



**Northamptonshire  
County Council**

Democratic Services  
One Angel Square  
Northampton  
NN1 1ED

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<b>Northamptonshire Local Pension Board (Firefighters' Pension Scheme)</b>	<b>11 March 2019</b>	<b>Conference Room Moulton Logistics Centre Northants Fire &amp; Rescue HQ Moulton Way Northampton NN3 6XJ</b>	<b>2.00pm</b>
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### AGENDA

#### \* Papers enclosed

Item No.	Subject	Responsible Officer
1.	Apologies for Absence and Declaration of Interests	Jim Dorrill
2.*	Minutes from the meeting held on 10 September 2018	Jenny Daniels
3.*	Firefighters' Pension Scheme(s) Administration	Joanne Walton
4.*	Northamptonshire Firefighters' Pension Scheme Data Improvement Policy and Plan	Joanne Walton
5.*	Northamptonshire Firefighters Pension Scheme(s) Anti-Fraud and Corruption Policy	Joanne Walton
6.*	Reporting Breaches of the Law to the Pensions Regulator Policy	Joanne Walton

#### EXEMPT ITEMS

In respect of the following items the Chairman may move the resolution set out below, on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them:

The Committee is requested to resolve: "That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act of the descriptions against each item would be disclosed to them"

**Issued: 1 March 2019**

Jenny Daniels  
Democratic Services  
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Democratic Support Service  
County Hall  
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**Northamptonshire Fire & Rescue Service  
Local Pension Board  
Meeting held in public in  
The Conference Room, Moulton Logistics Centre, Moulton, Northampton**

**Actions & Summary of Meeting: Friday 10 September 2018**

**Agenda Item No: 2**

**PRESENT:-**

Terry Smith (Employee Representative & Chairman)

Shaun Hallam	Employer Representative	Jim Dorrill	Employee Representative
Councillor Graham Lawman	Employer Representative		

Also in attendance (for all or part of the meeting)

Jenny Daniels	Democracy Officer (minutes)
Darren Dovey	Chief Fire Officer
Paul Hanson	Democratic Services Manager
Joanne Walton	LGSS Pensions Governance & Regulations Manager

Item No.	Item	Action to be taken by
01/18	<p><b><u>Apologies for Absence and Declarations of Interest:</u></b></p> <p>There were none.</p> <p>There were no declarations of interest.</p> <p>Shaun Hallam was welcomed to the meeting as David Harding's replacement.</p>	Jenny Daniels
02/18	<p><b><u>Election of Chairman and Vice-Chairman</u></b></p> <p>It was noted that once the rules changed in January 2019, Helen King who was the Police and Crime Commissioner's S151 Officer was likely to sit on the board. Darren would speak to Essex County Council as the only other joint Fire Service managed by the Police and Crime Commissioner as to how they managed the Local Pension Board.</p> <p>Shaun Hallam would be Chairman and Jim Dorrill would be Vice-Chairman.</p> <p><b>RESOLVED: that Shaun Hallam would serve as Chairman and Jim Dorrill as Vice-Chairman for the year 2018/19</b></p>	Shaun Hallam Jim Dorrill
03/18	<p><b><u>Minutes of the Meeting held on 1 December 2017:</u></b></p> <p>The Local Pension Board discussed the minutes of the meeting held on 1 December 2017 and noted the following:</p> <ul style="list-style-type: none"> <li>• Darren Dovey had given feed back on the risk register to Dave Harding. He would ask Shaun to follow this up.</li> <li>• They would have a meeting outside of this meeting regarding stage 2 appeals to ascertain how they would be managed.</li> </ul> <p><b>RESOLVED that: the Local Pension Board approved the minutes of the meeting held on 1 December 2017 as an accurate record of the meeting subject to the inclusion of the following:</b></p>	

	<ul style="list-style-type: none"> <li>• <b>Item 12/17 should have a semi-colon at the end of the sentence.</b></li> <li>• <b>Item 12/17, 2<sup>nd</sup> bullet point should read back and not bar.</b></li> <li>• <b>Item 15/17 should state that individuals could not be advised by the Pensions team but seek individual advice.</b></li> <li>• <b>A separate meeting outside of this meeting would be held to discuss arrangements for managing Stage 2 appeals; and</b></li> <li>• <b>Shaun Hallam would chase up feedback on the risk register.</b></li> </ul>	<p><b>Jenny Daniels</b></p> <p><b>Darren Dovey</b></p> <p><b>Shaun Hallam</b></p>
04/18	<p><b><u>Northamptonshire Firefighters' Pension Scheme(s) Administration:</u></b></p> <p>At the Chairman's invitation, Pensions Governance &amp; Regulations Manager Joanne Walton introduced this report (copies of which had been previously circulated) highlighting the following:</p> <ul style="list-style-type: none"> <li>• Section 3 was concerned with the Administration Performance and all of these had met targets The volume was fairly low and Benefit Statements went out on 31 August 2018.</li> <li>• In relation to reconciliation of payroll of the 372 records they held for previous and current pensions, 74 could potentially be overpaid. On further inspection, 4 had been written off because they were for a small amount but 1 had been an overpayment of £4,000.</li> <li>• Members had been reimbursed in January/February 2018.</li> <li>• 5 complex cases remained due to the number of times the payroll system had changed. All were on the Altair System but the Firefighters' pension had moved each time the Council had changed. An update would be brought to the next meeting.</li> <li>• The contracting out reconciliation was ongoing but would come to an end on 21 September 2018. HMRC had stated they did not want any queries close to 31 October 2018 and ITM had provided assurance that it would come in.</li> </ul> <p>In answer to queries on the report the following was confirmed:</p> <ul style="list-style-type: none"> <li>• The updates in relation to contracting out of reconciliation would be provided by e-mail.</li> <li>• An underpayment was possible through the pensions increase if it was not given at the right time. Most pension under payments were due to not applying the index linked increase.</li> <li>• There were some widows payments that might also be wrong.</li> </ul>	

	<b>RESOLVED that: the Local Pension Board (Firefighters' Scheme) noted the update.</b>	<b>Joanne Walton</b>
<b>05/18</b>	<p><b><u>Northamptonshire Firefighters' Overpayment of Pension Policy:</u></b></p> <p>At the Chairman's invitation, LGSS Pensions Governance &amp; Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating the following:</p> <ul style="list-style-type: none"> <li>• There was a need to have an overpayment of policy in place in order that everyone was treated fairly. The Pensions Regulator was taking a keener interest in Local Pension Boards.</li> <li>• It was good to have a policy in place which made those working in pensions understand the overpayments in place. To use it without discretion however was not good.</li> <li>• The framework discussed how overpayments and underpayments could occur and how aware the pensioner could be. The Pensions Ombudsman considered whether the pensioner was aware or could have been aware that an overpayment had been made. A public pension scheme would have to have a policy for recovering it.</li> <li>• The policy also discussed the Limitation Act which was something they would have to navigate when asking for overpayments back. If the overpayment was really old it could not be recovered.</li> <li>• A payment that was knowingly made was an authorised payment and they tried to avoid these as much as possible. There were times when mistakes would happen though and that is why you have to understand the unauthorised payments part of it.</li> <li>• It was tricky asking for an unauthorised payment back from an 86 year old. You would have to ask for it but would not extend something so that they or you would receive nil.</li> <li>• Eversheds had approved it.</li> </ul> <p>In answer to queries on the report the following was confirmed:</p> <ul style="list-style-type: none"> <li>• The Chief Fire Officer had written off small amounts that would have to be repaid from a person's estate.</li> <li>• One pension of high value had been found.</li> <li>• Usually when a person died the bank had returned the payments because there was no-one to receive them.</li> <li>• Other overpayments had been made because someone had paid a GNP payment on top of the pension instead of within it.</li> <li>• If it was paid over a 10-year period it was reasonable to ask for it back over a 10-year period with the</li> </ul>	

	<p>exception of extending something so that they or you would receive nil.</p> <p><b>RESOLVED that: The Local Pension Board adopted the Northamptonshire Firefighters' Overpayment of Pension Policy.</b></p>	<p><b>Joanne Walton</b></p>
<p><b>06/18</b></p>	<p><b><u>Member Training Policy:</u></b></p> <p>At the Chairman's invitation, LGSS Pensions Governance &amp; Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating the following:</p> <ul style="list-style-type: none"> <li>• The Pensions Regulator would be looking at every Local Pension Board to have a training strategy in place. Whilst the Firefighter's Local Pension Board had one in place it had been revamped. It was a compliance factor to have one in place.</li> <li>• The Policy was very short and it was difficult to draft because there was a wealth of training for LGPS but not for the Firefighter's scheme.</li> <li>• There was a training needs analysis which members could complete and then officers could offer some training.</li> <li>• The Local Pension Board could offer training as part of its meeting but this Local Pension Board did only have 2 meetings a year and the Pensions Regulator might suggest it meet more often if was to incorporate training.</li> </ul> <p>In answer to queries on the report the following was confirmed:</p> <ul style="list-style-type: none"> <li>• Firefighters' Pensions Adviser at the Local Government Association, Clair Alcock could provide some more complicated training.</li> <li>• There were lots of courses also provided on the Pensions Regulator website. You would have to register but that was only to have a record on here.</li> <li>• The Scheme Advisory Board also had some general information on training.</li> <li>• Darren Dovey was going to an annual conference the following Friday afternoon as well.</li> </ul> <p><b>RESOLVED that: the Local Pension Board (Firefighters Scheme): confirmed they would undertake the training needs analysis.</b></p>	<p><b>Joanne Walton</b></p>

07/18	<p><b><u>Local Pension Board Annual Report</u></b></p> <p>At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this item (copies of which had been previously circulated) stating the following:</p> <ul style="list-style-type: none"> <li>• This included the activities undertaken by the Board over the past 12 months.</li> <li>• It was submitted to Full Council and provided Council assurance that the Board was doing all it should.</li> <li>• It would be updated following this meeting.</li> <li>• It also included the work programme for the following year.</li> <li>• Policies would need to be reviewed but this could be discussed with the LGSS Pensions Governance &amp; Regulations Manager. Reconciliation would also need to be in the report.</li> <li>• If agreed the report would be presented to Full Council on 20 September 2018.</li> </ul> <p>In answer to queries on the report the following was confirmed:</p> <ul style="list-style-type: none"> <li>• The report covered the period 31 July 2017 – 31 July 2018.</li> <li>• Democratic Services had been involved in the discussions around the transfer to the Office of the Police and Crime Commissioner. They had also received correspondence from Dave Harding to enquire if they could continue support.</li> </ul> <p><b>RESOLVED that: the Local Pension Board agreed the Annual Report to be presented to Full Council on 20 September 2018.</b></p>	Paul Hanson
08/18	<p><b><u>Meeting Dates 2019-2020:</u></b></p> <p>At the Chairman's invitation Democracy Officer, Jenny Daniels introduced the report (copies of which had been previously circulated) stating all would be held at 2pm at Moulton Logistics Centre.</p> <p>The Chief Fire Officer would speak with Dave Harding about opening it up for election of new members or re-election of old ones and this would be an agenda item for the March 2019 meeting.</p> <p><b>RESOLVED that: the Local Pension Board agreed to meet on the following dates in 2019-2020:</b></p> <ul style="list-style-type: none"> <li>• <b>Monday 11 March 2019</b></li> <li>• <b>Monday 9 September 2019</b></li> </ul>	Jenny Daniels

