

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, 19 TACHWEDD 2018
MONDAY, 19 NOVEMBER 2018**

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

14:00 – 16:00

83% presenoldeb / attendance

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRPERSON: Mr G Moore

AELODAU/MEMBERS: Cllr C Mills (Fire Authority member and employer representative), Cllr Des Thomas (Fire Authority member and employer representative), I Cray (employer representative), T Dicker (member representative)

YMDDIHEURIADAU/APOLOGIES: A Hearne (member representative)

YN BRESENNOL /IN ATTENDANCE: K Jones, M Miles, S Mansbridge, D Daycock, S Tillman

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from A Hearne (member representative).

2 DECLARATION BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS

Councillor C Mills declared a personal interest in any business relating to, or affecting Powys County Council.

Councillor D Thomas declared a personal interest in any business relating to, or affecting City and County of Swansea Council.

3 CHAIR'S ANNOUNCEMENTS / PERSONAL MATTERS

The Chair referred to the Pensions Regulator Public Service Governance and Administration Survey 2018 which had been circulated to Board Members. Consideration was given to the document and Board Members endorsed the Authority's proposed response as set out.

4 MINUTES OF LAST MEETING AND MATTERS ARISING

The minutes of the Local Pension Board meeting held on 9 July 2018 were approved as a true record of proceedings. There were no matters arising.

5 TO RECEIVE AND NOTE A REPORT ON THE FIRE PENSIONS ANNUAL CONFERENCE 2018

The Chair provided a synopsis of the salient points emanating from the Local Government Association Fire Pensions Annual Conference 2018. Of particular interest to the Board was the issue surrounding the adverse impact of the annual and lifetime allowances which could represent a perceived tax disincentive for those eligible to apply for promotion. A discussion ensued on the recruitment process that was underway within the Authority for the post of Deputy Chief Fire Officer and it was agreed that the Board would inform the Fire Leaders Association in the event that no applications were received for this post.

RESOLUTION

It was RESOLVED that the feedback provided by the Chair and Officers from the Local Government Association (LGA) Fire Pensions Annual Conference 2018 set out at Appendices 1 and 2 of the report be noted.

6 TO RECEIVE A VERBAL UPDATE REGARDING THE PENSION SCHEME ADVISORY BOARD (WALES) MEETING

The Director of Resources provided Members with an overview of proceedings from the Scheme Advisory Board (SAB) Meeting that had taken place on 16 October 2018. The SAB discussions centred upon the GAD valuation results and the potential

options for rectifying the cost cap and the full provisional valuation results. Board Members noted that the options to be considered by the SAB comprised a change in the accrual rate, reduction in member contributions, higher commutation terms, improved early retirement terms; and higher in-service revaluation.

RESOLUTION

It was RESOLVED that the verbal update regarding the Pension Scheme Advisory Board for Wales meeting be noted.

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

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

Board Members gave consideration to the Compliance Analysis set out at Appendix 1 of the report whereby the Chair was pleased to note that good progress had been made overall, though some action remained necessary in relation to the scheme's governance and administration arrangements. The Chair requested that future reports include references to the corresponding Code of Practice paragraph numbers set out in Appendix 1 of the report. This was agreed.

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 a link to the online training documentation would be issued to Board Members in this regard.

In respect of paragraph 81 of Appendix 1, the Head of Human Resources reported that a disclosure of Interest clause had been included in appointment letters for Local Pension Board Members and a form had also been developed in this regard. Board Members noted that this action would remain amber until the letters had been issued.

Members were informed that the final area which needed to be progressed related to administration processes as set out in paragraph 135 of Appendix 1. It was reported that a review of administrator processes would be undertaken and assurances were provided that appropriate retention and disposal schedules was in place at employer level.

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.

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

Board Members gave consideration to the Training Needs Analysis and Training Programme set out at Appendix 1 to the report.

Board Members were requested to consider their training and development requirements in the light of the Training Needs Analysis template to enable future training events to be centred around the greatest skills gap identified by Board Members. The training put forward for consideration comprised delivery of a powerpoint presentation published by GAD surrounding the valuation process, implications surrounding the lifetime tax allowance and also refresher training surrounding pension financing mechanisms (understanding of cash flow and cost of pension contributions). The Head of Human Resources further reported that the Board would also make use of training sessions provided by the LGA following the appointment of new Members to the Local Pension Board.

Board Members debated the effectiveness of the LGA Training Needs Analysis template provided by the LGA whereby some Members highlighted the subjective nature of the form and expressed the view that the terminology 'familiar', 'almost' and 'unsure' could be improved to provide further clarity for those required to complete the form. The Head of Human Resources advised that the template would be amended whereby Board Members would simply be required to indicate where further training was required. It was agreed that the updated template would be circulated to Board Members.

