

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN
CYMRU**



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**CYFARFOD O'R BWRDD PENSIWN LLEOL, A GYNHELIR
MEETING OF LOCAL PENSION BOARD, HELD ON**

DYDD IAU, 10 RHAGFYR 2015

THURSDAY 10 DECEMBER 2015

**PENCADLYS Y GWASANAETH TÂN AC ACHUB
HEOL LLWYN PISGWYDD, CAERFYRDDIN
FIRE AND RESCUE SERVICE HEADQUARTERS,
LIME GROVE AVENUE, CARMARTHEN**

14.10 – 15:40

56% presenoldeb / attendance

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRPERSON: Mr G Moore

AELODAU/MEMBERS: Cllr E Thomas, Cllr G Thomas
Mr T Dicker (RFU), Mr A Hearne (FBU),
DCFO M Crennell, I Cray.

YMDDIHEURIADAU/APOLOGIES: S Bryant

YN BRESENNOL /IN ATTENDANCE: E Aitken, D Daycock, M Miles, S Flather,
S Rees.

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr S Bryant.

2 DECLARATION BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS

No Members declared any personal or prejudicial interests, or conflicts of interests.

3 CHAIR'S ANNOUNCEMENTS / PERSONAL MATTERS

The Chair welcomed all Board Members to the meeting of Mid and West Wales Fire and Rescue Authority's Local Pension Board, which had been established in accordance with the provisions set out within the Public Service Pensions Act 2013.

The Chair thanked Members for their attendance and commitment to the Local Pension Board, as it was noted that their commitment to the Board was voluntary.

4 MINUTES OF LAST MEETING AND MATTERS ARISING

The minutes of the meeting held on 13 July 2015 were confirmed and approved as a true record of proceedings.

The Chair made reference to page 3, item 8 and confirmed that the Pension Regulator's Code of Practice No.14 – Governance and Administration of Public Service Pension Schemes was an extremely informative document and recommended that Members familiarise themselves with the content.

The Head of Human Resources advised that a summarised version of the Pension Regulator's Code of Practice No.14 document was available and that this would be circulated to Members .

An update on the actions from the meeting held on 13 July 2015 was provided to Members by the Head of Human Resources. It was confirmed that as Local Pension Board Members had now been appointed, details regarding Members of the Local Pension Board would now be required to be published on the Local Pension Board website. The Head of Human Resources also reported that the Discretions Policy had been approved by the Fire Authority at the meeting which had taken place on the 21 September 2015.

5 CONFIRMATION OF MEMBERSHIP

The Head of Human Resources reported that the Local Pension Board membership consisted of two Fire Service Officers, two Fire Authority Members and representatives from each Trade Union, and that it had been agreed that substitutes could be nominated

In response to a query raised by the Chair, the Clerk/Monitoring Officer confirmed that there had been no formal confirmation from Councillor Joe Hale and Councillor John

Bayliss that they were aware that were no longer required to remain as a Member of the Local Pension Board.

RESOLUTION

It was *RESOLVED* the update be noted.

6 TO RECEIVE A VERBAL UPDATE FROM THE SCHEME ADVISORY BOARD – 27 NOVEMBER 2015

The Director of Resources provided Local Pension Board Members with an update from the Scheme Advisory Board that had taken place on 27 November 2015. It was reported to the Members that the Director of Resources is not a Member of the Board but accompanies the Chair of the Fire Authority in the capacity of a Fire Authority Officer. The Director informed Members that it was felt that the meeting had been a worthwhile and beneficial one. An overview of the meeting minutes were provided to the Local Pension Board Members, and it was reported that there is no requirement of equal representation on the Scheme Advisory Board and there were more employee representatives than employers representatives. It was also stated that the Firefighters Pension Scheme was the only Pension Scheme devolved to Welsh Government, and that Welsh Government representatives had attended the recent Scheme Advisory Board meetings which had been helpful in providing insight and information on pertinent Pension matters.

It was further reported to Board Members that there were three Firefighter Pension Schemes currently in place, namely the 1992 Pension Scheme, 2007 Pension Scheme and the 2015 Pension Scheme. Members were informed that the normal pension retirement age for the 2015 Pension Scheme was 60 and the pension benefits were now calculated on career average instead of a final salary. It was also stated that accrual rates differed in England and Wales and that this had enabled the Minister to determine a conclusion earlier in Wales than England following the previous Industrial Action that had been undertaken by Trade Unions following a dispute regarding Pensions.

