

## Notice of Meeting

# Surrey Local Firefighters' Pension Board



### Date & time

Thursday, 18  
October 2018 at  
2.00 pm

### Place

Committee Room C,  
County Hall, Penrhyn  
Road, Kingston upon  
Thames, KT1 2DN

### Contact

Sharmina Ullah  
Room 122, County Hall  
Tel 02082132838

[sharmina.ullah@surreycc.gov.uk](mailto:sharmina.ullah@surreycc.gov.uk)

### Chief Executive

Joanna Killian



We're on Twitter  
[@sccdemocracy](https://twitter.com/sccdemocracy)

**If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, or email [sharmina.ullah@surreycc.gov.uk](mailto:sharmina.ullah@surreycc.gov.uk).**

**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Sharmina Ullah on 02082132838.**

#### Elected Members

Mr Nick Harrison (Employer Representative (Chairman)) Sally Wilson (Employer Representative (Vice-Chairman))

#### Independent Representatives:

Richard Jones (Employee Representative) and Glynn Parry-Jones (Employee Representative)

### TERMS OF REFERENCE

The Committee is responsible for the following areas:

The role of the Local Firefighters' Pension Board as defined in the draft Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, is to assist the Fire and Rescue Authority Scheme Manager:

a) to secure compliance with:

- i) the scheme regulations;
- ii) any other legislations relating to the governance and the administration of the Firefighters' Pension Scheme and any other connected scheme;
- iii) any requirements imposed by the Pensions Regulator in relation to the Firefighters' Pension Scheme

b) to ensure the effective and efficient governance and administration of the Firefighters' Pension Scheme

## AGENDA

### 1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

### 2 MINUTES FROM THE PREVIOUS MEETING: 29 MARCH 2018

(Pages 5  
- 12)

To agree the minutes as a true record of the meeting.

### 3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

#### Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

### 4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

#### Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (11 October 2018).
2. The deadline for public questions is seven days before the meeting (10 October 2018).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

### 5 ACTION TRACKER

(Pages  
13 - 14)

The Board is asked to **note** its Action Tracker.

### 6 ADMINISTRATION UPDATE: 1 MARCH 2018 - 30 SEPTEMBER 2018

(Pages  
15 - 24)

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

*Annex 2 to follow*

## **7 SURREY FIREFIGHTERS' RISK REGISTER**

(Pages  
25 - 28)

The Board is asked to **note** the content of this report, including changes to the scoring of current risks and the inclusion of additional risks and **approve** the Surrey Firefighters' Pension Scheme (FFPS) Risk Register (shown as Annex 1). The Board is further asked to make recommendations of any amendments to the Surrey FFPS Risk Register.

## **8 THE PROVISION FOR SUBSTITUTE MEMBERS ON THE LOCAL FIREFIGHTERS' PENSION BOARD**

(Pages  
29 - 38)

The Board is asked to **note** the content of this report.

## **9 DATE OF THE NEXT MEETING**

The Board to consider and agree the date of the next meeting.

**Joanna Killian**  
**Chief Executive**

Published: Monday 15 October 2018

### **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings with the Chairman's consent. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that the Chairman can grant permission and those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

*Thank you for your co-operation*

This page is intentionally left blank

**MINUTES** of the meeting of the **SURREY LOCAL FIREFIGHTERS' PENSION BOARD** held at 3.00 pm on 29 March 2018 at Surrey Fire and Rescue, Wray Park, St David's.

These minutes are subject to confirmation by the Committee at its next meeting on (yet to be determined).

**Elected Members:**

\*present

- \* Nick Harrison (Chairman)
- \* Richard Jones
- \* Glynn Parry-Jones
- \* Sally Wilson (Vice-Chairman)

**1818 APOLOGIES FOR ABSENCE [Item 1]**

There were no apologies of absence.

**1918 MINUTES FROM THE PREVIOUS MEETING: 26 OCTOBER 2017 [Item 2]**

The minutes were agreed as an accurate record of the meeting.

**2018 DECLARATIONS OF INTEREST [Item 3]**

There were no declarations of interest made.

**2118 QUESTIONS AND PETITIONS [Item 4]**

There were no questions and petitions submitted to the Board.

**2218 ACTIONS AND RECOMMENDATIONS TRACKER [Item 11]**

**Key points raised during the discussion:**

1. The Board agreed to review item 11, the actions and recommendations tracker of the supplementary agenda ahead of the main reports to track the progress of the Board's actions to date.
2. Members received a finance briefing outlining the process for making contribution deductions and marked action 10/17 as complete.
3. It was noted that the Board would receive the following project updates relevant to item 5, the administration report and that these items could be removed from the actions tracker;
  - Contributions holiday exercise
  - GMP reconciliation
  - General Data Protection Regulations (GDPR)
  - Online portal and

- Service training programme
- 4. There was a discussion around action 14/17, the stage 2 complaint and officers confirmed that a breach would be reported to the Pensions Regulator (tPR).

**Actions/Further information to be provided:**

Officers to circulate a copy of the breach report to the Board.

**2318 UPDATES AND FURTHER INFORMATION REQUESTED BY THE BOARD  
[Item 12]**

**Key points raised during the discussion:**

1. The Board agreed to review item 12 ahead of the main reports to address Members concerns with the Council's failure to notify staff of the Modified Pension Scheme Exercise (2015).
2. The Pensions Lead Manager notified the Board that a project plan was in place to rectify this breach and resources would be allocated to deliver this.
3. In light of the Pensions Lead Manager's impending departure from the Council, assurances were given that the project plan would be met and the breach would be reported to the Pensions Regulator.