	<ul style="list-style-type: none"> <li>Monday 9 March 2020</li> </ul>	
09/18	<p><b><u>Any Other Business:</u></b></p> <p>The LGSS Pensions Governance &amp; Regulations Manager, Joanne Walton reported that the Pensions Regulator would issue the scheme return during September 2018. They could complete it and then send it to the Chief Fire Officer for amendments. It would need to be submitted 6 weeks from the date of the receipt. There was some flexibility on having not so good a score in year 1 and then to improve on it during year 2.</p> <p><b>RESOLVED that: the Local Pension Board noted the need to return the scheme return within 6 weeks of the date of receipt.</b></p>	Joanne Walton
10/08	<p><b><u>Date and Time of Next Meeting:</u></b></p> <p>Monday 11 March 2019.</p>	Jenny Daniels

There being no further business the meeting closed at 3.10pm.  
Jenny Daniels, Democracy Officer

**NORTHAMPTONSHIRE  
FIREFIGHTERS'  
PENSION SCHEMES**



**LOCAL PENSION BOARD**

**11 March 2019**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Firefighters' Pension Scheme(s) Administration</b>
<b>Purpose of the Report</b>	To present members of the Local Pension Board with information on the administration of the Firefighters' Pension Scheme(s) by LGSS Pensions
<b>Recommendations</b>	<b>That the Local Pension Board notes the content of the report.</b>
<b>Enquiries to:</b>	Name: Jo Walton – LGSS Pensions, Governance and Regulations Manager E-mail: <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 One of the core functions of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme. This report demonstrates a number of key areas of administration performance for consideration by the Local Pension Board.

**2. Administration Performance**

- 2.1 The following key performance indicators represent the regular casework activities that are undertaken by LGSS Pensions in the administration of the Firefighters' Pension Schemes.

- Notify employees retiring from active membership of benefits award
- Notify leavers of deferred benefit entitlement
- Provide transfer in quote to scheme member
- Confirm transfer in payment and benefits credited to scheme member
- Provide a cash equivalent transfer value
- Process transfer out and issue CETV statement
- Provide a divorce quotation
- Obtain details of beneficiaries after advice of death
- Provide an estimate of benefits
- Calculate cost of purchasing additional pension and notify scheme member

- 2.2 All of the key performance indicators have a target of 10 working days for completion.

- 2.3 For the months July 2018 to January 2019 all targets were achieved and further details can be found in appendix one to this report. The months where there are no statistics represent no activity in the particular area of measured casework.

### **3. Contracting-out reconciliation**

- 3.1 It has been reported at previous meetings of the Local Pension Board that LGSS Pensions were undertaking an exercise to reconcile contracted-out details held on pensions administration records compared with that held by HMRC.
- 3.2 All UK pension schemes that were contracted out of the state second pension were advised to reconcile their individual member records with that held by Her Majesty's Revenue and Customs (HMRC) by 31 December 2018 to ensure that schemes hold the correct period and amount of contracting-out liability.
- 3.3 The reconciliation project has been outsourced to ITM Limited (an external data audit company) and the progress on the reconciliation is reported below.

<b>Reconciliation stage</b>	<b>Progress</b>
Baseline (23 June 2017)	33% of the data was correct 67% of the data needed further reconciliation
16 November 2017	53% of the data now correct 47% still to be reconciled
9 July 2018	85% of the data now reconciled 15% still to be reconciled
26 February 2019	92% of the data now reconciled 8% still to be reconciled

- 3.4 HMRC are still processing a number of queries which are expected to be completed by 6 April 2019.
- 3.5 The next stage will be for LGSS Pensions to calculate any over or underpayments that may be due in respect of previously holding an incorrect amount of contracting-out liability for scheme members whose pension is already in payment. This work is expected to start in May 2019. The number of cases requiring rectification is not yet known but will be notified to the Local Pension Board once it becomes available.
- 3.6 As with the project to reconcile the pensions administration system with the pensioner payroll, the Scheme Manager will decide whether any overpayments of pension should be managed in line with the Overpayments of Pension Policy.
- 3.7 Common practice within public service pension schemes appears to be that any overpayments caused by the scheme holding an incorrect amount of contracted-out liability are written off on the basis that the scheme member could not have reasonably known that they were being overpaid as a result. The Scheme Manager will need to decide if they would like to take this approach.
- 3.8 The Local Pension Board will receive regular updates on how this reconciliation project is progressing.

### **4. Finance & Resources Implications**

- 4.1 The cost of using external support to complete the contracting-out reconciliation is included in the annual recharge.

## 5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with ensuring that records held on members of the Firefighters' Pension Schemes are accurate	N/A	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Failure to ensure the records held on members of the Firefighters' Pension Scheme are accurate would be a breach of the law.	Red

## 6. Communication implications

6.1 There are no implications to be considered.

## 7. Legal Implications

7.1 Failing to comply with the legislation detailed in section 1 of this report is a breach of the law, reportable to the Pensions Regulator.

## 8. Consultation with Key Advisers

8.1 LGSS Pensions have consulted with ITM Limited regarding the contracting-out reconciliation.

## 9. Alternative Options Considered

9.1 There are no alternative options to be considered.

## 10. Background Papers

10.1 Not applicable

## 11. Appendices

### Appendix 1 – Firefighters' Pension Scheme Administration Performance Monitoring

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 28 February 2019

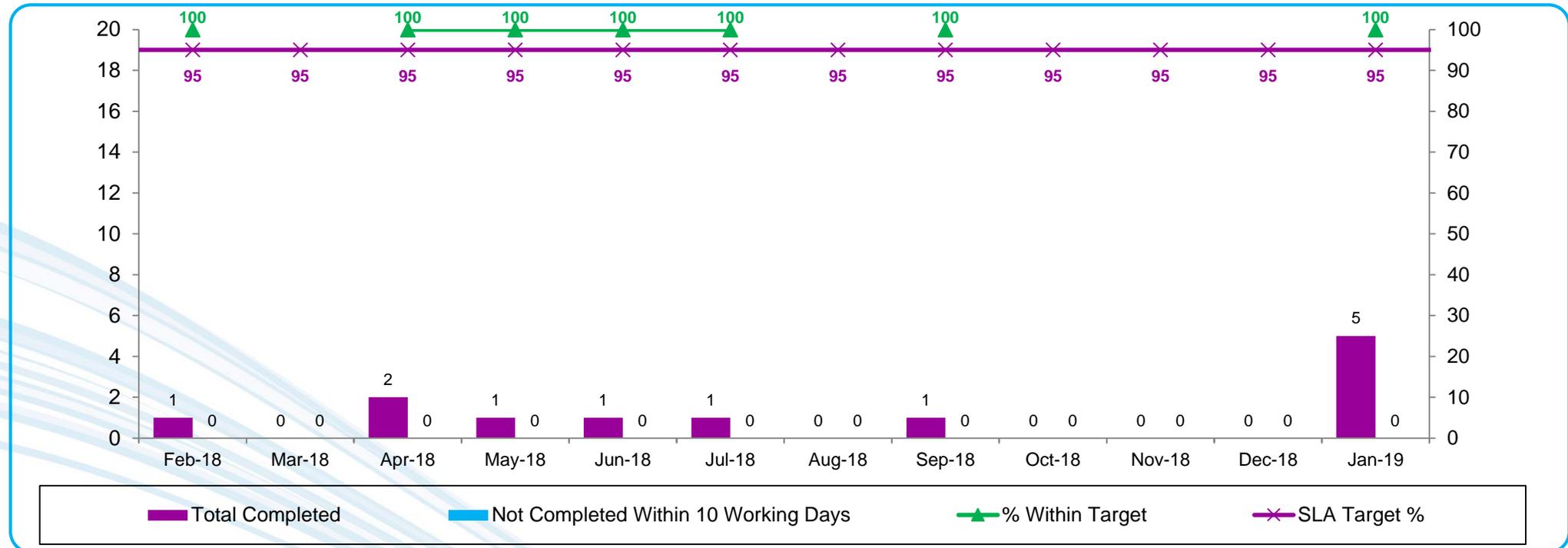


# **Northamptonshire Fire and Rescue Service Performance Monitoring January 2019**

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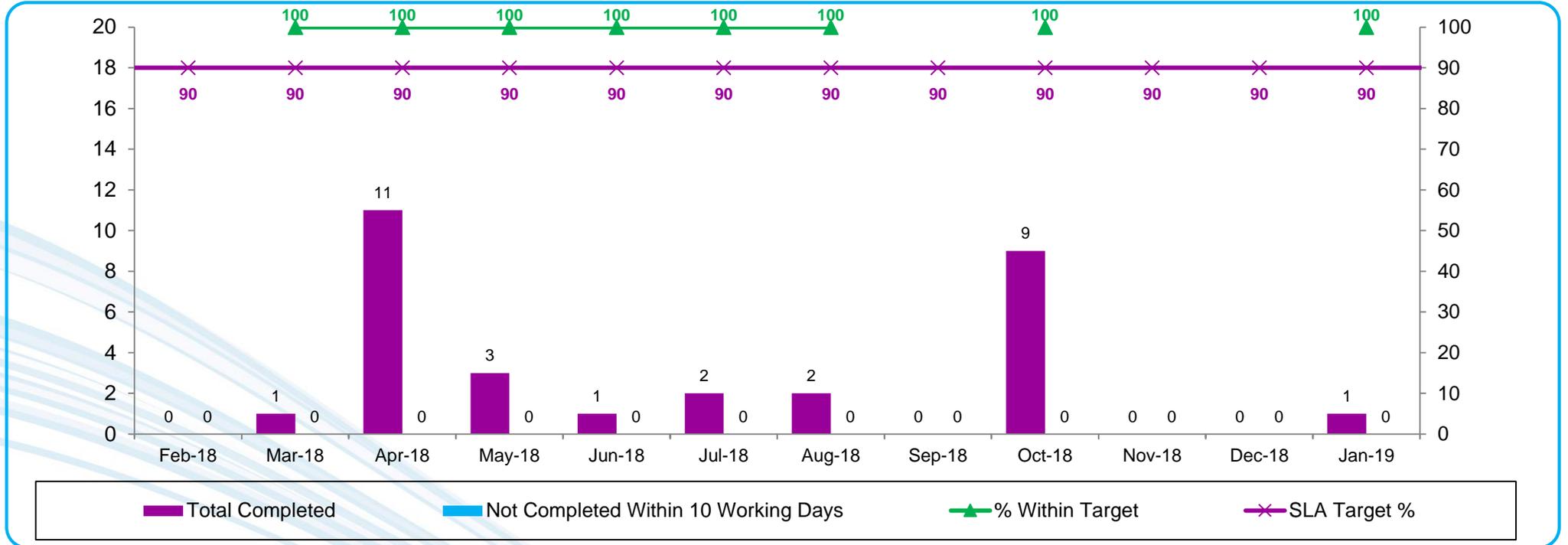
No	Contents	Slide
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## SLA Target - Notify employees retiring from active membership of benefits award



