORATE | Those risks likely to require management oversight by the CFA and/or SMT |
| STRATEGIC | Those risks likely to require management oversight by SMT |
| TACTICAL | Those risks likely to require management oversight by the HSW&CRM Committee and sub-groups, Group Manager's Team (GMT) and/or individual Directors |
| OPERATIONAL | Those risks likely to require management oversight by individual Group and Station Managers and/or GMT |

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public

Meeting: Pensions Board

Date: 23 September 2020

Subject: Firefighter's Pension Scheme Breaches Register

Report by: The Treasurer/Scheme Manager

Author: Alison Greenhill

For: Discussion

Purpose

1. To update the Local Pension Board on the Breaches Register.

Recommendations

2. That 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.

Background

3. 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.
4. 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.
5. 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.

Report

6. 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.

7. 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

8. The Local Government Association have issued some suggested templates for assessing breaches. These have been used to draw up a LFRS breach assessment template, register and associated guidance. These can be found at Appendices 1 and 2.

9. 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.

10. 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.

Financial Implications

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

Legal Implications

12. 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.

Officer to Contact

Alison Greenhill, Scheme Manager
Alison.Greenhill@leicester.gov.uk
0116 454 5552

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.

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 | | | | | | |
| | | | | | | |

Last updated: 11 September 2020

Updated by: Alison Greenhill, Scheme Manager

This page is intentionally left blank