

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, 8 GORFFENNAF 2019

MONDAY, 8 JULY 2019

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

14:00 – 16:03

78% presenoldeb / attendance

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRPERSON: Mr G Moore

AELODAU/MEMBERS: **Employer's Representatives:** Cllr C Mills, Cllr Des Thomas, S Rowlands
Scheme Member Representatives: R Jones, R Hanney, D Lloyd

YMDDIHEURIADAU/APOLOGIES: T Dicker (Scheme Member representative), C Flannery (Employer representative)

YN BRESENNOL /IN ATTENDANCE: K Jones, M Miles, S Mansbridge, S Tillman, M Morgan (Item 5)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from T Dicker (scheme member representative and C Flannery (employer 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 extended a warm welcome to Mr Deiniol Lloyd to his first meeting following his appointment to the Local Pension Board.

The Chair informed the Board that Mr T Dicker had notified the Authority of his intention to stand down from the Local Pension Board. It was reported that a recruitment process for a replacement member would commence in due course.

The Chair informed the Board that his appointment as Chair of the Local Pension Board had been extended by the Fire Authority until July 2020.

4 TO CONFIRM AND SIGN AS A TRUE RECORD THE MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 11 MARCH 2019 AND MATTERS ARISING.

The minutes of the Local Pension Board meeting held on 11 March 2019 were approved as a true record of proceedings. There were no matters arising.

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

Local Pension Board Members received an update by the Scheme Administrator representative, Mr M Morgan on various ongoing work-streams. Board Members were provided with a synopsis of the salient information contained within the report, which comprised a regulatory update in respect of the Government's exit payment consultation which proposed to introduce a cap of £95,000 on the total value of exit payments. It was noted that implementation of such proposals would impact upon the Firefighters' Pension Schemes 2006 and 2015 in respect of Authority initiated early retirement and some LGPS Members. Reference was also made to a court of appeal judgement which determined that transitional protections in the 2015 scheme were unlawfully discriminatory on the grounds of age. Board Members discussed possible implications surrounding the ruling and welcomed a further update once additional information had been received.

The Board considered the website analytics in respect of the 'My Pension online facility' whereby Mr Morgan highlighted that whilst the number of website hits per employee/user category was provided, it was not currently possible to extract statistics per page of the website.

Attention was drawn to the Guaranteed Minimum Pension (GMP) reconciliation process and the Scheme Administrators were pleased to report that they had reconciled 97.24% of the records held by December 2018. It was also reported to Members that reconciliation work had also commenced in respect of active scheme members, with a total of 87.51% of records being reconciled to date. It was explained to the Board that further information had been submitted to HMRC in order that they amend their records, however, a response remained outstanding which prohibited further progress in this regard. Assurances were provided to Board Members that the Scheme Administrators had completed all possible actions until clarification of the matters currently outstanding with the HMRC had been received. Furthermore, in response to a query by the Chair, Members were assured to note that National guidance had been followed in respect of the GMP reconciliation process whereby previous underpayments would be reimbursed; however, whilst overpayments would be corrected in going forward, any past overpayments would not be retrieved. It was further confirmed that no pension appeals (IDRP) had been received by the Scheme Administrators during the reporting period.

Consideration was given to the Data Quality Reports and it was reported that the figures would be revised due to an additional check being included in respect of completion of the total employees' pensions contributions field.

Attention was drawn to Appendix 1 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 January 2019 to 31 March 2019 was provided to Board Members. In response to a query put forth by the Chair, Mr Morgan agreed to make further enquiries to establish whether the work outstanding at 1 January 2019 had been completed by 31 March 2019.

Mr. Morgan confirmed that no breaches had been reported during the period under consideration. The Chair further requested that the Scheme Administrators incorporate the number of recorded breaches within future update reports to the Board. This was agreed.

In response to a query by the Chair, Board Members were pleased to note that all actions in respect of the Annual Benefit Statements (ABS) had been completed in advance of the deadlines set, and that there was every expectation that the deadlines would be achieved. The Chair extended the Board's gratitude to all Service Officers and the Scheme Administrators for their efforts in this regard.