The Director of Resources advised the Board that Welsh Government had facilitated a training event on the 22 June 2015 for Scheme Administrators and a request for a similar training event to be provided to the Local Pension Board Members had been made to the Welsh Government. It was confirmed to Board Members that difficulty had been experienced regarding the ability of Firefighters to obtain accurate pension benefit information from their online pension benefit calculator due to the career average calculation requirements. A Welsh version was in the process of being developed for the Firefighters Pension Scheme, depending on cost, and the Local Government Pension Scheme calculator had previously been updated. Andrew Hearne reported that members of the Fire Brigades Union had been informed as to how to utilise the pension benefit calculator for the English Firefighters' Pension Scheme and how to deduct an amount of money off the total. The Director of Resources confirmed that discussions regarding the benefit calculator would be

reported back to the Scheme Advisory Board. Andrew Hearne also offered to pass on details of the discussions to the Director of Resources for this purpose.

Local Pension Board Members were advised that an evaluation had been undertaken across the three Pension Schemes regarding employee contribution rates, and it was confirmed that the employer contribution rate had been fixed when an evaluation had been undertaken. However the Director of Resources reported that Welsh Government have the ability to change employee contribution amounts should they feel it necessary. Should the contribution rates be amended by Welsh Government there would be a requirement to undertake consultation prior to any amendments being made. It was also clarified that all three Fire and Rescue Services had established Local Pension Boards.

The Director of Resources informed Board Members that there was an essential requirement that an equal number of representatives sit on the Local Pension Board, and that it was desirable that this should also apply to the number of Scheme Advisory Board representatives. It was reported that should an agreement not be able to be reached regarding these matters, then, the Minister would be required to determine the final decision. Board Members were advised that it was confirmed that being a member of a Pension Scheme was not considered to be a conflict of interest.

Local Pension Board Members were updated on the requirements to provide greater emphasis on compliance and governance of the Pension Scheme as set out by the Pensions Regulator. The Head of Human Resources confirmed to Members that compliance and governance would form part of the training needs analysis and would be incorporated in future training sessions. The Director of Resources stated that a request had been made for the Pensions Regulator to attend meetings of the Scheme Advisory Board. Members were also advised that Welsh Government had provided an update on the Government Actuary Department undertaking a prior value of cost finding report based on active Pension Scheme Members as at 31 March 2015. Concerns had been raised regarding the requirement to monitor ill health retirements and the Director of Resources confirmed that the Fire and Rescue Service reported to Members of the Resource Management Committee this information on a quarterly basis.

The Director of Resources confirmed to Board Members that Welsh Government would reimburse the Fire Authority for all payments made for the GAD v Milne case, together with payments made to eligible On-Call Firefighters for the Modified Pension Scheme. It was also reported that additional ongoing annual employer costs would be incurred by the Fire Authority for all individuals who opted to join the Modified Pension Scheme.

Board Members were informed that Welsh Government had requested information for the reasons why individuals leave the Pension Scheme. The Director of Resources stated to Members that a contribution holiday had been awarded to eligible members of the 1992 Pension Scheme who had made contributions from the age of 18, it was reported that payments would be made including interest to cover the period of payments made between the ages of 18-20.

It was reported to Board Members that the second Scheme Advisory Board meeting had been beneficial and informative and discussions had taken place regarding reaching agreements within the Pension Boards. Details had been provided within the meeting which confirmed that the total costs of running the Firefighters Pension Scheme within Wales for the 14/15 year had been recorded as an expenditure of £34 million with an income of £18.8 million. The Director of Resources had requested for all costs incurred to administer Scheme meetings such as hosting, travelling costs and expenses be charged to the Pension Fund for reimbursement by the Treasury. It was confirmed that Steve Pomeroy, would be looking into this matter and reporting back accordingly.

The Chair observed that the Local Pension Board meetings would mainly comprise of receiving information following Scheme Advisory Board Meetings, as well as discussion of ongoing issues and relevant matters. The Chair was pleased to note the feedback from the Scheme Advisory Board which would potentially identify future scheme topics. In response to a query raised by the Chair, the Director of Resources confirmed that enquiries would be made regarding the Scheme Advisory Board meeting minutes being made publically available. The Director of Resources also reassured the Chair that all three Pension Boards had met within the required time limits.

In response to a query raised by the Chair regarding the Annual Pension Benefit Statements, the Head of Human Resources confirmed that all Annual Benefit Statements had now been circulated and reassurance was provided to the Chair, which confirmed that all required information would be provided to the Scheme Administrator in order to ensure that all future Annual Pension Benefit Statements would be issued at the same time within the provided deadline of 31 August.