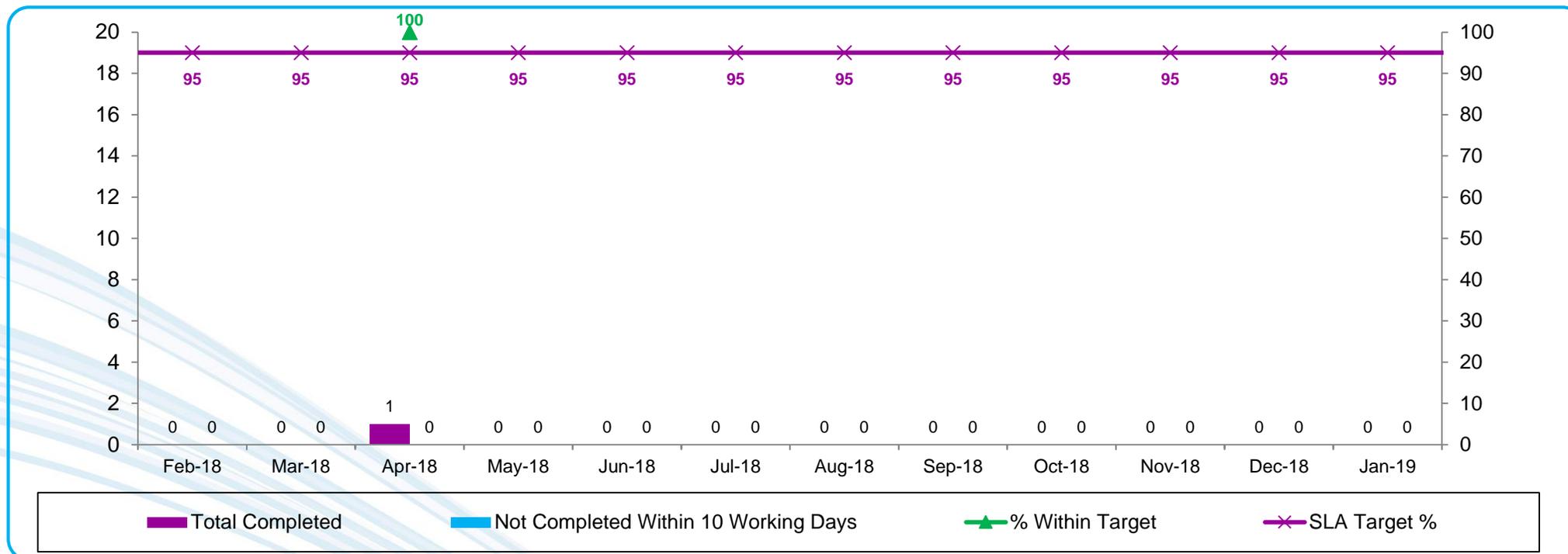
- This chart shows the number of cases and time period for notifying employees retiring from active membership of benefits award, from date of receiving all necessary information, based on the SLA target.

### SLA Target - Notify leavers of deferred benefit entitlement



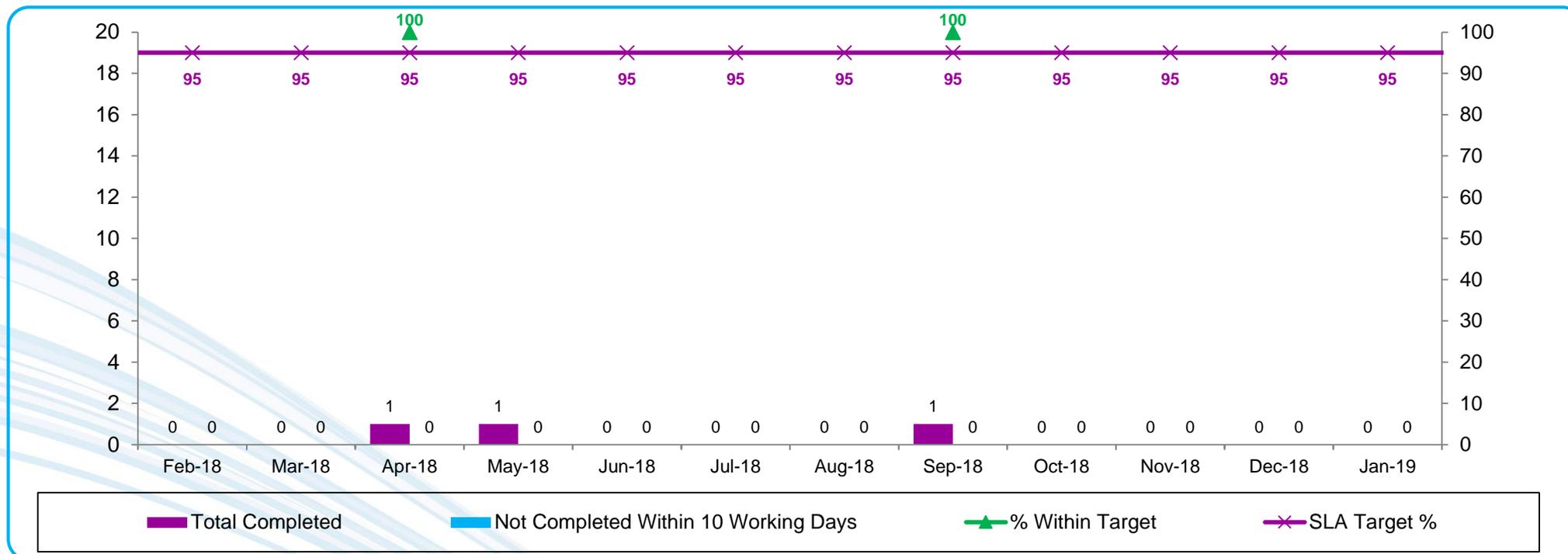
- This chart shows the number of cases and time period for notifying leavers of deferred benefit entitlement from receipt of all information, based on the SLA target.

## SLA Target – Provide transfer in quote to scheme member



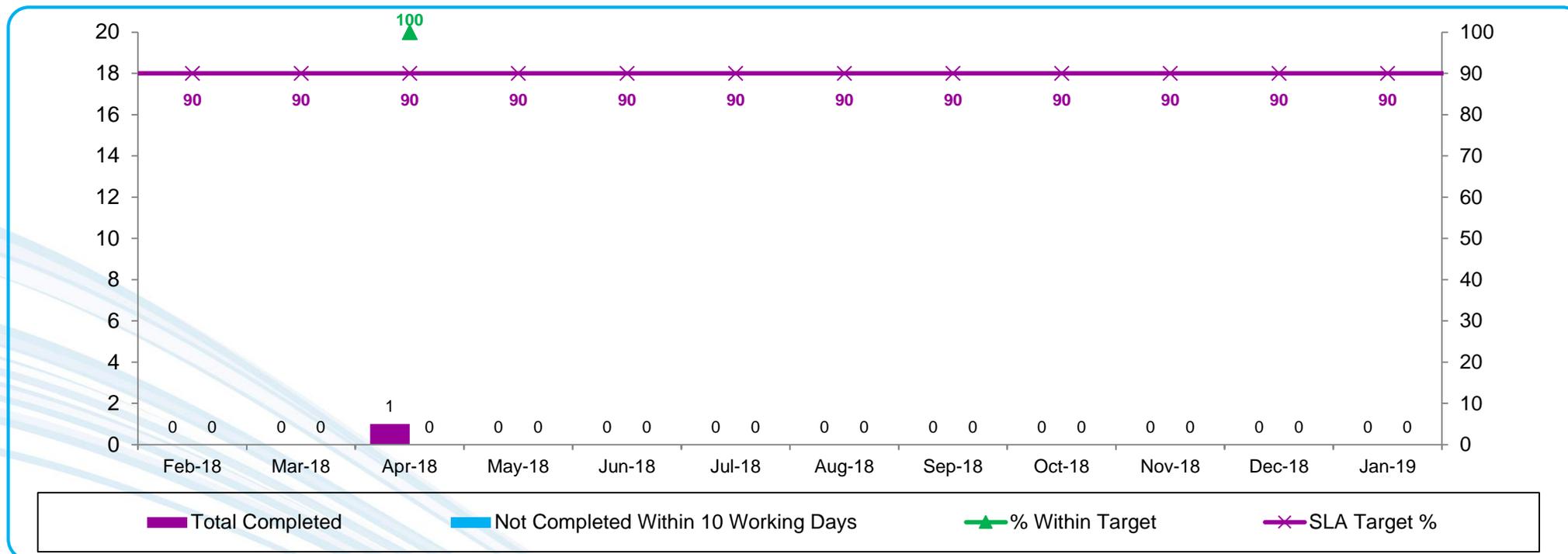
- This chart shows the number of cases and time period for issuing a transfer-in quote letter from receipt of all appropriate information, based on the SLA target.

## SLA Target – Confirm transfer in payment and benefits credited to scheme member



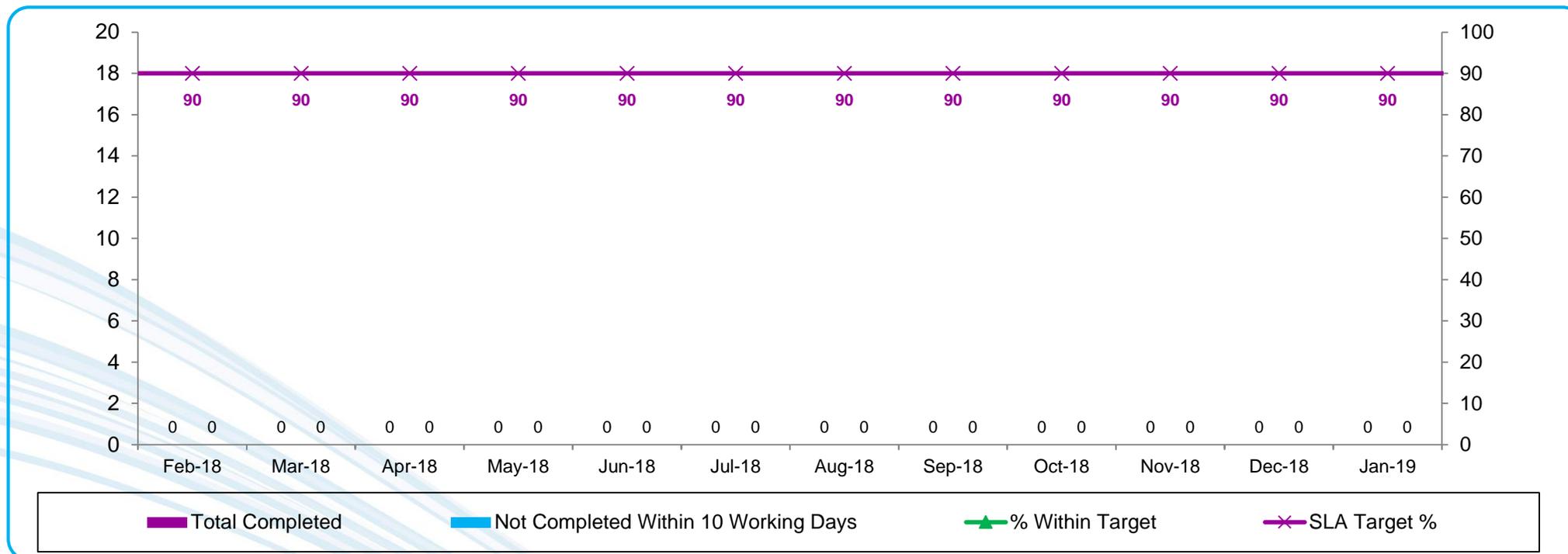
- This chart shows the number of cases and time period for confirming transfer in payment and benefits credited from receipt of all appropriate information, based on the SLA target.

