

**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 LLUN, 28 TACHWEDD 2016
MONDAY, 28 NOVEMBER 2016**

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

13:30 – 16:45

75% presenoldeb / attendance

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRPERSON: Mr G Moore

AELODAU/MEMBERS: Cllr C Anderson, Cllr G Thomas
Mr S Bryant, I Cray, T Dicker (RFU),

YMDDIHEURIADAU/APOLOGIES: M Crennell, Mr A Hearne (FBU),

YN BRESENNOL /IN ATTENDANCE: D Daycock, E Aitken, M Miles, S Davidson

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Deputy Chief Fire Officer M Crennell and Mr Andrew Hearne (Fire Brigades Union).

2 DECLARATION BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS

Councillors G Thomas and C Anderson declared that they had a personal interest in any business relating to, or affecting their own Constituent Authority.

Mrs E Aitken declared an interest as the Treasurer of the Fire Authority and current Chair of the Association of Principal Fire Officers (APFO) Wales.

3 CHAIR'S ANNOUNCEMENTS / PERSONAL MATTERS

The Chair informed Members that a period of 20 minutes would be allocated prior to the commencement of the next meeting scheduled for 13 March 2017, in which Members could reflect upon and discuss the Board's progress to date.

4 MINUTES OF LAST MEETING AND MATTERS ARISING

The minutes of the Local Pension Board meeting held on 11 July 2016 were approved as a true record of proceedings.

MATTERS ARISING

Page 1, Item 4 (Paragraph 4) - The Head of Human Resources responded to a query raised by the Clerk/Monitoring Officer, and clarified that whilst the Local Pension Board remained a non-decision making body, the Fire Service's insurers had confirmed that Board Members would be covered by the organisation's insurance policy. A discussion ensued amongst Members regarding the employer's indemnity cover and the Clerk/Monitoring Officer noted that enquiries would be made to establish whether the indemnity cover for Fire Authority Members would be extended to all Members of the Local Pension Board.

Page 2, Item 4 (Paragraph 5) The Clerk/Monitoring Officer advised the Chair that he would arrange for Local Pension Board Members and Fire Authority Members to receive training on the reporting of breaches / potential breaches during 2017.

5 TO RECEIVE AND NOTE A REPORT ON THE PROVISION OF ANNUAL BENEFIT STATEMENTS FOR 2015/16

The Director of Resources reported that the Authority had not met its obligation to provide the Annual Benefit Statements (ABS) to members of the Firefighters' Pension Schemes by the required deadline of 31 August 2016, and this had subsequently resulted in the Scheme Administrators reporting the matter to the Pension Regulator, in line with Section 70 of the Pensions Act 2004. The Board were informed that the Annual Benefit Statements had been issued on 28 September 2016.

The Director of Resources explained that the main cause of the delay could be attributed to difficulties encountered in extracting the necessary information from two different systems provided by Northgate and CoreHR, in the required format.

The Board were assured that discussions were ongoing with the Administrators to agree a robust process moving forward in order to avoid a repeat of the situation in future.

Councillor G Thomas highlighted that the implementation issues incurred by the new Payroll/HR system posed a risk to the Authority and sought assurances that the system errors had now been resolved. The Director of Resources clarified that manual intervention was required for certain aspects of the system, however the Board were assured that the finalised data/information was correct. It was further reported that CoreHR had failed to meet a number of the Service's HR and Payroll requirements, including the programming of the pension element which had led to the delay in submitting the required information to the Administrators.

The Head of Human Resources informed the Board that a mid-year data validation exercise had been introduced which would alleviate some end of year pressures. Furthermore, the Service were exploring the introduction of an 'i-connect system' which would enable the secure monthly transfer of payroll data to the Administrators, however this would incur a 12-18month lead time.

The Chair expressed his gratitude for the update provided and requested that a progress report be provided at the meeting scheduled for 13 March 2017 which would comprise the outcomes of the mid-year data validation exercise, technical issues experienced with the HR/Payroll System an update on the possible introduction of the i-connect system.