The Chair endorsed the matter of circulating Local Pension Board minutes to the Scheme Advisory Board as it was felt this would provide greater communication, engagement and transparency. The Chair suggested that the 3 Welsh Fire Authority Pension Board Chairs meet, possibly with the Chair of the Scheme Advisory Board also, once a year.

RESOLUTION

It was *RESOLVED* to note the update from the Scheme Advisory Board which took place on 27 November 2015.

7 TRAINING – TRAINING NEEDS ANALYSIS AND TRAINING PROGRAMME.

The Head of Human Resources reported to the Board that a Training Needs Analysis has been completed and that the priority of training sessions would be looked at based upon Members specified training needs and requirements and would therefore be circulated to Members in due course.

The Chair agreed that Training needs analysis would feature heavily in all future agendas.

RESOLUTION

It was **RESOLVED** that

The update regarding the Training Needs Analysis and Training Programme was noted.

8 FORWARD WORK PROGRAMME

The Chair stated to the Board that part of the Local Pension Boards role was that of helping manage reputational risk, and the Board where possible are to gain assurances that resources were in place in order to remain compliant with legislation and Pension scheme requirements. It was reported to Board Members of the requirement to introduce a process for recording and reporting any breaches of regulations. The Chair welcomed suggestions from Board Members for items they would wish to appear on an agenda.

The Head of Human Resources advised the Board that it was important for Members to get the maximum benefit from the Local Pension Board Meetings in order to assist the Scheme Manager, and also further welcomed suggestions for agenda items.

The Chair confirmed to Board Members regarding the requirement to produce a progress update report to Fire Authority Members, it was also reported by the Chair of the requirement to include the recording and reporting of breaches on the next agenda. The Director of Resources suggested consulting with Clair Allcock of the Local Government Association on areas of best practice which could be examined at meetings and training sessions by Local Pension Board Members. The Chair agreed with this suggestion and felt it would be beneficial for future meetings. It was reported by the Head of Human Resources that the LGA Knowledge Hub was being utilized by Clair Allcock, and it had recently provided updates on Firefighters Pension Scheme and Local Pension Board, which were reported to have been valuable. This was endorsed by Andrew Hearne of the Fire Brigades Union.

RESOLUTION

It was *RESOLVED* that the update regarding the forward work programme be noted.

9 REVIEW OF BOARD ACTIONS 2015/16

The Chair reiterated the requirement to produce and present a report to the Fire Authority. A discussion ensued regarding amending the report deadline in order to dovetail with the Fire Authority meeting schedule s it was reported that there would be an extremely large agenda at the September Fire Authority Meetings. The Chair requested for the Director of Resources to determine the expectations regarding the report deadline from the Scheme Advisory Board and report back to the Chair accordingly.

The Head of Finance informed Board Members that the dates regarding final accounts may be changing to 31 July 2016/2017 which would reduce the number of reports being presented to the Fire Authority meeting which takes place in September. The Head of Human Resources recommended for the report to be delivered in July, to which the Chair confirmed the report would produce a review of board action 2015/16 up to 31 March and would be delivered each July thereafter.

RESOLUTION

It was *RESOLVED* that the review of Board Action 2015/16 be noted.

10 SERVICE LEVEL AGREEMENT WITH ADMINISTRATOR

The Chair informed Local Pension Board Members of the importance of a good working relationship with Pension Scheme administrators, due to the heavy inter – dependence of the two bodies. The Chair also requested clarification on what the Fire Service is accountable for and what the Scheme Administrator are accountable for, in order to establish relevant accountabilities. The Head of Finance confirmed that the Service Level Agreement was contained within a wider Service Level Agreement which was due for re-negotiation. A further request was made by the Chair to have sight of the Service Level agreement with the Scheme Administrator and to also to make contact with North Wales Fire and Rescue Service who also used the same scheme administrator, to discuss joint working. The Head of Human Resources suggested that it would be beneficial to Board Members if the Scheme Administrators attended the next meeting or training session in order to provide Members with an overview on their role to the Fire and Rescue Service. He stated that this might also include North Wales Pension Board Members.

RESOLUTION

It was *RESOLVED* that the discussion on the Service Level Agreement with the administrator be noted.