## SLA Target – Provide a cash equivalent transfer value – CETV



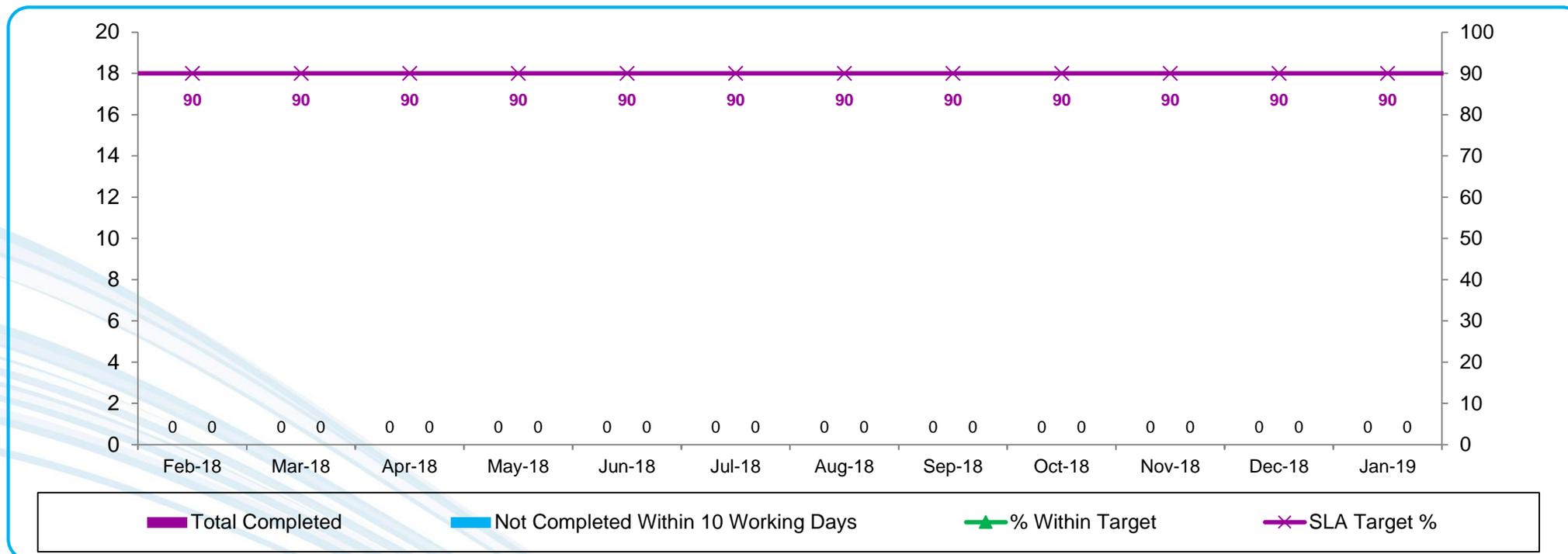
- This chart shows the number of cases and time period for issuing a CETV from receipt of all appropriate information, based on the SLA target.

## SLA Target – Process transfer out and issue CETV statement



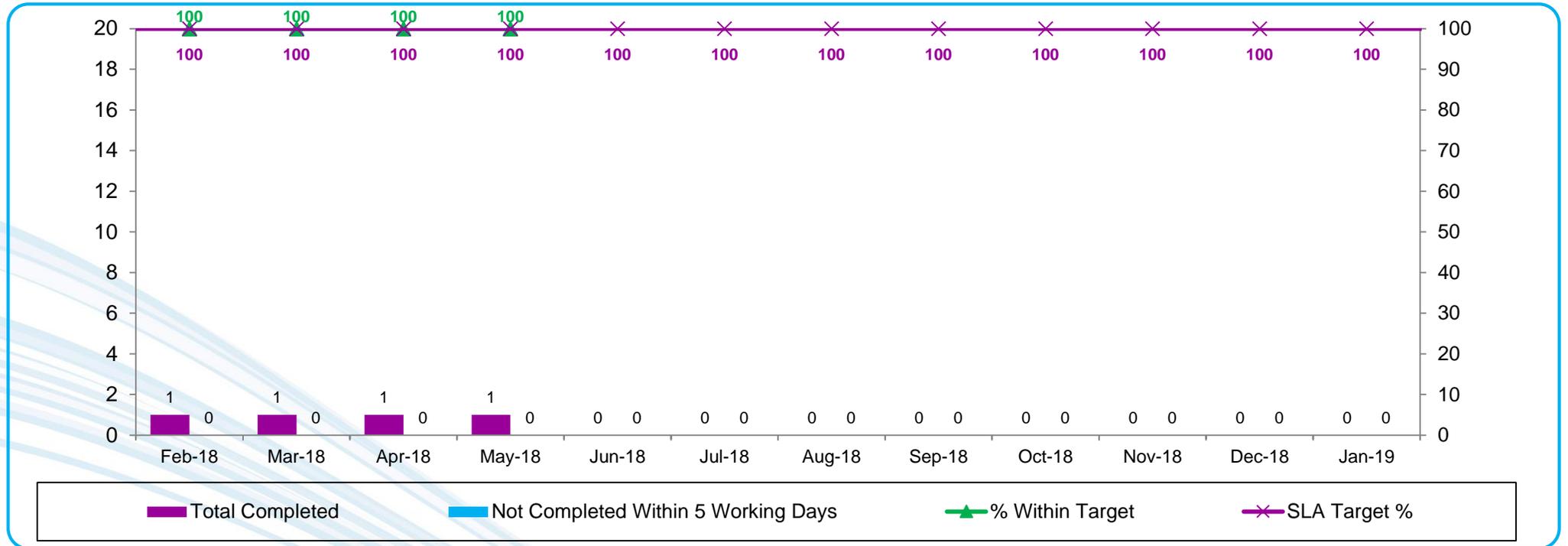
- This chart shows the number of cases and time period for processing transfer out payments from the receipt of all information needed to calculate the CETV, based on the SLA target.

## SLA Target – Provide a divorce quotation



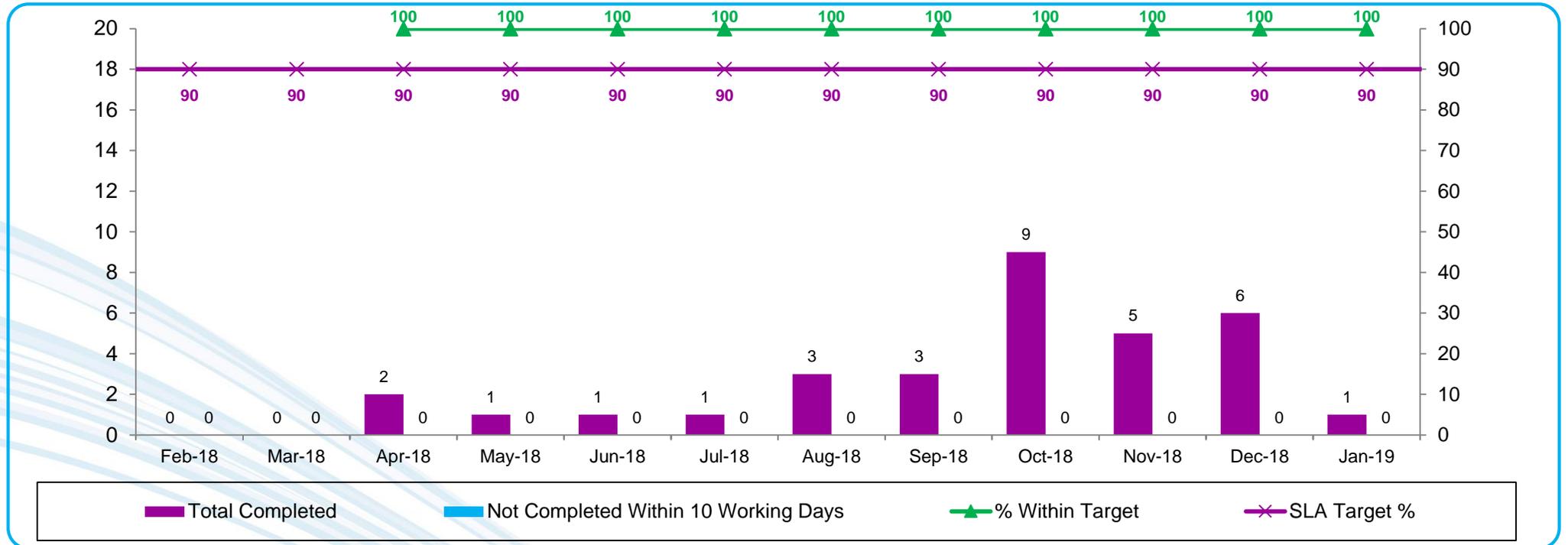
- This chart shows the number of cases and time period for providing a divorce quotation from receipt of all information, based on the SLA target.

### SLA Target – Obtain details of beneficiaries after advice of death



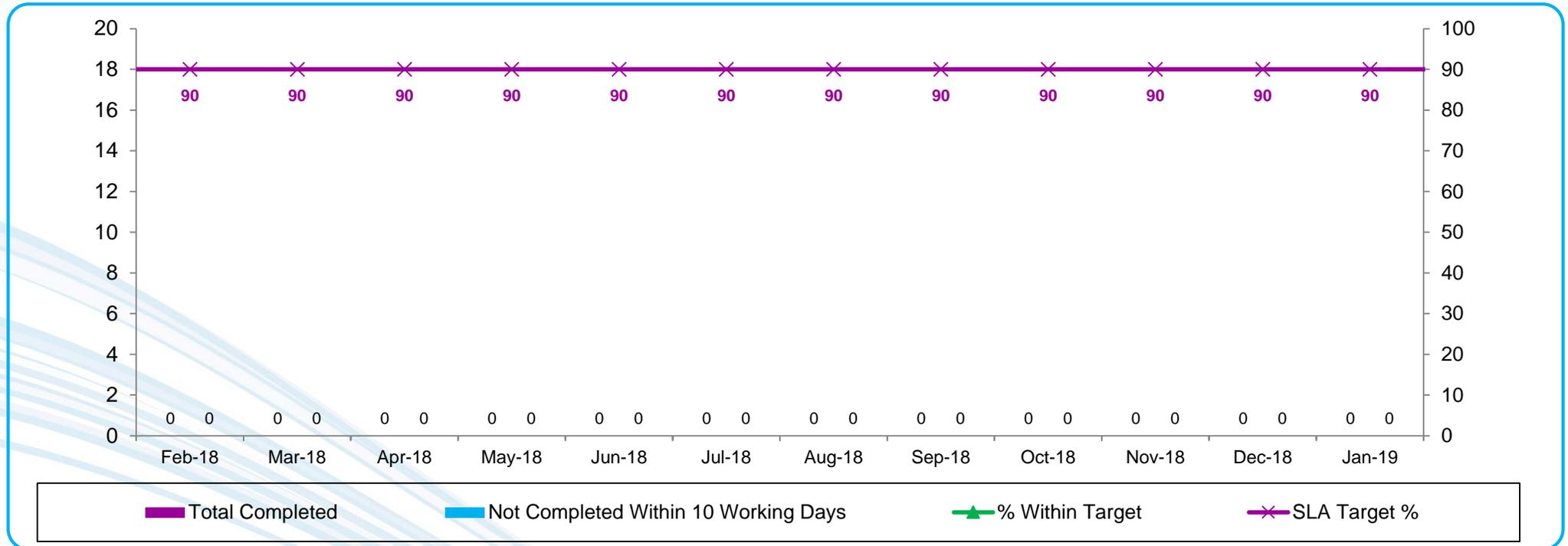
- This chart shows the number of cases and time period for obtaining details of beneficiaries, based on the SLA target.