RESOLUTION

It was RESOLVED that

- 1. the update on the Training Needs Analysis and Training Programme be noted;*
- 2. the updated Training Needs Analysis template be circulated to Board Members.*

9 TO RECEIVE AND NOTE A REPORT ON THE PENSIONS REGULATOR SCHEME RETURN

The Chair presented the Authority's Firefighters' Pension Scheme returns attached at Appendices 1a, 1b and 1c of the report, which had been submitted to The Pensions Regulator on 15 October 2018. Board Members noted with satisfaction the timely submission of the Return to the Pension Regulator, thereby avoiding any potential penalties.

Board Members noted that the details collated by the Pensions Regulator would be utilised to calculate levies due from pension schemes, to ensure that the information held was accurate and in the regulation of pension schemes.

Board Members highlighted some discrepancies in the personal details section of the Appendices and it was agreed that the Pensions Officer would arrange for these to be updated accordingly.

The Chair referred to the record keeping section of the appendices and was pleased to note that 92% of the common data and 86% of the scheme-specific data had been assessed as present and accurate which provided a sound basis of information that the Scheme Administrators would aim to improve throughout the year.

Reference was made to page 2 of Appendix 1a whereby Board Members queried the increase in the membership of the 1992 Firefighters' Pension Scheme between 2016/17 and 2017/18 given that the Scheme was not open to new members. It was agreed that the Board's query would be referred to the Pension Scheme Administrators and an update would be emailed to the Board in due course.

It was RESOLVED that

- 1. the content of the report and the Pension Regulator's Scheme Returns for 2017/18 be noted;***
- 2. the Board's queries in respect of the Appendices to be addressed.***

10 TO RECEIVE AND CONSIDER A REPORT ON THE LOCAL PENSION BOARD – RISK REGISTER

The Board received for consideration the Risk Assessment document attached at Appendix 1 of the report which comprised Operations, Financial, Funding and Regulatory & Compliance areas of risk.

The Chair reported that following the Board's discussion at the previous meeting, the risk assessment document had been updated to incorporate reference to 'cyber security' within the Operations area of risk. The Director of Resources reported that an all-Wales Cyber security audit assessment was due to be undertaken by Welsh Government and it was envisaged that this would result in a data security concordat being introduced across public sector bodies. The Board therefore concluded that scoring of the 'cyber security' area of risk should be delayed pending the outcome of the audit which would comprise an in-depth assessment with relevant technical knowledge to quantify the scoring.

Consideration was given to the areas of risk set out within the Risk Assessment template and it was suggested that the Head of Human Resources and Pensions Officer cross reference the Board's scoring mechanisms with those of Carmarthenshire County Council. However, Board Members expressed the view that the main purpose of the Risk Assessment template was to provide a means of capturing relevant risks to enable control measures to be put in place where relevant; therefore, the overall scoring was not as imperative.

Board Members requested that the template be updated to include 'valuation' as an area of risk due to its significant financial impact. The Chair further requested that the

'valuation' and 'cyber security' areas of risk be incorporated within the Risk Assessment log. This was agreed.

RESOLUTION

It was RESOLVED that

- 1. The Risk Register be noted and accepted;*
- 2. the scoring mechanisms for the 'cyber security' area of risk be delayed pending the outcome of the All-Wales cyber security audit;*
- 3. Risk Assessment Template to be updated to include 'valuation' as an area of risk.*
- 4. Areas of risk relating to 'valuation' and 'cyber security' be incorporated within the Risk Assessment log.*

11 TO RECEIVE AND NOTE THE LOCAL PENSION BOARD BUDGET

The Board received the Local Pension Board Budget report which provided an update on the latest budgetary position and projected an expenditure of £8,500 for 2018/19 and compared against an actual expenditure of £8,087 for 2017/18.

RESOLUTION

It was RESOLVED that the Local Pension Board expenditure set out at Appendix 1 of the report be noted.

12 TO RECEIVE A REPORT ON FIREFIGHTERS PENSION SCHEME ACTIVITY

The Pensions Officer introduced a report to Board Members on the Firefighters' Pension Scheme Activity for the period 1 July 2018 to 31 October 2018.

Board Members were informed of the number of 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.

It was reported that 43 employees had joined the Firefighters Pension Scheme (Wales) 2015 and 3 had elected to opt out due to being in temporary positions. Furthermore, Board Members were informed that 4 employees had retired during the reporting period, all of whom were members of the Firefighters' Pension Scheme 1992.

The Pensions Officer was pleased to report that the 11 pension benefit illustrations requested during the reporting period had been provided within the prescribed timescales.

Board Members were informed that the Pension Ombudsman had issued a final determination in respect of the 2 complaints previously reported to the Local Pension Board. It was reported that the ruling specified that Self Rostered Crewing (SRC) Allowance and Day Crewing Allowance should not be treated as pensionable, and that Urban Search and Rescue Allowance (USAR), and Training Allowance should be treated as pensionable. Board Members noted that the Service had appealed the decision regarding USAR and Training allowances to the High Court whereas the Fire Brigades Union had submitted an appeal in respect of SRC and Day Crewing allowances. In response to a query by the Chair, the Director of Resources confirmed that a provision had been made within the Authority's allocated reserves in respect of retrospective employer contributions.