11

TO RECEIVE A REPORT ON THE FIREFIGHTERS' PENSION SCHEMES FINANCING MECHANISM

The Head of Finance presented a report to Local Pension Board Members on the Firefighters' Pension Scheme Financing Mechanism and reported of the principle of the Fire Services Pension fund account which catered for the four pension schemes. It was confirmed that if expenditure was higher than income a grant was provided by Welsh Government and the report outlined how the top up grant is provided to the Fire Service. Board Members were advised that the Fire and Rescue Service make estimations of funding requirement/expenditure to Welsh Government in June, of which 80% is provided by Welsh Government together with a payment from the previous year. It was confirmed by the Head of Finance that a national agreement had been reached regarding payments into the pension fund for ill health retirements. Board Members were referred to the information contained within the appendices which confirmed an extract of the published accounts and also provided Board Members with an idea of funds the Service was looking at.

Board Members were informed that the 2014/15 financial year had not been a typical year and the figure was higher than normal due to a high number of employees retiring from the Fire Service. It was reported that the expected deficit figure was usually £6 million. The Head of Finance stated to Board Members that Appendix 4 contained employer and employee pension contribution rates for information. In response to a query raised by Andrew Hearne regarding a recent tribunal claim regarding pension protection arrangements, the Head of Finance confirmed that should the estimation be incorrect, it would be recouped within a three month period from the Welsh Government.

The Chair thanked the Head of Finance for the report.

RESOLUTION

It was *RESOLVED* that the report on the Firefighters' Pension Schemes Financing Mechanism be noted.

12

TO RECEIVE A REPORT ON COMPLAINTS UNDER THE INTERNAL DISPUTES RESOLUTION PROCEDURES

The Head of Human Resources provided a report to Local Pension Board members

on complaints under the Internal Disputes Resolution Procedures, which had been produced following questions raised at the previous meeting which had taken place in July. The report provided Local Pension Board Members with the background to the Internal Disputes Resolution Procedures (IDRP). It was reported that under Stage One, should the complainant be dissatisfied and makes a complaint against the Fire Authority it would be considered by the Chief Fire Officer and should the complaint be made against the Administrator of the Scheme it would be considered by a representative of the Carmarthenshire County Council as they are the Fire Authority's Scheme Administrator. Local Pension Board Members were advised that should the complainant remain dissatisfied with the response at Stage One, Stage Two would be considered by Elected Members of the Fire and Rescue Authority, within the Investigating and Disciplinary Committee.

The Head of Human Resources reported to Board Members that there had been 6 cases received since 2010, 4 of which had been received against the Scheme Administrator and 2 against the Fire Authority. It was confirmed that all cases apart from case 5 had not been upheld at stage one and that case 5 had not been upheld at stage 2. Board Members were informed that cases 2 and 3 had not, on Appeal been upheld by the Ombudsman.

The Chair thanked The Head of Human Resources for the report and stated that contained within the training needs analysis, Section 7 provided further information on the role of the Internal Disputes Resolution Procedures (IDRP) and that all the outcomes had been acceptable.

RESOLUTION

It was *RESOLVED* that the report on complaints under the Internal Disputes Resolution Procedures be noted.

13

TO RECEIVE A REPORT ON THE GAD VS MILNE UPDATE

The Head of Human Resources presented a report to Local Pension Board Members on the GAD vs Milne case, which was regarding commutation factors being applied upon the time of retirement. A number of complaints had been received by the Ombudsman who had chosen this particular case, as a test case. It was confirmed that Mr Milne had retired from a Fire and Rescue Service in 2005 and had contested that the Government Actuary Department (GAD) had an obligation to review the commutation factors being applied to the Fire Service Pension Scheme.

It was reported to Board Members that the High Court had ruled that the Government Actuary Department should have reviewed the commutation factors and accordingly? any additional monies were to be paid to Milne and all other eligible individuals.

The Head of Human Resources stated that Mid and West Wales Fire and Rescue Service had identified 92 eligible individuals, which the Minister had requested for payments to be made by 18 December 2015. Board Members were advised that the cost was approximately £1.5 million, the majority of which had been HMRC tax

charges. Welsh Government would be reimbursing the Fire Authority by no later than the 8 January 2016. The Head of Human Resources reassured Local Pension Board Members that the Fire Authority were doing everything possible to comply with the Ministers requirements and to make all necessary payments by the 18 December 2015.

The Chair thanked the Head of Human Resources for the report and was pleased to note that the reputation of the Fire Authority was being well considered and would remain unaffected. The Clerk/Monitoring Officer requested clarification on the case details which were provided by the Head of Human Resources. It was confirmed by the Director of Resources that there were further costs of approximately £130,000 to be payable to the estates of deceased eligible Pension Scheme members. In response to a query received from the Chair, the Head of Human Resources further clarified that all payments would be made in a one off lump sum payment.

RESOLUTION

It was *RESOLVED* that the report on the GAD (Government Actuary Department) v Milne update be noted.

The meeting closed at 15:40.