**Actions/Further information to be provided:**

None.

**2418 ADMINISTRATION UPDATE: 1 SEPTEMBER 2017 - 28 FEBRUARY 2018  
[Item 5]**

**Declarations of interest:**

None

**Witnesses:**

Jason Bailey, Pensions Lead Manager  
Eric Jameson, Senior Pension Officer

**Key points raised during the discussion:**

1. It was noted that in the period between 1 September 2017 and 28 February 2018, there were only four retirements and all cases were completed efficiently.
2. It was further noted that all new employees or employees re-enrolled in this period had opted out of the pension scheme. It was explained

that there were varying reasons which indicated that there was no definitive underlying issue.

3. Despite employees opting out, the Board emphasised the importance of encouraging employees to join the Pension Scheme. Officers noted this concern and assured Members that engagement on promoting the Pension Scheme at recruitment stage was being established however it was difficult to encourage new staff under temporary contracts.
4. The Board were informed that there was one death in service and a lump sum grant of three times annual pay was paid.
5. Officers reported that the tax return in relation to the contributions holiday exercise was successfully completed for HMRC ahead of the deadline for receipt of 31 January 2018.
6. The Board were reminded that ITM Ltd were commissioned to carry out GMP reconciliation work and highlighted that, from a total of 1,737 cases requiring review at the start of the project, the number had reduced to 443 cases upon completion and 301 had been referred back to HMRC.
7. Officers informed Members that a mini tender had been submitted to prospective providers to carry out the review of the remaining cases and an update on this process will be provided at the Board's next meeting.
8. Members referred to annex 3, the GMP reconciliation report and asked Officers to clarify the term 'out of scope'. It was explained that this referred to cases that had no GMP liability.
9. The Board reviewed a letter communicating a 3% increase to pensions in payment to retired FPS Members and their dependants in 2018. Officers noted Members concerns with the GMP section and going forward how it could be more reader friendly.
10. It was highlighted that the online portal was experiencing issues with the 'projection tool' and the site was undergoing further testing to resolve this.
11. It was noted to promote resilience across the Business Operations team, steps were being taken to ensure that Firefighters Pension Scheme knowledge was available across the wider team including East Sussex.
12. The Board suggested that employees on temporary and part time contracts should be encouraged to join the pension scheme when offered permanent or full time positions. Officers noted this and advised this would be taken on board for future recruitment processes.
13. Officers highlighted that a refresh on material for people joining the LGPS was underway and that this could be shared with the Board at a future date.

**Actions/ further information to be provided:**

Officers to include a recruitment summary in the next administration update report.

**Recommendations:**

The Board noted the contents of the report.

**2518 ANNUAL BENEFIT STATEMENT EXERCISE 2018 UPDATE [Item 6]**

**Declarations of interest:**

None

**Witnesses:**

Jason Bailey, Pensions Lead Manager

**Key points raised during the discussion:**

1. The Board were reminded that were some delays in issuing the ABS's to scheme members in 2017 and the statutory deadline of 31 August 2017 was missed in some cases. The breach was reported to the Pensions Regulator in November 2017 and it was noted that a response was received and no enforcement action was being taken.
2. Officers assured Members that, to ensure compliance with the statutory deadline for 2018, the production of ABS's for active members was scheduled to take place at an earlier date and completed by the end of June 2018.
3. It was noted statements would be generated online and made available via the online portal, allowing members to access this information themselves. It was further noted that paper statements for deferred members would be brought forward also.
4. Members agreed that the online portal was a good step forward and supported this process.

**Actions/ further information to be provided:**

None

**Recommendations:**

The Board noted the content of this report.

**2618 PREPARING FOR GENERAL DATA PROTECTION REGULATIONS (GDPR) [Item 7]**

**Declarations of interest:**

None

**Witnesses:**

Jason Bailey, Pensions Lead Manager  
Eric Jameson, Senior Pensions Officer

**Key points raised during the discussion:**

1. It was noted that new data protection regulations were due to come into force in May 2018.
2. It was highlighted that an action plan had been prepared and established across the Orbis partnership to ensure the service was responding to the new legislation.
3. Members were informed to maintain records of data processing, experts within the IT&D team were carrying out an analysis of the Information Asset Register.
4. Members were further informed to support data security measures, a risk assessment on the pensions administration system, Altair, was also being carried out by IT&D.
5. The Board were advised that new procurement processes and contract T&Cs had been introduced by the Orbis Public Law & Orbis Procurement service. As a result, service provider contracts were being updated and dealt with at corporate level.
6. Officers highlighted that privacy notices were also being updated and would be issued with any future correspondence to Firefighters as well as publishing it on the internal website.
7. It was clarified that nothing beyond how many days of sickness and reason for absence was held on file for Firefighter medical records.
8. Officers advised that an update on the action plan work streams would be provided at the Board's next meeting.

**Actions/ further information to be provided:**

None

**Recommendations:**

The Board noted the update provided.