The Pensions Officer reported that the provisional results emanating from the 2016 valuation of the Firefighters' Pension Scheme(s) Wales indicated that the employer contribution rate required over the period 2019 – 2023 was 28.3% and represented an increase of 9.6%. Consideration was given to the financial implications of the valuation results and the Board was informed that discussions were ongoing with Welsh Government, the Firefighters' Pension Scheme Advisory Board for Wales, and HM Treasury on the implications for Fire and Rescue Authorities, and whether HM Treasury would fund the deficit for 2019/20.

The Pensions Officer referred to a query submitted to the Service in relation to the eligibility of a Scheme member to remain in the Firefighters' Pension Scheme 1992, whilst undertaking a secondment within a commercial business. Board Members were informed that the Local Government Authority had clarified that this would be permitted without incurring changes to an employee's contract of employment.

Board Members' attention was drawn to Appendix 1 of the report which set out advice on the immediate handling of Actuarial Factors and associated calculations as a result of the change to the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate confirmed in the budget on 29 October 2018. The Board noted that calculations relating to Cash Equivalent Transfer Values, Divorce Cash Equivalents and Transfers In (non-club) had been suspended until new factors were provided.

Board Members were pleased to note that a recruitment process was underway to recruit new Scheme Member representatives to the Board.

The Director of Resources advised that the Service had consulted with Representative Bodies over the retrospective application of discretions in respect of the treatment of pensionable pay whilst undertaking temporary promotion between the period 1 July 2013 and 31 December 2017. Board Members were informed that a report would be considered at a future meeting of the Fire Authority and an update would then be considered by the Local Pension Board. The Chair emphasised the requirement for the Service to record any breaches and review whether they were of material significance which was required to be categorised as a reportable breach.

RESOLUTION

It was RESOLVED that

- 1. The report on the Firefighters Pension Scheme Activity be noted;***
- 2. A report relating to the application of discretions in respect of the treatment of pensionable pay whilst undertaking temporary promotion to be considered at a future meeting of the Fire Authority and an update would then be considered by the Local Pension Board;***
- 3. The Service to review all breaches in terms of categorising as recordable or reportable breaches.***

13 TO RECEIVE AND NOTE AN UPDATE REPORT FROM THE SCHEME ADMINISTRATORS

The Chair presented an update report submitted by the Scheme Administrators on a number of various ongoing workstreams. Board Members were provided with a synopsis of the salient information contained within the report, which comprised a regulatory update in respect of the exit payment cap, Potential Accrual Rate Changes, Transfers and the Pensions Regulator's Corporate Plan 2018-2021 which had selected the LGPS for proactive engagement throughout 2018 and 2019. The Chair agreed to circulate further information to Board Members in this regard.

Reference was made to the Annual Benefit Statements and Pension Saving Statements set out at section 3.4.1 of the report whereby the Head of Human Resources agreed to make enquiries with the Scheme Administrators to establish whether all statutory compliance deadlines had been achieved.

Attention was drawn to the Guaranteed Minimum Pension (GMP) reconciliation process and the Chair was pleased to note that the Administrators were on target to meet the completion date of December 2018, notwithstanding that further information had been submitted to HMRC in order that they amend their records. However, a response remained outstanding in this regard.

In response to a query by the Chair, the Pensions Officer confirmed that a total of 16 Scheme Members had requested continuation of the paper statements following the introduction of the new 'My Pension Online' system facility.

Consideration was given to the Data Quality Reports and it was reported that work was ongoing to address the issues identified in the funds data quality review as set out in the Data Improvement Plan attached at Appendix 1 of the report. The Chair highlighted that some of the target dates specified within the document had passed or were yet to be confirmed and updated information from the Scheme Administrators was requested in this regard.

Attention was drawn to Appendix 2 of the report whereby a synopsis of the workflow statistics for the key tasks undertaken in respect of Firefighters Pension Scheme(s) for the period 01 April 2018 to 30 June 2018 and 1 July 2018 to 30 September 2018 was provided to Board Members.

The Director of Resources and Clerk/Monitoring Officer departed the meeting at this point.

RESOLUTION

It was RESOLVED that

- 1. the content of the report be noted;*
- 2. further information regarding the Pensions Regulator's Corporate Plan 2018-2021 be circulated to Board Members;*
- 3. enquiries be made with the Scheme Administrators to establish whether all statutory compliance deadlines in respect of the Annual Benefit Statements and Pension Saving Statements had been achieved.*
- 4. enquiries be made with the Scheme Administrators to obtain clarification and updated information regarding the target dates within the Data Quality Reports.*

14 TO RECEIVE AND CONSIDER THE FORWARD WORK PROGRAMME

The Chair provided an overview of the Local Pension Board Forward Work Programme for November 2018 – July 2019. A discussion ensued on the frequency of Local Pension Board meetings whereby Board Members confirmed that three meetings per year was sufficient and this was an area which could be reviewed as required.

RESOLUTION

It was RESOLVED that the Forward Work Programme be noted.

The meeting closed at 16:00.