### SLA Target – Provide an estimate of benefits



- This chart shows the number of cases and time period for issuing an estimate of benefits from receipt of all appropriate information, based on the SLA target.

### SLA Target – Calculate cost of purchasing additional pension and notify scheme member



- This chart shows the number of cases and time period for notifying member of cost of buying additional pension from receipt of request, based on the SLA target.

**NORTHAMPTONSHIRE  
FIREFIGHTERS' PENSION  
SCHEME**



**LOCAL PENSION BOARD**

**11 March 2019**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Northamptonshire Firefighters' Pension Scheme Data Improvement Policy and Plan</b>
<b>Purpose of the Report</b>	To present to the Board: 1) The Data Improvement Policy; and 2) The Data Improvement Plan
<b>Recommendations</b>	<b>That the Board reviews the Data Improvement Policy and Data Improvement Plan with a view to recommending that the Scheme Manager approves the Policy and Plan.</b>
<b>Enquiries to:</b>	Jo Walton – Governance and Regulations Manager, LGSS Pensions E-mail: <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 It is the responsibility of the Scheme Manager to pay the correct pension benefits to its members when they become due. It is therefore essential that the highest possible data quality standards are achieved and maintained.
- 1.2 The Public Service Pension Act 2013 came into effect on 1 April 2014 and increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 1.3 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.
- 1.4 To demonstrate to the Pensions Regulator that the Scheme Manager has reviewed the quality of its data and has an ongoing approach to ensuring there are appropriate processes in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan have been drafted for review by the Local Pension Board and ultimate approval by the Scheme Manager.
- 1.5 The Data Improvement Policy and the Data Improvement Plan can be found in appendix 1 and 2 respectively.

## 2. Data Improvement Policy

- 2.1 The Data Improvement Policy sets out the Scheme Manager's approach to ensuring that the data held on scheme members is as accurate and as up to date as possible to ensure effective and efficient processing of an individual's pension benefit entitlement.
- 2.2 Failure to process and make payments at the correct amount and at the right time can ultimately lead to additional administrative costs and complaints.
- 2.3 Failing to hold accurate data can also be seen as a breach of several other sets of legislation including, but not limited to, the Firefighters' Pension Scheme(s) Regulations and the Pensions Acts of 1995, 2004 and 2008.
- 2.4 The Data Improvement Policy demonstrates to the Pensions Regulator that mechanisms and controls are in place to ensure that the Scheme Manager is aware of its responsibilities and managing the accuracy of the data held on a continual and improving basis. The Pensions Regulator will regularly enquire as to the quality of the data held via the statutory annual return issued each autumn which requires, amongst other information, a presence and accuracy score of the common data (data used to identify the member) and scheme-specific data (data used to calculate entitlement) held.
- 2.5 In the 2018 statutory annual return to the Pensions Regulator the data score reported was as detailed in the table below. The Data Improvement Plan as detailed in section 3 of this report and in appendix 2 will lead to significant improvements in the data quality scores when they are reported in the 2019 return.

<b>Scheme</b>	<b>Common Data Score</b>	<b>Scheme Specific Data Score</b>
1992	69.8%	73.8%
2006	80.7%	75.4%
2015	78.4%	95%

- 2.6 The Data Improvement Policy includes a section on the General Data Protection Regulations (GDPR) relating to the requirement to hold accurate data and also a scheme member, their representative or a potential beneficiary's right to rectification if they identify that inaccurate data is being held in respect of them.

## 3. Data Improvement Plan

- 3.1 The Pensions Regulator's code of practice sets out the requirement for public service pension schemes to continually review data held and carry out a review exercise at least once a year. Where a review identifies missing or poor quality data an improvement plan must be put in place to address these issues.
- 3.2 A review of the data held by the Scheme Manager has taken place and a number of data cleansing and improvement activities have been identified and detailed on the Data Improvement Plan found in appendix 2 of this report.
- 3.3 Some of these activities such as the contracted out-reconciliation were identified prior to the review and have been included within the plan for completeness.

- 3.4 The Pensions Regulator issues an annual public service governance and administration survey to assess how schemes are meeting the requirements within the code of practice and the standards to which the schemes are being run. In the past the survey has asked schemes if they are compliant with the data quality requirements set out in 3.1.
- 3.5 The results of these surveys have highlighted that record keeping and data quality as one of the highest risk areas when compared with other requirements within the code of practice.
- 3.6 By having in place a Data Improvement Plan, the Scheme Manager can demonstrate to the Pensions Regulator that it is achieving compliance with the code of practice in this area and taking its data quality and record keeping responsibilities seriously.
- 3.7 The Data Improvement Plan will be continually updated when new data cleansing or improvement activities arise. Cyclical data cleansing activities will also be added to the Data Improvement Plan.
- 3.8 The Local Pension Board will receive a report at every meeting detailing new activities and progress made against the existing activities identified on the Data Improvement Plan.

**4. Background Papers**

- 4.1 The Pensions Regulator’s code of practice on the governance and administration of public services pension schemes  
<http://www.thepensionsregulator.gov.uk/public-service-schemes/code-of-practice.aspx>

**5. Appendices**

- 5.1 **Appendix 1 Draft Data Improvement Policy**
- 5.2 **Appendix 2 Draft Data Improvement Plan**

<b>Checklist of approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 February 2019

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**Appendix 1**

**Northamptonshire Firefighters' Pension Scheme**

**Data Improvement Policy**

**March 2019**

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## **1. Introduction**

- 1.1 It is the responsibility of the Scheme Manager to pay the correct pension benefits to its members when they become due. It is therefore essential that the highest possible data quality standards are achieved and maintained.
- 1.2 The administration of the Firefighters' Pension Scheme is currently undertaken by LGSS Pensions, a joint partnership of Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council. However, the Scheme Manager of The Office of Northamptonshire Police, Fire and Crime Commissioner remains ultimately responsible for all aspects of administration of the Firefighters' Pension Scheme including data quality.

## **2. Background to the policy**

- 2.1 The Public Service Pension Act 2013 came into effect on 1 April 2014 following the Independent Public Services Pensions Commission review conducted by Lord Hutton. The Act gave increased powers to the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 2.2 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code of practice addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a data improvement plan to address any issues.

## **3. Key policy objectives**

- 3.1 The key objectives of this policy are to ensure that:
  - The Scheme Manager ensures compliance with the guidance of the Pensions Regulator and establishes a robust, reviewable, measurable and transparent framework necessary for the processing of accurate, complete and up-to-date records.
  - Accurate records are maintained for the purpose of calculating pension entitlements and employer liabilities; ensuring all information and data is communicated securely and accurately within prescribed timeframes.
  - The continued development of appropriate technology to improve data quality standards and the streamlining of operational processing.
  - All data collection processes are clearly documented and are regularly reviewed to ensure the validity of data and to ensure they are aligned to updated legislative requirements.
  - There is commitment to monitor the delivery of specified activities in accordance with the relevant regulations and the Pensions Regulator's Code of Practice.

## **4. Purpose of the policy**

- 4.1 This policy applies to all data and records held for the purpose of administering the Scheme and that held by system suppliers, professional service providers and consultants acting on behalf of the Scheme Manager during the course of carrying out the administration function.

4.2 Records are defined as all those documents which facilitate the activities carried out in the course of administering the Scheme and those retained for set periods to provide evidence of its transactions or activities. These records may be created or received and then stored, in paper copy or digital form (document, spreadsheet, database entries etc).

## **5. Effective date and reviews**

5.1 This policy was reviewed by the Local Pension Board on XX and was approved by the Scheme Manager on xx and became effective from XX.

5.2 This policy will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

## **6. Scope**

6.1 The policy applies to:

- All scheme members including potential beneficiaries of members for whom the Scheme Manager holds personal data;
- Administrators of the scheme; and
- The Local Pension Board.

## **7. Legislative framework**

7.1 The Scheme Manager has a legal and statutory obligation to comply with a number of regulations, standards and formal guidance relating to data quality. These include but are not limited to:

- Firefighters' Pension Scheme Regulations
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
- The Pensions Act 1995, 2004 and 2008
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- The General Data Protection Regulations
- The Pensions Regulator's Code of Practice (number 14): governance and administration of public service pension schemes

## **8. The Pensions Regulator**

### **8.1 Code of practice**

8.1.1 The Pensions Regulator's code of practice (number 14): governance and administration of public service pension schemes, provides practical guidance on scheme record keeping. Codes of practice are not statements of law and there is no penalty for failing to comply with them, nor is there a requirement for all the provisions of the code of practice to be followed in every circumstance. Any alternative approach to that appearing in the code of practice will nevertheless need to meet the underlying legal requirements. The legal requirements

relating to scheme record keeping are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.

8.1.2 The code of practice states that schemes should:

- Continually review their data and carry out a data review exercise at least annually
- Where a review of the scheme's data identifies poor or missing data a data improvement plan should be put in place to address these issues

## **8.2 Public service governance and administration survey**

8.2.1 Each year since 2015 the Pensions Regulator has conducted an annual survey of public service pension schemes to assess how schemes are meeting the requirements within the code of practice and the standards to which the schemes are being run. The survey results have provided the Pensions Regulator understanding on the barriers to data improvement and highlighted record keeping and data quality as high risk areas when compared with the other requirements within the code of practice.

8.2.2 The Firefighters' Pension Scheme participates in the survey every year and reports to the Local Pension Board a comparison of the Scheme's position in relation to the findings.

## **8.3 Mandatory annual return**

8.3.1 On an annual basis the Pensions Regulator will issue an annual return which if not completed and returned is regarded as a breach of the law under the Pensions Act 2004.

8.3.2 From 2018 onwards the annual return will require a score as to the quality of the scheme's data. The Pensions Regulator has identified 2 categories of data that all pension schemes must provide a score for. These categories are common data and scheme-specific data broadly defined as follows:

**Common data** – used to identify scheme members and includes name, address, national insurance number and date of birth.

**Scheme-specific data** – essential to calculate benefit entitlement such as pensionable pay and service history.

8.3.3 The Pensions Regulator has issued a quick guide on measuring scheme data which states that one piece of missing data, such as a current address on a deferred member's record should be reported to them as a failed record.