RESOLUTION

It was RESOLVED that the Local Pension Board note the content of the report and recommend to the Fire Authority, or appropriate decision maker, that the Section 151 Officer write to Core HR outlining concerns regarding the HR/Payroll system and its associated ongoing risks to the Fire Authority.

6 TO RECEIVE AN UPDATE FROM THE SCHEME ADMINISTRATOR

Local Pension Board Members received an update from the Scheme Administrators at Carmarthenshire County Council, Mr Martin Morgan and Mr Kevin Gerrard in respect of the Guaranteed Minimum Pensions, Modified Pension Scheme and the Annual Benefit Statements for 2016.

In response to a query from the Chair, Mr Gerrard confirmed that all future communication issued to pension scheme members would be electronic, thereby enabling 24/7 access for employees to their pension records, unless the individual opted out of the additional e-Communication facility. The Director of Resources

further confirmed that this matter would be discussed at the Joint Consultative Forum meeting scheduled for 12 December 2016, which would include representation from each of the recognised Trade Unions within the organisation.

Following a query from the Chair regarding the Annual Benefit Statements, Mr Gerrard emphasised that it was imperative that all data be submitted to the Administrators by 30 April each year, with all queries having been resolved by 30 June each year to allow the Statements to be issued within the required timeframe. It was clarified that 34 of the 50 organisations had met the deadline for 2016, however Mid and West Wales Fire and Rescue Service was the only organisation which the Administrators had been obliged to report to the Pension Regulator in line with the guidance issued in this regard.

Mr Gerrard, in response to comments made by the Chair, agreed to make enquiries within Carmarthenshire County Council to establish whether the internal audit report could be made available to the Local Pension Board.

Mr Gerrard and Mr M Morgan departed the meeting at 14:35.

RESOLUTION

It was *RESOLVED* to note the update from the Scheme Administrator.

7 TO RECEIVE AND CONSIDER A REPORT ON THE LOCAL PENSION BOARD – RISK ASSESSMENT FORM

Detailed consideration was given to the Risk Register attached at appendix 1 of the report which comprised Operations, Financial, Funding and Regulatory & Compliance areas of risk.

Of particular importance to Board Members was the requirement to review the Service Level Agreement in place with Carmarthenshire County Council which would specify the levels of performance expected with the Scheme Administrators. The Chair recognised the complexities surrounding the legal dimensions which would need to be factored into the Service Level Agreement but requested that the Pensions element be prioritised in view of its importance.

The Chair made reference to the risk area surrounding operations and requested that a review of the business continuity and disaster recovery arrangements be considered at the next meeting of the Local Pension Board, scheduled for 13 March 2017.

A number of amendments to the Risk Assessment were put forward and were accepted by Board Members and it was agreed that the Risk Register be updated accordingly by the Human Resources Department.

RESOLUTION

It was *RESOLVED* that it be recommended to the Fire Authority that the Risk Assessment be updated to incorporate the amendments agreed by the Local Pension Board.

8 TO RECEIVE A VERBAL UPDATE FROM THE SCHEME ADVISORY BOARD MEETING

The Director of Resources provided Members with an update from the Scheme Advisory Board Meeting that had taken place on 3 October 2016, including its Terms of Reference, meeting representation, governance structure and the Norman vs Cheshire court ruling. Board Members were informed that a Member could be represented on both the Local Pension Board and the Scheme Advisory Board.

RESOLUTION

It was *RESOLVED* to note the update from the Scheme Advisory Board meeting.

9 TO RECEIVE A VERBAL UPDATE ON THE FIRE PENSIONS ANNUAL CONFERENCE 2016

The Chair provided an overview of the Fire Pensions Annual Conference 2016 which he had recently attended. Board Members were provided with a synopsis of the conference which had been both interesting and worthwhile in providing an informative insight into the current pensions landscape.

The Chair requested that the Chair of the Scheme Advisory Board be invited to the next meeting of the Local Pension Board on 13 March 2017.