## **2718 SURREY FIREFIGHTER'S PENSION RISK REGISTER [Item 8]**

### **Declarations of Interest:**

None

### **Witnesses:**

Neil Mason, Head of Pensions

### **Key points raised during the discussion:**

1. It was noted that risk F6 (failure to recognise and manage conflicts of Board Members) was reassessed and reduced as per the Board's request from its meeting on 26 October 2017.
2. It was highlighted that officers also reassessed risk score F9 (failure to administer the scheme in line with regulations and policies) following the Board's concerns on 26 October 2017 that the risk could potentially be greater than anticipated and as a result increased the inherent risk from 21 (amber) to 32 (red) and the total residual risk was increased from 14 (green) to 16 (amber).
3. Further to the Board's recommendations on 26 October 2017 it was further highlighted that the risk register was amended to include risks for GMP reconciliation (F15) and Work reform (F16).
4. The Board agreed an additional risk should be included on the Risk Register to reflect the impact of the Pension Services Manager leaving the Council on 20 April 2018.

### **Actions/Further information to be provided:**

None

### **Recommendations:**

The Board noted the content of this report, including the changes to the scoring of current risks and the inclusion of additional risks and made the following recommendation;

The Surrey FFPS Risk Register to be amended to include an additional risk for the Pension Services Manager's departure and the impact it would have on the Service.

## **2818 OMBUDSMAN'S DETERMINATION THE NEW FIREFIGHTERS' PENSION SCHEME (ENGLAND) (2006 SCHEME) [Item 9]**

### **Key points raised during the discussion:**

1. It was explained based on the ruling of this recent Ombudsman's determination the decision reached at the stage 2 complaint in November 2017 was unsound.

2. Officers said that they would review the decision made at stage 2.
3. It was noted that the service would need to decide whether to overrule the decision as it cannot be referred back to the adjudicator. The Pensions Lead Manager noted this and assured the Board an opinion would be formed how best to resolve this.

**Actions/Further Information to be provided:**

None

**Recommendations:**

The Board noted the content of this report.

**2918 DATE OF THE NEXT MEETING [Item 10]**

The next meeting date is yet to be confirmed.

The Board thanked the Pensions Lead Manager for his contribution and wished him well in his future endeavours.

Meeting ended at: 4.42 pm

---

**Chairman**

This page is intentionally left blank

## SURREY LOCAL FIREFIGHTERS' PENSION BOARD ACTIONS AND RECOMMENDATIONS TRACKER

The recommendations tracker allows Board Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each Board. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting. The next progress check will highlight to members where actions have not been dealt with.

### Board and Officer Actions

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress
26 October 2017	16/17 ABS REVIEW 2017 [Item 8]	Officers to explore training opportunities for the Board to develop a wider understanding of the Firefighters Pension Scheme.	Head of Pensions		ongoing
29 March 2018	22/18 ACTIONS AND RECOMMENDATIONS TRACKER [Item 6]	Officers to circulate a copy of the breach report to the Board.	Pension Services Manager		October 2018
29 March 2018	24/18 ADMINISTRATION UPDATE 1 SEPT – 28 FEB 2018	Officers to include a recruitment summary in the next administration update report.	Pensions Services Manager		October 2018

This page is intentionally left blank



## **Surrey Firefighters Local Pension Board 18 October 2018**

### **Administration Update 1 March 2018 – 30 September 2018**

#### **Recommendations:**

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

#### **Background**

1. The terms of reference for the Board includes the duty to;

*“...help ensure that the Firefighters’ Pension Scheme is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator”.*

2. In order to help the Board to measure the effectiveness of the administration of the scheme a set of administrative functions from 1 March 2018 to 30 September 2018 and an update of performance and current issues is set out below and in the attached Annex.

#### **Movements – Joiners and Leavers**

3. Members will be aware that the volumes of movements within the main three Firefighter Pension Schemes (FPS) – the 1992 scheme, 2006 scheme and new CARE scheme - are low and the following paragraphs set out the main areas of movement.

#### *Retirements*

4. **Annex 1** shows the administration performance in relating to FPS retirements. There were only twelve retirements in the period and all cases were completed within a week of the members’ retirement date.

### *Death in service*

5. There was zero deaths in service during the period.

### *Re-enrolment, new joiners and opt-outs*

6. **Annex 2** shows the current status of all new individual employments that have either commenced or been subject to re-enrolment under the Government's overarching auto-enrolment provisions since 1 March 2018.
7. It should be noted all new employees or employees re-enrolled since 1 March 2018 have opted out of the pension scheme. Though there are varying reasons stated, it should also be noted that new staff are primarily on temporary or fixed-term contracts so it may not be possible to draw any definitive conclusions with regard to possible underlying issues. Business Operations will continue to report these movements to the Board.
8. Annex 2 also shows that two existing employees (one with two roles) have also decided to opt out of the FPS during the period. As above, one of these employees is on a temporary contract.

### **Current Issues**

#### *RDS Options Exercise (Retained Firefighters Pension)*

9. The Board will be aware that following a court ruling in 2006 (Matthew v Kent) retained firefighters won the right to elect to join the modified section of FPS 2006.
10. Eligible individuals were those that were employed as retained firefighters for all or part of the period 1 July 2000 to 5 April 2006 inclusive.
11. The individuals were unable to join the Firefighters' Pension Scheme 1992 when they started employment.
12. Those who were employed as whole-time and retained under the same contract were not eligible.
13. In January 2014, DCLG wrote to all FRA's informing them that enabling legislation relating to the modified scheme was due to be published shortly and FRA's would be expected to implement an Options Exercise to give those eligible individuals an opportunity to join the scheme.
14. FRA's were asked to respond by 7 February 2014 detailing who would be the named contact for the exercise and confirmation that a process had been started to identify eligible individuals and issue letters advising entitlement.