## **9. Other data**

9.1 The Scheme Manager will also ensure that data not considered to be common or scheme specific, but has a processing need such as data required for the payment of pensions (e.g. tax codes, bank details) and data belonging to potential beneficiaries is also maintained to high standards of quality, accuracy and security.

## **10. Data Protection**

10.1 The Scheme Manager needs to collect and process different types of information about individuals in the scheme and their potential beneficiaries in order to operate. The General

Data Protection Regulations (GDPR) details the requirements, safeguards and member's rights which must be applied to personal data to ensure the rights and freedoms of living individuals are not compromised.

- 10.2 The Office of Northamptonshire Police, Fire and Crime Commissioner is the data controller as defined by the GDPR and must observe the principles relating to the processing of personal data. Registration at the Information Commissioner's Office (ICO) can be found under registration number Z355902X. .
- 10.3 Article 5 of the GDPR sets out the principles relating to the processing of personal data and states that personal data shall be accurate and where necessary, kept up to date. Every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed are erased or rectified without delay.
- 10.4 Where a Scheme member, their representative or a potential beneficiary has identified an inaccuracy or omission in their data that is held by the Scheme Manager, they have a right to rectification. As such a request for rectification can be made either verbally or in writing to the Data Protection Officer who has one month to respond.
- 10.5 Where personal data is shared with a third party in relation to the necessary functions to administer the scheme, due diligence will have taken place to ensure that the data will be processed in accordance with the GDPR and will be recorded in the Scheme's privacy notice.
- 10.6 The Scheme's privacy notice can be found xxxxxxx

## **11. Third party data services**

- 11.1 The Scheme Manager may make use of third party data services to improve data quality and to support the administrative functions. Such services are provided by external organisations as either collaborative ventures, with no or minimal cost or procured commercially using an established procurement framework.

## **12. Data Improvement Plan**

- 12.1 To achieve compliance with the Scheme regulations, the Pensions Regulator's code of practice and to effectively administer the scheme, the Scheme Manager has put in place a Data Improvement Plan that identifies large scale data quality activities to be undertaken in the short term.
- 12.2 LGSS Pensions, as the current administrators, are responsible for updating and ensuring the completion of the activities identified on the Data Improvement Plan.
- 12.3 The Data Improvement Plan will be kept under constant review with new activities added as they arise.
- 12.4 Progress against the Data Improvement Plan will be reported to the Local Pension Board at each meeting.

Appendix 2

Northamptonshire Firefighters' Pension Scheme - Data Improvement Plan – large scale rectification projects

No.	Area of Improvement	Action	Risk	Effect on TPR data scoring	Method of resolution	Resolution timescale
1	<b>Contracted-out liabilities</b>	Conduct the contracted-out reconciliation comparing liabilities held on scheme records compared with that held by HMRC as HMRC will not make any amendments to liability ownership after 31/12/2018.	This is an exercise instigated by HMRC as a result of the introduction of the flat rate state pension on 06/04/2016. All UK pension schemes must have undertaken the reconciliation stage of this exercise by 31/12/2018. After this date, HMRC will not respond to queries or amend their records. Failure to hold the correct contracted-out liability for individual scheme members could result incorrect benefit payments.	Any records with missing or incorrect contracted-out liabilities will be a scheme-specific data fail.		Rectification stage to commence 01/04/2019 but end date unknown until the quantity of affected members is known.
2	<b>Pensions Increase errors</b>	Resolve the inaccurate application Pensions Increase errors resulting from inaccurate migration of pensioner payroll data, and specifically the duplication of particular payroll elements and pension types.	Failure to fully address pensions increase errors can, in the medium to long term create large over or underpayments of a member's pension.	An incorrect value of the cumulative increases to a member's pension is a scheme-specific data fail.	Both pensions administration and pensions payroll records need to be amended to ensure cumulative increases are correctly displayed and the appropriate pension types are used to ensure future correct application of pensions increase. Over and underpayments of pensions will need thoroughly addressing in line with established procedures.	1 April 2019 – 31 August 2019.
3	<b>Member addresses</b>	Ensure all membership records for all membership statuses where a liability is held by the scheme has a current home address or is marked as gone away where attempts to trace the member have been unsuccessful.	Using a previous or incorrect address to communicate with a member can potentially result in a breach of personal data. Members may also not receive important communications prompting them to take action with regards to their present or future entitlement which may have an adverse financial impact.	Not holding a current home address for a scheme member will be a common data fail.	To be discussed with the Scheme Manager	To be agreed by the Scheme Manager.

No.	Area of Improvement	Action	Risk	Effect on TPR data scoring	Number of affected records	Method of resolution	Resolution timescale
4	<b>Common data fails identified in the 2018 data audit (not covered in 1-3 above)</b>	Resolve all common data fails.	Inaccurate common data can potentially result in a breach of personal data. Members may also not receive important communications prompting them to take action with regards to their present or future entitlement which may have an adverse financial impact. Inaccurate common data can also lead to a miscalculation of individual pension liabilities.	Unresolved data fails will reappear in next year's data audit and will be requoted in the following year's data score submitted to the Pensions Regulator via the statutory annual return. Failure to rectify data fails will not demonstrate to the Pensions Regulator that the Scheme Manager has an effective Data Improvement Plan in place that is being adhered to in line with the code of practice.		Correct data held by reviewing member's documents and/or contacting member for confirmation.	March 2019 – May 2019.
5	<b>Scheme specific data fails identified in the 2018 data audit (not covered in 1-3 above)</b>	Resolve all scheme specific data fails.	Inaccurate scheme-specific data can potentially result in a breach of personal data. Members may also not receive important communications prompting them to take action with regards to their present or future entitlement which may have an adverse financial impact. Inaccurate common data can also lead to a miscalculation of individual pension liabilities.	Unresolved data fails will reappear in next year's data audit and will be requoted in the following year's data score submitted to the Pensions Regulator via the statutory annual return. Failure to rectify data fails will not demonstrate to the Pensions Regulator that the Scheme Manager has an effective Data Improvement Plan in place that is being adhered to in line with the Code of Practice.		Resolution will be dependent upon the type of error and how it occurred.	May 2019 – October 2019.

**NORTHAMPTONSHIRE  
FIREFIGHTERS' PENSION  
SCHEME**



**LOCAL PENSION BOARD**

**11 March 2019**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Northamptonshire Firefighters Pension Scheme(s) Anti-Fraud and Corruption Policy</b>
<b>Purpose of the Report</b>	<a href="#">To present the Anti-Fraud and Corruption Policy to the Board.</a>
<b>Recommendations</b>	<p>The Board are asked to –</p> <ul style="list-style-type: none"> <li>• Review the Anti –Fraud and Corruption Policy and recommend it for Scheme Manager approval.</li> <li>• Confirm that immaterial amendments to the Policy can be approved through delegated authority to the Head of LGSS Pensions.</li> </ul>
<b>Enquiries to:</b>	Joanne Walton, LGSS Pensions, Governance and Regulations Manager, <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

1.1 The Scheme Manager of the Office of Northamptonshire Police, Fire and Crime Commissioner is ultimately responsible for key areas of governance and administration including managing risks and ensuring there are adequate internal controls. As such, it is appropriate to put in place an anti-fraud and corruption policy to discourage any fraudulent activity against the Firefighters' Pension Scheme, which includes deterrence, detection and prevention, investigation and sanctions.

**2. Purpose of the Policy**

- 2.1 Strong governance ensures a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 2.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility.
- 2.3 The publication of the anti-fraud and corruption policy and regularly reinforcing the zero tolerance approach will help deter those considering perpetrating fraudulent activity.

**3. Detection and prevention of fraud and corruption**

3.1 The Scheme Manager proactively takes steps to prevent fraud and corruption in the operation of the Firefighters' Pension Scheme in the following areas:

- Member fraud prevention;
- Administration fraud prevention.

3.2 The policy identifies activities to prevent fraud and sets out timescales and responsibilities to ensure the risk of fraud and corruption is mitigated.

3.3 All suspected irregularities are investigated by officers of LGSS (the administrators of the Firefighters' Pension Scheme) in the first instance and will be dealt with in a timely manner. All probable and confirmed cases are required to be reported to the Scheme Manager by the Head of Pensions.

3.4 Any decision to refer a matter to the police will be taken by the Head of Pensions in conjunction with the Scheme Manager and Chairman of the Local Pension Board.

3.5 In all cases, fraud will be reported to the Local Pension Board. Full details will be provided including the changes that have been made to prevent reoccurrence in the future.

#### **4. Finance and Resources Implications**

4.1 There are no financial and resource implications.

#### **5. Risk Management**

5.1 By not having an adequate anti-fraud and corruption policy in place The Office of Northamptonshire Police, Fire and Crime Commissioner would not have robust processes and procedures in place to identify and prevent fraudulent activity. Not having a consistent approach could lead to dissatisfaction of stakeholders and lack of confidence in risk management.

#### **6. Communication Implications**

<b>Direct Communications</b>	The policy will be published on the Firefighters' Pension Scheme pages of the LGSS Pensions website
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#### **7. Legal Implications**

7.1 Not applicable

#### **8. Consultation with Key Advisers**

8.1 Consultation with advisers was not required for this report.

#### **9. Alternative Options Considered**

9.1 Not applicable

#### **10. Background Papers**

10.1 Not applicable

## 11. Appendices

### Appendix 1 – Anti-Fraud and Corruption Policy 2019

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 25 February 2019



# Firefighters' Pension Schemes (1992, 2006, 2015)

## Anti-Fraud and Corruption Policy 2019

## **1. Introduction**

- 1.1 This is the Anti-Fraud and Corruption Policy of Northamptonshire Firefighters' Pension Schemes 1992, 2006 and 2015.
- 1.2 This policy clearly demonstrates that the Scheme Manager of The Office of Northamptonshire Police, Fire and Crime Commissioner will take all necessary steps to prevent fraud and corruption. Every effort will be made to detect any such attempts and will robustly pursue those responsible and recover losses, referring matters to the Police where appropriate.
- 1.3 Fraud and corruption is defined as: -

Fraud – 'The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.'

Bribery and Corruption – 'A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity'.

## **2. Purpose of the policy**

- 2.1 The purpose of the policy is to –
- Prevent ongoing losses of funds where fraud has occurred and to maximise the potential for recovery;
  - Minimise the occurrence of fraud by taking rapid action at the earliest opportunity;
  - Minimise the chance of destruction of evidence;
  - Maximise the chances of success in future sanction action, including criminal prosecution; and
  - Minimise adverse publicity

## **3. Effective date**

- 3.1 This policy was reviewed by the Local Pension Board on XX approved by the Scheme Manager on xx and is effective from XX.

## **4. Review**

- 4.1 This Anti-Fraud and Corruption Policy is expected to be appropriate for the long-term but it will be reviewed biannually, and if necessary, more frequently to ensure it remains accurate and relevant.

## **5. Scope**

5.1 This policy applies to -

- Members of the Local Pension Board;
- Officers of The Office of Northamptonshire Police, Fire and Crime Commissioner
- Administrators of the Firefighters' Pension Scheme (LGSS Pensions)
- Relevant stakeholders;
- Professional organisations that provide services; and
- Professional advisors

## **6. Culture**

6.1 A zero tolerance approach is taken towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.

6.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance.