RESOLUTION

It was *RESOLVED* that the verbal update on the Fire Pensions Annual Conference 2016 be noted.

10 TO RECEIVE AN UPDATE ON THE PENSION BOARD BUDGET

The Head of Human Resources provided an overview of the Local Pension Board Budget, which was projected at £5,045 for 2016/17. The Board were informed that costings in respect of training would however be adjusted to reflect the services provided by external training providers, which had proven to be excellent value for money.

RESOLUTION

It was *RESOLVED* that the update on the Pension Board Budget be noted.

11 TO RECEIVE AND APPROVE A REPORT ON THE LOCAL PENSION BOARD TERMS OF REFERENCE

The Chair reported that it was considered opportune to review the Local Pension Board Terms of Reference following the Board being operational for a period of one year. Consideration was therefore given to the Terms of Reference and Rules of Procedure document set out at Appendix 1 of the report which outlined the Board's General Operating Arrangements, Membership of the Board and Meeting Arrangements. It was agreed that the following amendments be recommended to the

Fire Authority:

Section 2.5 to read 'Board minutes of each meeting *to be emailed to Fire Authority Members, and make reports...*'

Section 22.1 to read '*These terms of reference will be reviewed annually*'

RESOLUTION

It was *RESOLVED* that the Terms of Reference of the Local Pension Board, subject to the amendments outlined above, be recommended for approval to the Fire Authority.

12 TO RECEIVE A REPORT ON FIREFIGHTERS PENSION SCHEME ACTIVITY

The Human Resources Officer introduced a report to Board Members on the Firefighters' Pension Scheme Activity, for the period 01 July 2016 to 31 October 2016.

Board Members were informed of the number of pension scheme members across the various pension schemes, together with the number of pensioner members of each scheme, and the number of deferred members of each scheme.

Board Members were made aware that eleven pension benefit estimates had been provided during the reporting period, and that no new Internal Disputes Resolution Procedures applications or complaints had been received.

The Human Resources Officer advised Board Members that no new complaints had been referred to the Pension Ombudsman. Board Members were provided with an overview of the complaint reported at the previous meeting which related to the calculation of pension benefits and provision of information relating to pension benefits at the time of retirement. It was reported that the Ombudsman had determined that there was clear evidence of maladministration and had therefore awarded £500 compensation to the complainant, along with £22.50 for late payment in full and final settlement. It was noted that the Ombudsman had further determined that 40% of the costs would be met by the Administrators.

The Chair requested that section 3.1 of any future reports of this nature be amended to read 'Number of *active* pension scheme members' which would provide Board Members with more clarity when analysing the information.

The Chair referred to section 3.4 of the report and requested that a breakdown of retirements be included in future reports which would highlight the number of ill health retirements.

The Chair thanked the Human Resources Officer for the update and reported that the information had been valuable for Board Members. The Chair looked forward to receiving regular updates of this nature.

RESOLUTION

It was *RESOLVED* that the report on the Firefighters Pension Scheme Activity be noted.

13 TO RECEIVE AN UPDATE ON THE FIREFIGHTERS PENSION FINANCING MECHANISM

The Director of Resources introduced the report on the Firefighters Pension Financing Mechanism. Board Members were referred to Appendix 1 of the report and informed that fluctuations in the number of employees retiring each year had previously resulted in volatile budget setting and lack of clarity on the annual revenue cost of service delivery. It was explained that since April 2007 the Authority had therefore paid and administered Firefighter Pensions from a separate 'local pension fund', which was a cost neutral arrangement whereby the Welsh Government would recoup any surplus monies or top up any monetary deficit on an annual basis, as required.

The Director of Resources drew Members' attention to the schematic overview of the operating elements of the pension fund mechanism set out at Appendix 2 of the report, along with the various employer and employee contribution rates across the three pension schemes within the Authority.

Consideration was given to the Pension Fund Account as at 31 March 2016 set at Appendix 3 of the report, whereby an estimation of pension payments had been calculated based on the estimated number of employees that would retire during the year.