15. The closure date for the exercise was 30 September 2015. After this deadline no further elections could be made to join the scheme. It is the informal opinion of the Bluelight Pensions Team at the Home Office/LGA that there is still no legal vires for entry to the scheme after 30 September 2015.
16. An e-mail from Clair Alcock at the Home Office/LGA was sent out in November 2017 requesting information on who had joined the 2006 scheme as a special member, and whether they joined as active, deferred or pensioner. Also, whether they chose to pay by lump sum or periodic contributions.
17. An e-mail from HMRC was received in June 2017 requesting information on backdated pension payments and PAYE tax deductions. Responses were requested by 31 July 2017.
18. As at July 2018, 214 individuals had been identified as being eligible to join the modified section of FPS 2006. Of this number; 44 are still active, 74 are leavers, 6 are pensioners and 23 are members of the New Firefighters Pension Scheme.
19. There has recently been an e-mail from David Cannon (Sector Compliance Manager) at HMRC asking for a response regarding tax relief compliance. A response was due by 21 September and an extension has been sought and agreed by the Service Delivery Manager.
20. One current Firefighter has been written to offering membership to the modified section. However, it is unclear how we can allow an election after the deadline so the Service Delivery Manager is seeking advice from the Bluelight Pensions Team.
21. This breach of legislation will need to be reported to the Pensions Regulator and the Service Delivery Manager is currently liaising with Legal Services regarding this matter.

#### *Guaranteed Minimum Pension (GMP) Reconciliation*

22. Jardine Lloyd Thompson (JLT) have recently provided the second analysis update regarding the work being undertaken for the GMP Reconciliation in Phase 2.
23. The current status of the membership data can be found at Annex 3.
24. The Board will find several tabs in this document that provide some explanations as to what work has been undertaken so far, what the next steps are and when the next update is due
25. There is also a list of key milestones of the work being undertaken which Officers have asked JLT to update with each report they provide.
26. The next update is due on 22 October and at this point there will be decisions to be made regarding the GMP data.

27. Officers ask that the Board be aware of this date and take into consideration that queries may well be presented and decisions required.

#### *Amendment Regulations*

28. The Board may be aware that the Police and Firefighters' Pension (Amendment) Regulation 2008 was laid on 13 September 2018.
29. A technical note has been published to confirm the details of the amendment order as it relates to the Firefighters' Pension Schemes.
30. FRA's and local pension boards have been asked to ensure they are aware of the indexation to two pensions and that it is applied, ensure a policy is in place for exercising Voluntary Scheme Pays and that Firefighters are aware of how they would request the Fire Authority to pay any tax charge arising under the VSP policy, and ensure that members in the 2006 scheme are communicated with to let them know the scheme has been changed to remove the requirement to nominate

#### Annual Benefit Statements

31. The Board will be aware that the statutory deadline for issuing Annual Benefit Statements, for benefits accrued to 31 March 2018, is 31 August 2018.
32. A Project Manager was assigned to this exercise to ensure compliance, with weekly meetings taking place to keep track of progress.
33. Officers are pleased to report that all statements were issued by the deadline.
34. 77 statements were sent to Protected members and 458 statements were sent to CARE only/unprotected/transition members.
35. A comparison has been made against the number of active members on the pensions database to ensure that all those eligible received a statement.

#### Summary

36. The Board is asked to note the update provided and to advise if any further reporting will assist the Board in monitoring of administration performance.

---

Report contact: Clare Chambers, Service Delivery Manager

Contact details: T: 020 8213 2566 E: [clare.chambers@surreycc.gov.uk](mailto:clare.chambers@surreycc.gov.uk)

Sources/background papers:

Surrey Local Pension Board Terms of Reference

Annexes:

1. Retirements 1 March 2018 to 30 September 2018
2. New Joiners and opt outs from 1 March 2018
3. GMP Reconciliation Report

This page is intentionally left blank

**FIREFIGHTERS' PENSION SCHEMES - PENSIONS INTO PAYMENT FEBRUARY 2018 TO SEPTEMBER 2018**

**Annex 1**

	<u>Scheme</u>	<u>Date of Retirement</u>	<u>Type of Pension</u>	<u>Payment Raised</u>	<u>Days</u>	<u>Comments</u>
1	FPS	19/03/2018	Ordinary	21/03/2018	2	
2	FPS	18/04/2018	Ordinary	23/04/2018	5	
3	FPS	07/05/2018	Ordinary	10/05/2018	3	
4	FPS	14/06/2018	Ordinary	15/06/2018	1	
5	FPS	03/07/2018	Ordinary	09/07/2018	6	
6	FPS	19/07/2018	Deferred	13/07/2018	-6	
7	FPS	31/07/2018	Ordinary	03/08/2018	3	
8	FPS	03/08/2018	Ordinary	08/08/2018	5	
9	FPS	31/08/2018	Ordinary	29/08/2018	-2	
10	FPS	31/08/2018	Ordinary	29/08/2018	-2	
11	FPS	16/09/2018	Ordinary	20/09/2018	4	
12	FPS	25/09/2018	Ordinary	21/09/2018	-4	
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

\* Retained Firefighters

This page is intentionally left blank

Surrey County Council Firefighters Pension Fund

Annex 3

Executive Summary

- 1 Due to the way ITM have raised their queries with HMRC in a different format to those JLT would initially raise, this has meant that we have had to redesign our tools to accommodate different phrases and requests. Due to this, it has taken us longer than we have envisaged to complete the analysis of all the responses that HMRC Queries returned.
- 2 Data Gathering is due to commence 09/10/2018. We have 12 resource lined up to xcomplete the gathering as far as possible within the timeframe we have left with HMRC, so will concentrate our efforts on the completion of the Membership data gathering that will have the most impact on the overall Fund liability.
- 3 HMRC turnaround times are currently 4 months.