6.3 Concerns must be raised when members or officers reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- a criminal offence;
- a failure to comply with a statutory or legal obligation;
- improper unauthorised use of public or other funds;
- a miscarriage of justice;
- maladministration, misconduct or malpractice; and/or
- deliberate concealment of any of the above.

6.4 The Scheme Manager will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions. The Scheme Manager will deal firmly with those who defraud, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.

6.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the Scheme Manager will ensure that appropriate improvements are implemented to prevent a reoccurrence.

## **7. Statutory Duties**

7.1 Regulation 4 of The Firefighters' Pension Scheme (England) Regulations 2014(Amendment) assigns The Office of the Northamptonshire Police, Fire and Crime Commissioner as the Scheme Manager for each of the Firefighters' Pension Schemes. The Scheme Manager is responsible for the management and administration of the Firefighters' Pension Schemes

7.2 The Scheme Manager are responsible for the key areas of governance and administration as detailed in the Pensions Regulator’s code of practice number 14, including managing risks and ensuring there are adequate internal controls (to prevent fraudulent activity).

**8. Deterrence**

8.1 The publication of this policy and regularly reinforcing the zero tolerance approach will help deter those considering perpetrating fraudulent activity.

8.2 Where any loss is incurred to fraud and corruption the Scheme Manager will take action to recover monies owed.

8.3 LGSS Pensions, as the administrator, will conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.

8.4 After an investigation, sanctions will be applied where fraud and corruption are proven to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible sanctions – disciplinary, civil and criminal are considered.

**9. Detection and prevention of fraud and corruption**

9.1 The below table demonstrates the activity undertaken to mitigate the likelihood of fraud and corruption occurring –

<b>Member Fraud Prevention</b>			
<b>Activity</b>	<b>Detail of activity</b>	<b>Timescale</b>	<b>Responsibility</b>
Returned payslips	Pensioner payslips are sent the first month an individual receives a pension, and then if their net pay changes by more or less than £5 from one month to the next. Payslips are also issued every March, April and May to reflect pensions increase. Returned payslips could be due to a change of address or death of member.	Ad Hoc	Investigations to be carried out by Pensions Officers within one month of the returned payslip being received. The member payroll record will be immediately suspended until contact is re-established with the scheme member or confirmation of the member’s death. The Head of Pensions will inform the Scheme Manager of any fraudulent cases.

Returned BACS payments	BACS payments returned by the recipient's bank/building society shortly after the payment date if the account has closed or an error has occurred. The returned payment could be due to a change of bank details or death of member.	Monthly	Investigations to be carried out by Pensions Officers within one month of the returned payment The member payroll records will be suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will inform the Scheme Manager of any fraudulent cases.
Falsification/non submission of documents (Member)	Members may provide incorrect information for financial gain.	Day to day basis	All birth, death and marriage/civil partnership certificates need signing and verifying by the individual submitting them. All benefits need to be claimed via a signed declaration. Pensions Officers are responsible to carrying out the necessary security checks before benefits are paid. The Head of Pensions will inform the Scheme Manager of any fraudulent cases.

### Employer Fraud Prevention

Activity	Detail of activity	Timescale	Responsibility
Falsification/non submission of documents.	The employer may provide the service with incorrect data in order to gain financially.	Day to day basis	Data verification checks to look for inconsistencies. Electronic signatures are only accepted from a verified email address from authorised personnel. The Head of LGSS Pensions will inform the Scheme Manager of any fraudulent cases.

### Administration Fraud Prevention

Activity	Detail of activity	Timescale	Responsibility
Employee maladministration	There is a clear separation of duties between employees and all calculations and payments	Day to day basis	It is the responsibility of the Pensions Officer releasing the payment generated by another

	are checked at a more senior level.		Officer to ensure the payment is of the correct amount and to the correct individual. The Head of LGSS Pensions will inform the Scheme Manager of any fraudulent cases.
Destruction of evidence	There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level. The pensions Altair system report can identify all changes/deletions on all member records if required.	As required	Officers are responsible for keeping accurate member records. The Altair Pensions System can track changes on all member records and any suspicious activity can be investigated through a system report. The Head of LGSS Pensions will inform the Scheme Manager of any fraudulent cases.
Conflicts of Interest	Local Pension Board members must ensure that they avoid situations where there is a potential for a conflict of interest. Declarations ensure potential conflicts are identified and dealt with appropriately mitigating the risk of fraudulent activity.	Each Meeting/Ad Hoc	Local Pension Board members are required to declare potential conflicts at the start of each meeting. Democratic Services are responsible for ensuring all declarations are held on a register.

9.2 The Public Interest Disclosure Act 1998 (the “Act”) places a legal responsibility on employers to ensure that matters of serious public concern can be addressed

9.3 A ‘qualifying disclosure’ is any disclosure of information that is made in the public interest and in the reasonable belief of the individual may show that one or more of the following is either happening at the present time, took place in the past or is likely to happen in the future:

- a criminal offence
- a miscarriage of justice
- an act creating risk to health and safety
- an act causing damage to the environment
- a breach of any other legal obligation; or
- concealment of any of the above

- 9.4 In making the disclosure, an individual must have a reasonable belief that the information disclosed shows one or more of the offences or breaches listed above. The belief need not be correct, but the individual must show that they held the belief and that it was a reasonable belief, in the circumstances, at the time of the disclosure.

## **10. Investigation**

- 10.1 All suspected irregularities are investigated within LGSS Pensions in the first instance and will be dealt within 2 months of identification. All probable and confirmed cases are required to be reported to the Scheme Manager by the Head of LGSS Pensions.

This is essential to the policy, to:

- ensure the consistent treatment of information regarding fraud and corruption;
- facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the CPIA and PACE codes of practice.

## **11. Sanctions**

- 11.1 It is highly likely that the Scheme Manager will seek to prosecute offenders wherever appropriate. However, it also recognises that it may not always be in the public interest to refer cases for criminal proceedings.
- 11.2 Any decision to refer a matter to the police will be taken by the Head of LGSS Pensions and Scheme Manager.

## **12. Related Documents**

- 12.1 Further details of the National Fraud Initiative can be found – <https://www.gov.uk/government/collections/national-fraud-initiative>
- 12.2 Fighting Fraud and Corruption Locally can be found – <http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>
- 12.3 CPIA Code of Practice can be found – <https://www.gov.uk/government/publications/criminal-procedure-and-investigations-act-code-of-practice>
- 12.4 The Fraud Act 2006 can be found – <http://www.legislation.gov.uk/ukpga/2006/35/contents>

**NORTHAMPTONSHIRE  
FIREFIGHTERS'  
PENSION SCHEMES**



**LOCAL PENSION BOARD**

**11 March 2019**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Reporting Breaches of the Law to the Pensions Regulator Policy</b>
<b>Purpose of the Report</b>	To present the Reporting Breaches of the Law to the Pensions Regulator Policy to the Local Pension Board.
<b>Recommendations</b>	<b>The Board are asked to -</b> <b>1. Review the Reporting Breaches of the Law to the Pensions Regulator Policy; and</b> <b>2. Delegate to the Head of Pensions in consultation with the Chairman any immaterial amendments to the policy once approved by the Scheme Manager</b>
<b>Enquiries to:</b>	Name – Joanne Walton, LGSS Pensions, Governance and Regulations Manager, <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 In line with the Pensions Regulator’s Code of Practice number 14 (Governance and administration of public service pension schemes); a policy that sets out the mechanism for reporting breaches of the law has been developed.
- 1.2 The policy ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.
- 1.3 The Reporting Breaches to the Pensions Regulator Policy is attached in Appendix 1.

**2. Reporting breaches of the law**

- 2.1 The Pensions Regulator’s Code of Practice on the governance and administration of public service pension schemes identifies those individuals who are responsible for reporting breaches of the law to the Pensions Regulator.
- 2.2 This policy provides the process to report a breach to the Regulator and details surrounding timescales and urgency of cases and identifies the need to record breaches that are not significant to the Regulator in order that processes can be improved to avoid repeated occurrences.

2.3 Examples of scheme disclosures and matters likely to be of significance to the Pension Regulator are documented in the appendices of the policy, the purpose is to put the policy into context and individuals will need to apply the principles of the policy when acting on reasonable cause to report a breach.

### **3. Finance & Resources Implications**

3.1 Resources will need to be prioritised if a breach occurs to ensure compliance with the policy.

### **4. Risk Management**

4.1 The Local Pension Board have an obligation to ensure that breaches of the law that are considered to be of a material interest to the Pensions Regulator are reported accordingly.

4.2 If Board members do not have the required level of knowledge and understanding surrounding reporting breaches of the law to the Pensions Regulator, there may be fines imposed by the Pension Regulator, which could lead to reputational damage and a lack of confidence in the governance of the scheme.

### **5. Communication Implications**

<b>Website</b>	The policy will be published on the Firefighters' Pension Scheme pages of the LGSS Pensions website
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### **6. Legal Implications**

6.1 Failure to adhere to the policy and to implement effective controls to prevent breaches of the law may result in fines and imprisonment of those charged with responsibility of the scheme.

### **7. Consultation with Key Advisers**

7.1 Consultation with advisers was not required for this report.

### **8. Alternative Options Considered**

8.1 Not applicable

### **9. Background Papers**

9.1 Not applicable

### **10. Appendices**

## **Appendix 1 – Reporting Breaches of the Law to the Pensions Regulator Policy 2019**

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of	Mark Whitby – 25 February 2019

Pensions?	
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# Firefighters' Pension Schemes (1992, 2006, 2015)

## Reporting Breaches of the Law to the Pensions Regulator Policy 2019



## **1. Introduction**

- 1.1 This is the Reporting Breaches of the Law to the Pension Regulator Policy in relation to the Firefighters' Pension Schemes 1992, 2006 and 2015.
- 1.2 In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) Governance and administration of public service pension schemes. The code refers both to statutory duty as well as advisory and practitioners have a duty to follow the code in reporting breaches of the law.
- 1.3 There are many and various laws relating to Public Service Pension Schemes, with many and various people having a statutory duty to report material breaches of the law to the Regulator. To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all areas of operation.

## **2. Policy Objectives**

- 2.1 The objectives related to this policy are as follows:
  - To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies; and
  - Ensure members have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.

## **3. Purpose of the policy**

- 3.1 The purpose of the policy is to –
  - Ensure individuals have the correct understanding and necessary skills to be able to identify and report breaches as they arise;
  - Ensure that members are given appropriate information in order to understand the consequences of a breach; and
  - Ensure adequate procedures are in place to fully comply with the Code of Practice.

## **4. Effective date**

4.1 This policy was reviewed by the Local Pension Board on xx, approved by the Scheme Manager on xxx and became effective from xx.

## 5. Review

5.1 This policy is expected to be appropriate for the long-term but it will be reviewed every 2 years to ensure it remains accurate and relevant.