The Chair emphasised the need for Local Pension Board Members to have an understanding of the cash flow implication of pension payments.

Councillor G Thomas departed the meeting (16:20).

RESOLUTION

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

14 TO RECEIVE A REPORT ON COMPLIANCE WITH THE PENSION REGULATORS CODE OF PRACTICE 14

The Chair and the Head of Human Resources presented a report on Compliance with the Pension Regulators Code of Practice 14.

Members gave consideration to the Compliance Analysis set out at Appendix 1 of the report and it was noted that whilst good progress had been made against those areas where compliance could not be evidenced, such as implementation of a procedure for recording and reporting breaches, along with a communications strategy, some action remained necessary in relation to the scheme's governance and administration arrangements.

The Head of Human Resources referred to paragraph 46 of Appendix 1 and noted that a list of documents which Local Pension Board Members needed to be conversant with was near completion and would be provided by way of a Local Pension

Board Member Information Pack.

Attention was drawn to paragraph 59 of Appendix 1 which required completion of the Pension Regulator's e-learning public service pension toolkit and it was agreed that the Head of Human Resources would arrange to send Cllr C Anderson a link to the online training documentation in this regard.

In respect of paragraph 81 of Appendix 1, the Head of Human Resources reported that a Conflict of Interest clause had would be included in appointment letters for Local Pension Board Members.

Members were informed that the final area which needed to be progressed related to administration processes and record management procedures.

The Chair congratulated Officers in the significant progress made to date in ensuring compliance with the Pension Regulators Code of Practice 14.

RESOLUTION

It was *RESOLVED* that the report on compliance with the Pension Regulators Code of Practice 14 be noted.

15 TO RECEIVE A REPORT ON THE PENSION REGULATORS PUBLIC SERVICE SELF-ASSESSMENT TOOLKIT

Consideration was given to the self-assessment tool which had been provided by the Pension Regulator and completed on behalf of the Board by the Head of Human Resources. The self-assessment had identified 3 areas, which had been categorised as amber, in which action was required to improve governance and administration processes. The Head of Human Resources reported that the Board were required to ensure that third party administrators were able to demonstrate they had internal controls in place. Furthermore, a review of the processes for issuing Annual Benefit Statements was required, in addition to ensuring that member communications were clear and easily accessible.

Reference was made to the recently developed Communications Policy which set out the obligations of the Service and the Administrators. The Chair requested a comprehensive reference list with whereby each required action was clearly attributed to either the Employer or the Administrator.

RESOLUTION

It was *RESOLVED* that the outcome of the Pension Regulator's Public Service Self-Assessment be noted.

16 TO RECEIVE A REPORT ON THE TRAINING ANALYSIS AND TRAINING PROGRAMME

In light of the training event which preceded the formal Board meeting, Board

Members discussed the Training Needs Analysis and Training Programme. The Head of Human Resources informed Board Members that the topics for upcoming training events would be centred around the areas where it was identified that there was less of an understanding by Board Members. All Board Members were encouraged to review the Training Needs Analysis and put forth any suggestions for future areas of training to the Human Resources Officer to ensure that their skills, competencies and knowledge were sufficient to undertake their role on the Local Pension Board.

The Chair requested that future reports on the Training Analysis and Training Programme be transacted earlier on the meeting agenda in view of the importance of Board Members maintaining skills and knowledge.

RESOLUTION

It was *RESOLVED* that the update on the Training Needs Analysis and Training Programme be noted.

17 FORWARD WORK PROGRAMME

The Chair introduced the Local Pension Board Forward Work Plan for 2016/17 and provided an overview of the work plan for November 2016- July 2017.

Board Members were requested to inform the Chair of any areas they believed needed to be included on the Forward Work Plan.

There were no other items of business.

The Chair thanked Board Members for their participation and confirmed that the next meeting was scheduled to take place on Monday 13 March 2017.

The meeting closed at 16:45.