Reference was made to the Pension Saving statements whereby Mr Morgan reported that all individuals affected by an increase in annual allowance would receive written confirmation by 05 October 2019.

In response to a query from Councillor D Thomas, the Director of Resources agreed to make enquiries with the Section 151 Officer to determine whether the remuneration for Fire Authority Members could be included for those Members who had opted to join the Pension Scheme within their respective Local Authorities.

Mr M Morgan departed the meeting at this point.

The Chair highlighted the Pension Regulator's expectations in terms of Local Pension Boards being satisfied with the services provided by its Scheme Administrators. The Director of Resources duly assured Board Members that a review of the service provision was undertaken on an annual basis in line with the Authority's Service Level Agreement (SLA) processes. Furthermore, Scheme Member representatives were able to raise any concerns to the Local Pension Board. Board Members noted that the next review of the SLA would take place in January 2020.

RESOLUTION

It was RESOLVED that

- i. The report be noted;***
- ii. Clarification to be provided by the Scheme Administrators to establish whether the work outstanding as set out at Appendix 1 on 1 January 2019 had been completed by 31 March 2019;***
- iii. Future update reports include the number of recorded breaches;***
- iv. Enquiries be made with the Section 151 Officer to determine whether the remuneration for Fire Authority Members could be included for those Members who had opted to join the Pension Scheme within their respective Local Authorities.***

6 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 March 2019 to 30 June 2019.

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, the number of deferred members of each scheme and the total retirees within the reporting period.

It was reported that 44 employees had joined the Firefighters Pension Scheme (Wales) 2015 and 4 had elected to opt out. In considering the reasons provided by respondents for opting out, the Board noted their concerns that some individuals had elected to invest elsewhere and accordingly would not be likely to benefit from both a contribution from the employer and perhaps a comparable return on investment. The Director of Resources explained that both the Trade Union and Service raised awareness of the pension scheme available to new recruits within the organisation, however ultimately it was a personal choice and accordingly the Service's role was to inform and not advise employees.

The Pensions Officer was pleased to report that the 16 pension benefit illustrations requested during the reporting period had been provided within the prescribed timescales.

Reference was made to Appendix 1 of the report which detailed the correspondence communicated to members of the Firefighters Pension Scheme 1992 in respect of the amendments made to the Firefighters Pension Scheme 1992 and the Firefighters Compensation Scheme.

It was reported that there were no internal disputes resolution applications (IDRP) submitted to the Authority nor any recorded or reportable breaches within the reporting period. Furthermore, the Pensions Officer explained that there were no new complaints referred to the Pension Ombudsman during the reporting period, however an update in respect of the previous complaint relating to the treatment of allowances for pensionable pay purposes was set out at item 13 of the Agenda.

RESOLUTION

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

7 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 4 July 2019. The SAB discussions comprised an update on the lengthy cost cap exercise undertaken which had subsequently been superseded following the Court of Appeal Judgement in respect of the transitional protections in the 2015 scheme which had been deemed unlawfully discriminatory on the grounds of age.

The SAB further noted their concerns in respect of uncertainty of future Government funding to meet any shortfalls as a result of the Firefighters Employers Pension contribution increase. It was acknowledged that this was a substantial issue for the three Welsh Fire and Rescue Services and significantly hampered budget planning. It was also noted that the Comprehensive Spending Review anticipated for the Autumn of 2019, which had been expected to provide a resolution to this issue, was now likely to be delayed.

RESOLUTION

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

8 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 Board's attention was drawn to two further updates to the operations area of risk in respect of an employer failure with their responsibilities and the risk of departure of key staff. Furthermore, an addition to the funding area of risk related to the number of early retirements exceeding actuarial assumptions was recommended to the Board for incorporation into the register. Accordingly, the scoring methodology and control mechanisms to mitigate such risks were considered by the Board.