## 6. Scope

6.1 The policy applies to:

- Administrators (LGSS Pensions) of the Firefighters' Pension Scheme
- Members of the Local Pension Board
- Advisors to the Scheme Manager
- The Scheme Manager

## 7. Legal Requirements

7.1 Individuals (as identified in section 6) are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

## 8. Reasonable Cause

8.1 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

8.2 Checks need to be made in order to ensure a breach has occurred and that the report is not made on suspicion alone. If an individual does not feel they can be 100% certain of a breach it would be prudent to discuss the case with a senior colleague or advisor, however if the suspicion is around theft, fraud or other serious offences where discussions may alert the those implicated or impede the actions of the police or a regulatory authority, the reporter should go to the Regulator directly and at the earliest opportunity.

8.3 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking legal action particularly if it is a significantly material breach. A delay in reporting may exacerbate or increase the risk of the breach.

8.4 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

## 9. Material Significance

9.1 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:

- **cause of the breach** - e.g. dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law;
- **effect of the breach** - does the nature of the breach lead to an increased likelihood of further material breaches. Is it likely to cause, for example; ineffective internal controls, lack of knowledge and understanding, inaccurate records, potential for further breaches occurring;
- **reaction to the breach** - e.g. taking prompt and effective action to resolve a breach, notifying scheme members where appropriate; and
- **the wider implications of the breach** - e.g. where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will emerge in the future.

9.2 When deciding whether to report, those responsible should consider these points together. Those reporting the breach should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.

9.3 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

9.4 The decision tree provides a “traffic light” system of categorising an identified breach:

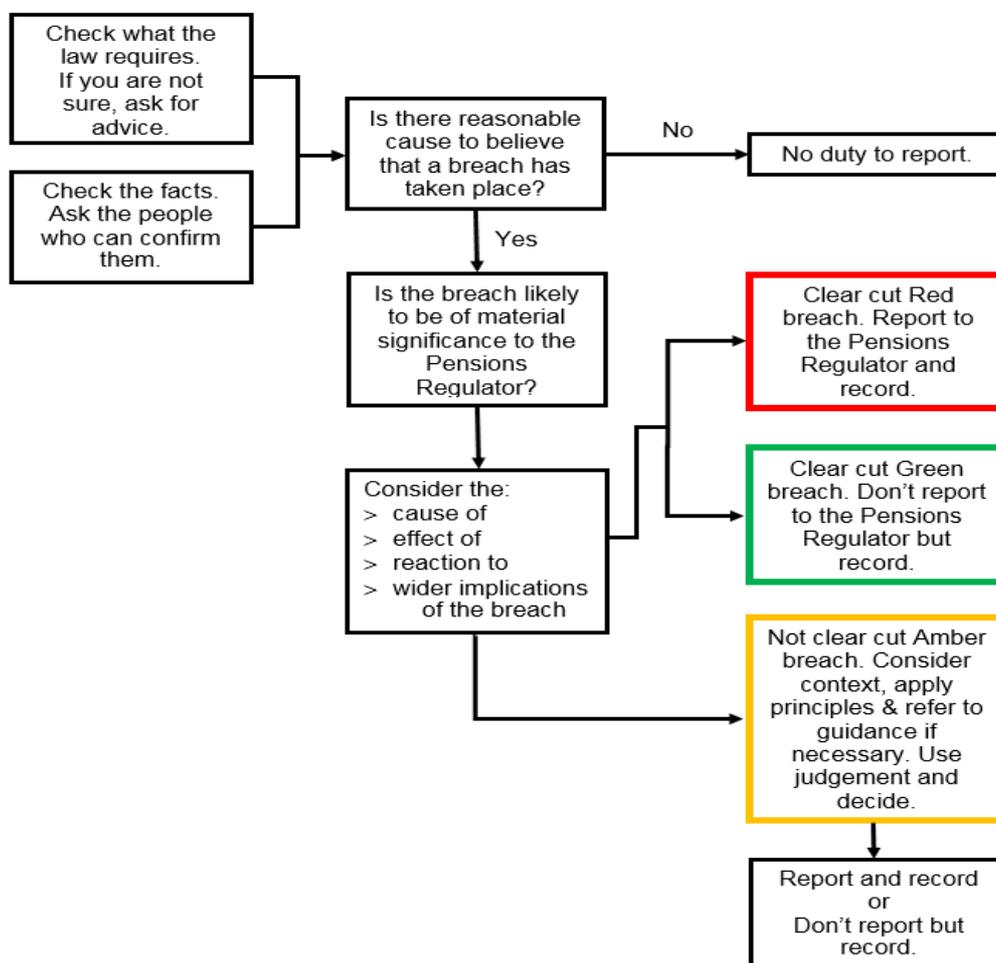
**Green** – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to the Regulator, but should be recorded in a breaches log;

**Amber** – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. Officers of LGSS Pensions in conjunction with the Scheme Manager will need to decide whether to informally alert the Regulator of the breach or likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red;

**Red** - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. Officers of LGSS Pensions in conjunction with the Scheme Manager must report all such breaches to the Regulator in all cases;

It should be noted that failure to report a significant breach or likely breach is likely, in itself, to be a significant breach.

- 9.5 Officers of LGSS Pensions in conjunction with the Scheme Manager will use the Pension Regulator’s decision tree as a means of identifying whether any breach is to be considered as materially significant and to report to the Pensions Regulator.
- 9.6 Once a breach or likely breach has been identified, regardless of whether it needs to be reported to the Regulator, the LGSS Pensions Governance and Regulations Manager, in consultation with the Head of LGSS Pensions and the Scheme Manager must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary.
- 9.7 Significant breaches must be reported to the Local Pension Board, with a full report to be submitted at the next available meeting for members.



- 9.8 Those reporting breaches need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.
- 9.9 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Pensions Regulator will not normally consider this to be materially significant.

- 9.10 A breach is likely to be of concern and material significance to the Pensions Regulator where a breach has been identified and those involved:
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
  - are not pursuing corrective action to a proper conclusion; and
  - fail to notify affected scheme members where it would have been appropriate to do so.

## **10. Guidance on reporting a breach to the Pensions Regulator**

- 10.1 Before submitting a report responsible officers should obtain clarification of the law around the suspected breach via an appropriate method. A judgement needs to be made on whether the Regulator would regard the breach as being material.
- 10.2 Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded.
- 10.3 Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management. It is difficult to be definitive about what constitutes a breach that must always be reported, as a rule of thumb if a breach may lead to criminal prosecution or a serious loss in public confidence it is deemed that this type of breach that must always be reported.
- 10.4 Any report that is made (which must be in writing and made as soon as reasonably practicable) should be dated and include as a minimum:
- full name of the authority;
  - description of the breach or breaches;
  - any relevant dates;
  - name of the Scheme Manager;
  - name, position and contact details of the reporter; and
  - role of the reporter in relation to the scheme.

Additional information that would assist the Pensions Regulator would include, the reason the breach is thought to be of material significance to the Regulator; the address of the authority; the pension scheme's registry number; and whether the concern has been reported before.

- 10.5 Urgent reports should be marked as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.
- 10.6 The individual reporting the breach should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.

- 10.7 The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose. The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.
- 10.8 Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.
- 10.9 In cases of immediate risk, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

**11. Process for reporting and recording material and non-material breaches.**

11.1 The following table details the process for reporting material and non-material breaches –

<b>Type of Breach</b>	<b>Timescale for reporting</b>	<b>Internal actions</b>	<b>Further actions</b>
<b>Urgent and Material</b>	Responsible officer informs Head of LGSS Pensions The Scheme Manager is consulted and the breach is reported immediately to the Pensions Regulator.	LGSS Pensions to keep record of breach and investigate options to prevent further occurrence and liaise with the Pension Regulator where applicable to come to a satisfactory resolution. The scheme manager will be advised of the outcome.	These breaches must also be reported to the Local Pension Board, with a full report to be submitted at the next available meeting for members.
<b>Non urgent and material</b>	Responsible officer informs Head of LGSS Pensions. The Scheme Manager is consulted and the breach is reported within 30 days to the	LGSS Pensions to keep record of breach and investigate options to prevent further occurrence. The Scheme Manager will be advised of the outcome.	Report non urgent and material breaches at the next Local Pension Board meeting.

	Pensions Regulator.		
<b>Immaterial</b>	Responsible officer informs Head of LGSS Pensions within 30 days. The Scheme Manager also to be consulted within 30 days.	LGSS Pensions to keep record of breach and investigate options to prevent further occurrence. The Scheme Manager will be advised of the outcome.	Report immaterial breach at next Local Pension Board meeting.

## **12. Whistle blowing protection and confidentiality**

- 12.1 The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
- 12.2 The statutory duty to report does not, however, override legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.
- 12.3 The Regulator will do its best to protect the identity of the individual reporting the breach (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
- 12.4 The Employment Rights Act 1996 (ERA) provides protection for employees making a whistle blowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

## **13. Contact details**

- 13.1 The Pensions Regulator  
 Napier House  
 Trafalgar Place  
 Brighton  
 BN1 4DW  
 Tel – 0845 600 0707  
 E-mail – [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)
- 13.2 Mark Whitby

Head of Pensions  
One Angel Square  
Angel Street  
NN1 1ED  
E-mail – [pensions@northamptonshire.gov.uk](mailto:pensions@northamptonshire.gov.uk)

13.3 Darren Dovey  
Chief Fire Officer (Scheme Manager)  
Wootton Hall Park  
Northampton  
NN4 8BW  
E-mail - [enquiries@northantsfire.gov.uk](mailto:enquiries@northantsfire.gov.uk)

#### **14. Further guidance**

Section 70(1) and 70(2) of the Pensions Act 2004:  
[www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)

Employment Rights Act 1996:  
[www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)

Occupational and Personal Pension Schemes (Disclosure of Information)  
Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)

The Firefighter's Pension Scheme Regulations:  
<https://www.legislation.gov.uk/uksi/2014/2848/contents/made>

Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)

The Pensions Regulator's Code of Practice:  
<http://www.thepensionsregulator.gov.uk/doc-library/codes.aspx>

## Appendix 1 – Examples of Scheme Disclosures

Any deadline not achieved under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 is classed as a breach of the law, it is the responsibility of Northants Fire and Rescue Service to assess whether these are likely to be of material significance to the Pensions Regulator.

The table below sets out some of the key disclosure requirements that schemes must satisfy so that they do not breach the disclosure regulations –

<b>Information</b>	<b>Requirement</b>
Provision of basic scheme information to a prospective member	Within one month of the scheme receiving their job holder information. If no such information has been received, within two months of them joining the scheme.
Benefit statements	Within two months of the request being received.
Provision of information on death of a member	Within two months of the scheme being notified of the death.
Rights and options to be provided to early leavers	Within 2 months after being notified by the member or their employer that active membership has ceased.

## Appendix 2 – Other matters that are likely to be of material significance to the Pensions Regulator

The below table demonstrates matters that the Pension Regulator is likely to deem of material significance in regards to the Scheme Manager not meeting their statutory objectives –

Local Pension Board members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, resulting in the scheme not being properly governed and administered.
Local Pension Board members having a conflict of interest, which may result in them being prejudiced in the way that they carry out their role.
Adequate internal controls not being established and operated, which may lead to the scheme not being run in accordance with the Regulations and other legal requirements, risks not being properly identified and managed.
Accurate information about benefits and Scheme administration not being provided to scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement.
Appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
Any other breach which may result in the scheme being poorly governed, managed or administered.