Tasks Completed

- 1 All initial Phase 1 analysis completed
- 2 Partial analysis of remaining HMRC Query Log responses completed
- 3 Initial Client Referrals - decisions requiring Client guidance

Next Steps

- 1 Remaining analysis of the remaining HMRC Query Log responses
- 2 Issue additional round 2 queries with NISPI
- 3 Commence data gathering on all unresolved cases
- 4 Client Referrals - decisions requiring Client guidance

Next Update

- 1 22/10/2018
- 2 At this point, there will be referrals to the Fund that will require decisions to be made regarding next action.

Please note that all queries have to be uploaded to HMRC by 31/10/2018, so we will endeavour to feed the unresolved queries requiring Fund decisions piece meal as they occur over the next month

This page is intentionally left blank



## Surrey Local Pension Board 18 October 2018

### Surrey Firefighter's Pension Risk Register

#### Recommendations:

The Board is asked to **note** the content of this report, including changes to the scoring of current risks and the inclusion of additional risks and **approve** the Surrey Firefighter's Pension Scheme (FFPS) Risk Register (shown as Annex 1). The Board is further asked to make recommendations of any amendments to the Surrey FFPS Risk Register.

#### **Background**

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.
2. In a meeting of 29 March 2018 the Surrey FFPS Local Pension Board (the Board) noted the Risk Register for the Surrey FFPS.
3. The Surrey FFPS Risk Register consists of relevant risks to the Surrey FFPS. It contains the range of risks to be considered by the Board for comment on whether the risks seem appropriate and that the Inherent and Residual risks are set at the correct level.
4. The Surrey FFPS Risk Register seeks to reflect adopt best practice in the identification, evaluation and control of risks in order to ensure that the risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible, then means to mitigate the implications of the risks should be established.
5. Each of the risk areas in the register has been assessed in terms of its impact on the Surrey FFPS. Assessment has also been given as to the likelihood of the risk.
6. Each of the three areas of impact identified above is assessed on a scale of one to four, with four implying the highest level of impact. The likelihood of the risk

description (between one and five) is then applied to the combined impact score, which produces an overall risk score. Depending on the score, the risks are then identified as Red, Amber or Green.

7. To comply with best practice, a scoring process has been implemented, which will reassess the risk scores after the mitigating action taken to control and reduce the risks. The risk register includes a revised impact score and net risk score as a result of those mitigating actions.

### **Additional risks**

8. In a meeting of 29 March 2018 the Board requested that the Surrey FFPS Risk register be amended to include impact of the Pension Services Manager leaving the council.

### **Next steps**

9. On approval from the Board the Surrey FFPS Risk Register will be amended and then reviewed and reported to the next Board meeting.

---

**Report contact:** Ayaz Malik, Pensions Accountant Advisor

**Contact details:** T: 020 8213 2700 E: [ayaz.malik@surreycc.gov.uk](mailto:ayaz.malik@surreycc.gov.uk)

### **Sources/background papers:**

The Pensions Regulator, Code of Practice no 14 (Governance and administration of public service pension schemes)