The Chair drew attention to funding in respect of the number of ill-health retirements and the Board was assured to note the arrangements in place to review long-term sickness and monitoring of potential ill-health retirements. In response to a request made by the Chair, the Director of Resources explained that the areas of sickness absence and trends pertaining to ill-health retirements was monitored by the Authority's Resource Management Committee.

The Chair requested that specific 'test/review' dates be incorporated into the register. This was agreed.

In response to a query made by the Chair, Board Members were requested to notify the Pensions Officer should they wish to receive future copies of the SAB minutes.

The Chair highlighted the unprecedented scale of uncertainty associated with cyber-attacks. Assurances were provided to the Board that appropriate control measures were in place within the Service by means of policies and procedures, provision of training, business continuity plans and testing of any cyber threats. The Director of Resources reported that Cyber Security would form part of the Data Protection update provided to the Board at its next meeting scheduled for 18 November 2019.

RESOLUTION

It was RESOLVED that

- i. The updated Risk Register be noted and accepted;***
- ii. Test/Review dates to be specified within the risk register;***
- iii. Board Members to inform the Pensions Officer if they wished to receive future copies of the SAB minutes;***
- iv. An update on Cyber Security to be incorporated into the Data Protection overview scheduled for 18 November 2019.***

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

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

Board Members were requested to consider any 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. It was requested that the completed Training Needs Analysis form be submitted to the Pensions Officer.

The Chair requested that Members of the Board receive a collective training session on a module within the toolkit as a means of enhancing the Board's level of knowledge and ability to effectively undertake their role on the Local Pension Board. It was agreed that the Pensions Officer would make arrangements in this regard.

Attention was drawn to Appendix 2 of the report which set out an array of presentation slides emanating from the Local Government Association Firefighters and Police Local Pension Boards Governance Conference on 15 May 2019. The Chair requested that the presentation slide entitled 'Delegation not abdication' be incorporated as a discussion point within the agenda for the meeting scheduled 18 November 2019.

RESOLUTION

It was RESOLVED that

- i. the update on the Training Needs Analysis be noted;*
- ii. Board Members submit completed Training Needs Analysis to the Pensions Officer as soon as possible;*
- iii. the Pensions Officer to arrange for Board Members to collectively complete a module within the toolkit;*
- iv. the presentation slide entitled 'Delegation not abdication' be incorporated as a discussion point within the agenda for the meeting scheduled 18 November 2019.*

10 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 £8,200 for 2019/20 and compared against an actual expenditure of £6,359 for 2018/19.

RESOLUTION

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

11 TO CONSIDER AND AGREE THE LOCAL PENSION BOARD DRAFT ANNUAL REPORT 2018/19

The Chair presented a report to Members on the Local Pension Board Draft Annual Report, which outlined the work of the Board during the 2018/19 financial year.

Consideration was given to the Annual report as set out at Appendix 1 which included a summary of the work of the Pension Board and work plan for the coming year, details of areas of concern reported to or raised by the Pension Board, notifications of declarations of conflicts of interests raised by Board Members and any areas of risk or concern raised by the Board to the Scheme Manager. Furthermore, the report detailed training received and required by Board Members, together with an outline of expenses and costs incurred by the Board.

Board Members were informed that the Annual Report, once approved by Board Members, would be presented to the Fire Authority at its meeting on the 16 September 2019.

A discussion ensued on the use of emails to circulate correspondence to Board Members. Board Members sought assurances in respect of information security, particularly in respect of the promulgation of information to non-Service issued email addresses. The Pensions Officer agreed to request clarification in this regard.

RESOLUTION

It was RESOLVED that

- i. The Local Pension Board Draft Annual Report 2018/19, be recommended to the Fire Authority at its September 2019 meeting;*
- ii. The Pensions Officer to seek clarification in respect of ensuring information security in circulating Local Pension Board correspondence.*

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

The Chair reported that it was considered good governance to review the Board's terms of reference periodically as a means of ensuring that its remit remained relevant and up to date. Suggestions were also welcome from Board Members as to possible revisions to its responsibilities.