### **Annexes:**

1. Surrey FFPS Risk Register

Risk Ref.	Risk Description	Risk Owner	Inherent Risk					Total risk score	Control actions	Action by whom	Residual risk					Reviewed on	Changes made during review	
			Impact								Total risk score	Impact						
			Fin	Service	Rep'n	Total	Likely					Fin	Service	Rep'n	Total			Likely
F1	Incorrect data due to employer error, user error or historic error leads to service disruption.	RC	1	2	3	6	2	12	TREAT 1) Implementation and monitoring of a Data Improvement Plan by the pension administration team.	RC	1	2	3	6	1	6	Sep-18	
F2	Data not secure or appropriately maintained.	RC	3	3	3	9	2	18	TREAT 1) Systems controls in place and can be evidenced. 2) The pension administration team is compliant with General Data Protection Requirements (GDPR).	RC	3	3	3	9	1	9	Sep-18	
F3	Risk of manual intervention in administration reporting.	RC	2	4	2	8	3	24	TREAT 1) Automated extraction of data where viable and agreed process for audit assurance.	RC	2	3	2	7	2	14	Sep-18	
F4	Lack of capability of systems leads to inefficiency and disruption.	RC	4	4	2	10	2	20	TREAT 1) Ensure system efficiency is assured by the pension administration team.	RC	4	4	2	10	1	10	Sep-18	
F5	Failure to communicate adequately with scheme members.	RC/LS	1	4	4	9	3	27	TREAT 1) Ensure the website is updates, that newsletters are published and annual benefit statements are distributed.	RC/LS	1	4	4	9	2	18	Sep-18	
F6	Failure to recognise and manage conflicts of interests of Board members	Dem serv/NM/LS	1	1	5	7	3	21	TREAT 1) Declaration of interests at the beginning of each meeting.	Dem serv/NM	1	1	5	7	1	7	Sep-18	
F7	Policies and strategies not in place or reviewed.	NM/RC/LS	2	2	3	7	3	21	TREAT 1) Reviewed by the Board	NM/RC/LS	2	2	3	7	2	14	Sep-18	
F8	Unstructured training leads to under developed workforce resulting in inefficiency.	RC/LS	1	3	3	7	3	21	TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan by the pension administration team.	RC/LS	1	3	3	7	2	14	Sep-18	
F9	Failure to administer the scheme in line with regulations and policies.	RC/LS	2	2	4	8	4	32	TREAT 1) Up to date knowledge through various sources such as SAB and the LGA. Up to date training. Attendance at regional fire administrator working groups. Information on the scheme is held on the Firefighters website. 2) Through strong governance arrangements and the active reporting of issues, seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches.	RC/LS	2	2	4	8	2	16	Sep-18	
F10	Gaps in skills and knowledge of Board members.	LS/NM	2	3	2	7	3	21	TREAT 1) Members of the Board will be mindful of the Attendance and Knowledge and Understanding Policy when setting objectives and establishing training needs.	LS/NM	2	3	2	7	2	14	Sep-18	
F11	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	RC	3	3	3	9	3	27	TREAT 1) Disaster recover plan in place 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Assess compliance with the Government's National Cyber Security Strategy 2016-2021	RC	3	3	3	9	1	9	Sep-18	
F12	Lack of productivity of pension administration team leads to impaired performance.	RC	2	3	2	7	4	28	TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff	RC	2	3	2	7	2	14	Sep-18	
F13	Failure to continuously improve leads to inefficiency and missed opportunities.	RC	2	2	2	6	3	18	TREAT: 1) Annual customer feedback survey to be carried out. 2) Quarterly complaints/praise feedback to be reported to and scrutinised by the Committee and Board 3) Implementation and monitoring of an annual Continuous Improvement Plan as part of the Service Specification between the Fund and Orbis	RC	2	2	2	6	2	12	Sep-18	
F14	Failure to provide adequate management reports to the Board.	RC/NM/LS	2	2	2	6	4	24	TREAT: 1) Board meetings held twice annually . 2) The Board chairman and vice chairman agree rolling forward plan. 3) Additional meetings can be convened if required.	RC/NM/LS	2	2	2	6	2	12	Sep-18	
F15	Failure to identify GMP liability leads to ongoing costs for the pension fund	RC	3	1	3	7	4	28	TREAT 1) GMP reconciliation progress updates presented to the Local Pension Board 2) Stage 1 and Stage 2 reconciliation reviews has been completed. 3) A provider to be appointed provider to carry out the review of the remaining queries		3	1	3	7	2	14	Sep-18	
F16	Workforce Reform leads to changes within our working arrangements without consideration of the pensions implications	LS	3	3	2	8	3	24	TREAT 1) Regular monitoring by the Board	Local Board	3	3	2	8	1	8	Sep-18	
F17	Pension Services Manager leaving the Council may dilute the organisation's collective knowledge and impact on decision making.	RC	2	3	2	7	3	21	TOLERATE/TREAT The risk is mitigated as the Pension Service have hired a new Business operation Manager.	RC	2	3	2	7	1	7	Sep-18	New Risk

This page is intentionally left blank



## **Surrey Local Pension Board 18 October 2018**

### **Substitutions**

#### **Recommendations:**

The Board is asked to **note** the content of this report.

#### **Background**

1. The Chairman agreed to include this item on the agenda to allow the Board to review the provision for substitute members.

---

**Report contact:** Sharmina Ullah, Democratic Services Assistant

**Contact details:** T: 020 8213 2838 E: [sharmina.ullah@surreycc.gov.uk](mailto:sharmina.ullah@surreycc.gov.uk)

#### **Sources/background papers:**

Local Firefighters' Pension Board Terms of Reference

**Annex 1:** Local Firefighters' Pension Board Terms of Reference

This page is intentionally left blank

# THE SURREY LOCAL FIREFIGHTERS' PENSION BOARD

## TERMS OF REFERENCE



### Surrey Local Firefighters' Pension Board

#### Membership: Total five

Two employee representatives  
Two employer representatives  
The Local Firefighters' Pension Board may also contain one other independent member

#### Terms of Reference

##### 1. Introduction

- 1.1 This document sets out the terms of reference of the Local Firefighters' Pension Board of Surrey County Council (the 'Fire and Rescue Authority'), a scheme manager as defined under Section 4 of the Public Service Act 2013.
- 1.2 The Local Firefighters' Pension Board is established in accordance with Section 5 of that Act and under draft Regulation 4A of the Firefighters' Pension Scheme (FFPS) (England) Regulations 2014 (as amended).

##### 2. Role of the Local Firefighters' Pension Board

- 2.1 The role of the Local Firefighters' Pension Board, as defined in the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, is to assist the Fire and Rescue Authority Scheme Manager:
  - (a) to secure compliance with:
    - (i) the scheme regulations;
    - (ii) any other legislation relating to the governance and administration of the Firefighters' Pension Scheme and any connected scheme;
    - (iii) any requirements imposed by the Pensions Regulator in relation to the Firefighters' Pension Scheme.
  - (b) to ensure the effective and efficient governance and administration of the Firefighters' Pension Scheme.
- 2.2 The Local Firefighters' Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Local Firefighters' Pension Board will also help ensure that the Firefighters' Pension Scheme is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

- 2.4 The Local Firefighters' Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.
- 2.5 The Local Firefighters' Pension Board should always act within its terms of reference.

### **3. Establishment of the Local Firefighters' Pension Board**

- 3.1 The Local Firefighters' Pension Board is established on 1 April 2015 subsequent to approval by Surrey County Council on 17 March 2015.