Board Members considered the Terms of Reference and Rules of Procedure document responsibilities and functions set out at Appendix 1 of the report which outlined the Board's General Operating Arrangements, Membership of the Board and Meeting Arrangements.

Board Members acknowledged the importance of the skills, knowledge and continuity of experience for its Members, and was satisfied that the term of office should be maintained for a 3 year period which possible extension by up to a further 2 years.

Attention was drawn to section 11.5 of Appendix 1 which set out the meeting arrangements for the Board. It was agreed that the term 'Section 151 Officer' be replaced with the terminology 'Chair of the Local Pension Board' in order to accurately reflect current processes in terms of agreeing agenda items; and notwithstanding that the Section 151 Officer had a key role in approving all reports as part of the Authority's robust governance arrangements.

RESOLUTION

It was **RESOLVED** that

The Local Pension Board Rules of Procedure be updated at section 11.5 as agreed above.

13 TO RECEIVE A REPORT ON THE OUTCOME OF THE HIGH COURT JUDGEMENT REGARDING THE PENSIONS OMBUDSMAN COMPLAINTS RELATING TO PENSIONABLE PAY.

The Chair presented for information a report which set out the outcome of the appeal process to the High Court in respect of the complaints to the Pension Ombudsman relating to the Service's treatment of allowances for pensionable pay purposes.

Board Members' attention was drawn to Appendix 1 of the report which set out the High Court Judgement on 29 March 2019 concerning the treatment of four specific allowances. The ruling determined that Day Crewing and Self-Rostered Crewing Allowances were deemed pensionable across all the Firefighters Pension Scheme(s); Training Allowance was pensionable from the date an employee becomes permanent in role across all the Firefighters Pension Scheme(s) and that Urban Search and Rescue remained not pensionable.

The Board was informed that the Service was only required to implement the outcome of the High Court's judgment based on the four firefighters who originally complained to the Pension Ombudsman and the Head of Human Resources confirmed that this had been completed in line with the timescales set.

The Board noted that the Service was considering the wider application of the judgement and discussions were ongoing with the Fire Brigades Union in respect of the Service's intentions prior to communicating wider with employees. The Head of Human Resources confirmed that a further update would be provided to the Board on conclusion of Trade Union consultations.

RESOLUTION

It was **RESOLVED** that

- i. the report be noted;***

- ii. A further update to be provided to the Board in on conclusion of Trade Union negotiations.*

14 TO RECEIVE AND CONSIDER THE FORWARD WORK PROGRAMME

The Chair provided an overview of the Local Pension Board Forward Work Programme for July 2019 – March 2020.

It was requested that the Programme be updated to incorporate consideration of the Annual Benefit Statements in July annually to ensure Board Members were appraised of progress in this regard.

The Chair referred to the Board's resolutions transacted at Agenda item 9 of the meeting, namely that the November 2019 meeting agenda comprise a possible training session whereby Board Members collectively complete a module within the toolkit; furthermore, the presentation slide entitled 'Delegation not abdication' be incorporated as a discussion point within the agenda.

RESOLUTION

It was RESOLVED that the Forward Work Programme be updated as set out above.

15 ANY OTHER ITEMS OF BUSINESS THAT BY REASON OF SPECIAL CIRCULSTANCES, THE CHAIR DECIDED SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100(B)(4) OF THE LOCAL GOVERNMENT ACT 1972

There were no further items of urgent business. Reference was made by Mr S Rowlands to the printing of documentation incurred for the Local Pension Board meetings and queried whether the Board could consider the provision of meeting documentation electronically, in line with the Authority's commitment to sustainability and the environment. The Chair requested that Board Members inform the Pensions Officer or Democratic Service Officer of their requirements in this regard.

RESOLUTION

It was RESOLVED that Board Members inform the Pensions Officer or Democratic Service Officer of their requirements in terms of paper or electronic copies of meeting documentation.

The meeting closed at 16:03