### **4. Appointment of members of the Local Firefighters' Pension Board and voting rights of Local Firefighters' Pension Board members**

- 4.1 The composition of the members of the Local Firefighters' Pension Board is as follows:

The Local Firefighters' Pension Board shall consist of at least four members and may contain up to five members. It shall be constituted as follows:

- i) Two employer representatives;
  - ii) Two scheme member (employee) representatives;
  - iii) The Local Firefighters' Pension Board may also contain one independent member.
- 4.2 Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Local Firefighters' Pension Board's membership.
- 4.3 No officer or elected member of the Fire and Rescue Authority who is responsible for the discharge of any Scheme Manager functions of the Fire and Rescue Authority under the Regulations may serve as a member of the Local Firefighters' Pension Board.
- 4.4 Each Local Firefighters' Pension Board member so appointed shall serve for the life of the current Surrey County Council, a defined, fixed period which can be extended for further periods subject to re-nomination.
- 4.5 Each Local Firefighters' Pension Board member should endeavour to attend all Board meetings during the year. No substitutes will be permitted to attend on behalf of absent Local Firefighters' Pension Board members.
- 4.7 Each Local Firefighters' Pension Board member should participate in training when required.
- 4.8 Members of the Local Firefighters' Pension Board shall be appointed by the Scheme Manager (the Appointment Panel) in accordance with the **Appointment and Termination Process**.
- 4.9 The Appointment Panel shall be made up of the following:
- the Chairman of People, Performance and Development Committee;
  - the Strategic Finance Manager (Pension Fund and Treasury);
  - the Director of Finance (or her nominee);

- the Director of Legal and Democratic Services (or her nominee);
- the Chief Fire Officer (or his nominee).

4.10 Each employer representative and member representative of the Local Firefighters' Pension Board will have an individual vote on any matter needing a decision. The independent member of the Local Firefighters' Pension Board does not have voting rights. It is expected that the Local Firefighters' Pension Board will, as far as possible, reach a consensus. If a consensus is not reached the Chairman shall have a casting vote in addition to any vote he may have already cast.

## **5. Appointment and duties of the Chairman and Vice Chairman of the Local Firefighters' Pension Board**

5.1 A Chairman and Vice Chairman of the Local Pension Board to be appointed by the Scheme Manager (the Appointment Panel) in accordance with the **Appointment and Termination Process**.

5.2 It will be the role of the Chairman of the Local Firefighters' Pension Board to ensure that all members of the Local Firefighters' Pension Board show due respect for process, that all views are fully heard and considered, and to determine when consensus has been met.

5.3 The full responsibilities of the Chairman of the Local Firefighters' Pension Board are contained in the Chairman of the Local Firefighters' Pension Board description.

5.4 The Vice Chairman shall undertake the duties of the Chairman in the event of the Chairman's absence.

## **6. Notifications of appointments to the Local Firefighters' Pension Board**

6.1 When appointments to the Local Firefighters' Pension Board have been made, the Scheme Manager shall publish the name of the Local Firefighters' Pension Board members, the process followed in the appointment together with the way in which the appointment supports the effective delivery of the purpose of the Local Firefighters' Pension Board.

## **7. Termination of membership of the Local Firefighters' Pension Board**

7.1 Any termination of membership of the Local Firefighters' Pension Board will be in accordance with the **Appointment and Termination Process**.

7.2 Membership of the Local Firefighters' Pension Board may be terminated due to:

- i) a member representative appointed on the basis of their membership of the scheme no longer being a scheme member of the Fund;
- ii) an employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
- iii) a Local Firefighters' Pension Board member no longer being able to demonstrate to the Scheme Manager their capacity to attend and prepare for meetings or to participate in required training or otherwise to carry out the requirements of the role appropriately;

- iv) a Local Firefighters' Pension Board member having a conflict of interest which cannot be managed in accordance with the Local Pension Boards **Code of Conduct and Conflict of Interests Policy**;
- v) a Local Firefighters' Pension Board member becomes responsible for the discharge of any function of the Scheme Manager under the Regulations;
- vi) the Scheme Manager may at its discretion terminate the membership of a Local Firefighters' Pension Board member if it believes that it appropriate and is consistent with the role of the Local Firefighters' Pension Board to do so.

## 8. Conflict of Interests

- 8.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interest policy** which will be adopted by the Local Firefighters' Pension Board and which members of the Local Firefighters' Pension Board will need to abide by. Members of the Local Firefighters' Pension Board will provide any information the Scheme Manager reasonably requires from time to time to ensure that members do not have a conflict of interest.

## 9. Knowledge and Skills

- 9.1 In accordance with section 248A of the Pensions Act 2004 ("the 2004 Act"), every individual who is a member of a Local Firefighters' Pension Board must be conversant with:
- i) the regulations governing the FFPS; and
  - ii) any document or policy about the administration of the Fund.
- 9.2 Local Firefighters' Pension Board members should also have a knowledge and understanding of:
- i) the law relating to pensions; and
  - ii) such other matters as may be prescribed.
- 9.3 Local Firefighters' Pension Board shall adhere to the Scheme Manager's **Attendance and Knowledge and Understanding Policy** to address the knowledge and skills requirements that apply to Local Pension Board members under the 2004 Act.
- 9.4 It is for individual Local Firefighters' Pension Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.
- 9.5 In line with this requirement Local Firefighters' Pension Board, members must be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Local Firefighters' Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Local Firefighters' Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Local Pension Board members will comply with the Scheme Manager's **Attendance and Knowledge and Understanding Policy**.

## **10. Local Firefighters' Pension Board Meetings: Notice and Public Access to Pension Board Meetings and Information**

- 10.1 There will be a sufficient number of meetings to enable the Local Firefighters' Pension Board to discharge its functions effectively, as decided by the Chairman of the Local Firefighters' Pension Board with the consent of the Local Firefighters' Pension Board members, and at least one Local Firefighters' Pension Board meetings a year.
- 10.2 The Scheme Manager shall give notice to all Local Firefighters' Pension Board members of every meeting of the Local Pension Board, which will be held in public (apart from confidential matters). All members will normally be sent an agenda and papers at least five working days before the meeting unless an urgent meeting is required.
- 10.3 Any meeting of the Local Firefighters' Pension Board will include provision for confidential matters or matters that would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the local Government Act 1972 to be dealt with privately in Part 2 and any documents in connection with such matters will be dealt with confidentially.
- 10.4 The Scheme Manager shall ensure that a formal record of Local Firefighters' Pension Board proceedings is maintained. Following the approval of the minutes by the Chairman of the Local Firefighters' Pension Board, they shall be circulated to all members.
- 10.5 All agendas, reports and minutes will be available on the website except for any confidential or exempt matters.
- 10.6 The Local Firefighters' Pension Board may exclude items in agenda, reports and minutes on the grounds that disclosure would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it is deemed confidential for the purpose of Section 100A(2) of that Act and/or it represents data covered by the Data Protection Act 1998.
- 10.7 In accordance with the Public Service Pensions Act 2013, the Scheme Manager shall publish information about the Local Firefighters' Pension Board to include:
- i) the names of the Local Firefighters' Pension Board members and their contact details;
  - ii) the representatives of employers and members of the Local Firefighters' Pension Board;
  - iii) the role of the Local Firefighters' Pension Board;
  - iv) the Terms of Reference.

## **11. Quorum**

- 11.1 The Local Firefighters' Pension Board shall have a quorum of no fewer than two members which should always include the Chairman or the Vice Chairman, at least one employer representative and at least one member representative.

## **12. Local Firefighters' Pension Board Costs and Budget**

- 12.1 The Local Firefighters' Pension Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Local Firefighters' Pension Board will be met from the Scheme Manager.
- 12.2 The Local Firefighters' Pension Board will seek approval from the Strategic Finance Manager, Pension Fund and Treasury for any expenditure it wishes to make.

### **13. Core functions of the Local Firefighters' Pension Board**

- 13.1 The first core function of the Local Firefighters' Pension Board is to assist the Scheme Manager in securing 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.
- 13.2 The second core function of the Local Firefighters' Pension Board is to ensure the effective and efficient governance and administration of the Scheme.
- 13.3 In support of its core functions the Local Firefighters' Pension Board may request information from the Scheme Manager with regard to any aspect of the Scheme Manager function. Any such request should be reasonably complied with.
- 13.4 The Local Firefighters' Pension Board may make recommendations to the Scheme Manager. These recommendations should be given due consideration and a response made to the Local Firefighters' Pension Board within a reasonable period of time.

### **14. Reporting arrangements**

- 14.1 The Local Firefighters' Pension Board should report to the Scheme Manager in the first instance.
- 14.2 On receipt of a report from the Local Firefighters' Pension Board the Scheme Manager should consider and respond to the Local Firefighters' Pension Board within a reasonable period of time.
- 14.3 Where the Local Firefighters' Pension Board is satisfied that there has been a breach of regulation which is reported to the Scheme Manager and is not been rectified within a reasonable period of time the Local Firefighters' Pension Board has a duty to escalate this perceived breach.
- 14.4 The appropriate internal route for escalation is the Strategic Finance Manager, Pension Fund and Treasury.
- 14.5 The Local Firefighters' Pension Board may report concerns to the FFPS Scheme Advisory Board subsequent to the internal route for escalation.
- 14.6 Local Firefighters' Pension Board members are subject to the requirement to report breaches of law to the Pensions Regulator under the Act and the Code and the whistle blowing policy of the Administering Authority.

### **15. Local Firefighters' Pension Board Review Process**

15.1 The Local Firefighters' Pension Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Local Firefighters' Pension Board's performance.

**16. Advisors to the Local Firefighters' Pension Board**

16.1 The Local Firefighters' Pension Board may be supported in its role and responsibilities through the appointment of advisors and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisors to the Local Firefighters' Pension Board and on such terms as it shall see fit to help better perform its duties including:

- i) any Governance Adviser;
- ii) the Scheme Manager;
- iii) other advisors as approved by the Scheme Manager.

16.2 The Local Firefighters' Pension Board shall ensure that the performances of the advisors so appointed are reviewed on a regular basis.

**17. Code of Conduct**

17.1 The Scheme Manager will approve a Code of Conduct and Conflict of Interest policy which will be adopted by the Local Firefighters' Pension Board and which members of the Local Firefighters' Pension Board will need to abide by.

**18. Data Protection and Freedom of Information**

18.1 The Local Firefighters' Pension Board and its members will need to comply with the Scheme Manager's Data Protection and Freedom of Information Policy.

**19. Accountability**

19.1 The Local Firefighters' Pension Board will be collectively and individually accountable to the Scheme Manager and to the Pensions Regulator.

**20. Acceptance and Review of Terms of Reference**

20.1 These Terms of Reference will be reviewed on each amendment to those parts of the Regulations covering Local Firefighters' Pension Board.

20.2 The Terms of Reference was adopted on 17 March 2015.

20.3 Version 2 of the Terms of Reference was adopted on 28 September 2015.

