

**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, 11 MAWRTH 2019  
MONDAY, 11 MARCH 2019**

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

**14:00 – 16:22**

**78% 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), S Rowlands (employer representative), R Jones (member representative), R Hanney (member representative).

YMDDIHEURIADAU/APOLOGIES: T Dicker (member representative), D Daycock (Clerk/Monitoring Officer).

YN BRESENNOL /IN ATTENDANCE: K Jones (Director of Resources), M Miles (Head of HR), S Mansbridge (Head of Finance), S Tillman (Pensions Officer), J Harries (Accountancy & Systems Manager), K Gerrard (item 5), M Morgan (item 5).

## **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr T Dicker (member representative) and Mr D Daycock (Clerk/Monitoring Officer).

## **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 welcomed the three new Board Members, namely Mr R Jones (member representative), Mr R Hanney (member representative) and Mr S Rowlands (employer representative) to the meeting and introductions were made.

## **4 MINUTES OF LAST MEETING AND MATTERS ARISING**

The minutes of the Local Pension Board meeting held on 19 November 2018 were approved as a true record of proceedings.

### Matters arising

Page 2, Item 7 – it was confirmed that a link to the Pension Regulator's e-learning public service pension toolkit was circulated to Members on 14 February 2019.

Page 3, Item 8 – it was confirmed that the Training Needs Analysis template had been updated in accordance with the Board's determinations at its meeting on 19 November 2018.

Page 4, Item 9 – The Board was informed that its queries relating to the Pensions Regulator Scheme Return had been addressed on 12 February 2019.

Page 4, Item 10 – The Chair confirmed that the Risk Register had been updated to include 'valuation' as an area of risk due to its significant financial impact and that the 'cyber security' area of risk had been put on hold pending the outcome of the audit which would comprise an in-depth assessment of the subject area.

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

The Scheme Administrators presented an update 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 potential Accrual Rate Changes which was on hold pending the outcome

of a judicial review, Transfer calculations pertaining to the Superannuation Contributions Adjustment for Past Experience (SCAPE) rate and a court of appeal judgement relating to discrimination on the grounds of age.

In response to a query from Mr R Hanney relating to the 'My Pension Online' facility set out at section 3.2 of the report, the Scheme Administrators agreed to review the website analytics to determine the number of 'hits' received and report back to the Board accordingly. The Director of Resources further agreed that the matter would be raised at the next FBU Negotiating meeting to raise awareness of the facility and encourage personal ownership of pension information.

Attention was drawn to the Guaranteed Minimum Pension (GMP) reconciliation process and the Scheme Administrators were pleased to report that they had reconciled 94.49% 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.

The Scheme Administrators reported that there were few examples of both overpayments and underpayments, however no complaints had been submitted in relation to the Firefighters Pension Scheme. In response to a query by the Chair, it was agreed that future reports would encompass the number of complaints submitted by the Firefighters Pension Scheme Members in this regard.

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. It was reported to the Board that the accuracy and completeness score for common scheme data had increased from 91.5% to 93.7%. However, it was noted that the scheme specific data score had decreased from 85.5% to 76.2% which was attributable to a decrease in the contributions score from 98.23% to 71.1% following the inclusion of pensioner and deferred members. Board Members acknowledged the difficulties associated in the updating of historic data.

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 October 2018 to 31 December 2018 was provided to Board Members.

## **RESOLUTION**

***It was RESOLVED that***

- 1. the content of the report be noted;***
- 2. website analytics in relation to the 'My Pension Online' facility be provided to the Board;***

- 3. awareness of the 'My Pension Online' facility be raised at a meeting of the FBU Negotiating Meeting.**
- 4. information relating to the number of complaints submitted by Scheme Members be included in future reports.**

## **6 TO RECEIVE A REPORT ON THE FIREFIGHTERS' PENSION SCHEME ACTIVITY**

The Pensions Officer introduced a report to Board Members on the Firefighters' Pension Scheme Activity for the period 1 November 2018 to 28 February 2019.

It was reported that 63 employees had joined the Firefighters Pension Scheme (Wales) 2015, and a total of 6 had elected to opt out due to being in temporary positions, financial reasons or having other arrangements in place. Furthermore, Board Members were informed that 10 employees had retired during the reporting period across the various pension schemes, 2 of whom had been due to ill-health.

Board Members were also informed of the number of active, pensioner and deferred scheme members across the various pension schemes.

The Pensions Officer was pleased to report that the 12 pension benefit illustrations requested during the reporting period had all been provided within the prescribed timescales.

Reference was made to the information communicated to members during the reporting period in the form of a leaflet to explain the amendments made to the Firefighters' Pension Schemes and a letter issued to individuals affected by the treatment of retrospective temporary promotions in the Firefighters' Pension Scheme 1992.

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 allowance to the High Court whereas the Fire Brigades Union had submitted an appeal in respect of SRC and Day Crewing allowances, the outcomes of which were still awaited. The Board was assured that a provision had been made within the Authority's allocated reserves for the potential pension scheme liabilities.

The Board deferred its consideration of the recorded breach following the non-introduction of changes to the Firefighters' Pension Scheme 1992 relating to the treatment of the difference in pay during a temporary promotion for pension purposes, to Item 16 of the Agenda.

## **RESOLUTION**

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

**7 TO RECEIVE AND NOTE A REPORT ON THE PENSION REGULATOR'S INVOLVEMENT IN THE PUBLIC SECTOR**

The Chair presented a report to the Board which outlined The Pension Regulator's involvement in the public sector. Consideration was given to The Pension Regulator's Corporate Plan 2018-21 attached at Appendix 1 to the report and the Chair drew attention to the salient activity areas being examined as part of The Pension Regulator's remit, including training priorities, data performance standards and the provision of secure, quality, accurate and timely data and procedures.

**RESOLUTION**

***It was RESOLVED that the content of the report 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 to the report which comprised Operations, Financial, Funding and Regulatory & Compliance areas of risk.

In considering the Regulatory and Compliance area of risk, the Board were assured to note that the roles of Data Protection Officer and Information Security Officer were to ensure that control measures were in place to mitigate the associated risks. At the request of the Chair, the Director of Resources agreed that the Data Protection Officer could attend a future meeting of the Board, possibly on an annual basis, to provide an update to Members in respect of General Data Protection Regulations (GDPR).

Mr Iwan Cray 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 by the end of 2019.

In response to a query, the Pensions Officer confirmed that any pension related complaints or disputes would be reported to the Local Pension Board as part of its quarterly Pension Scheme Activity update report.

The Director of Resources provided assurances to Mr R Jones regarding the Service's robust procedures in respect of Cyber Security.

**RESOLUTION**

***It was RESOLVED that***

- 1. The Risk Register be noted and accepted;***

- 2. *The Data Protection Officer be invited to a future meeting of the Local Pension Board to provide an update on the General Data Protection Regulations. Consideration to be given to the interval of such updates, which could be provided annual if considered relevant.***

## **9 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 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 importance of a robust training provision with sufficient attendance was discussed by the Board. It was acknowledged that significant training would be required in the forthcoming year given that three new Members had joined the Board. It was generally felt that such training should take place as half-day sessions on meeting days.

A request was made by the Chair for the document to be completed by each Member and returned to the Pensions Officer within the next month. This was agreed.

### **RESOLUTION**

*It was RESOLVED that*

- 1. *the update on the Training Needs Analysis and Training Programme be noted;***
- 2. *the completed Training Needs Analysis template be returned to the Pensions Officer within a period of one-month.***

## **10 TO RECEIVE AND NOTE A REPORT ON THE FIREFIGHTERS' PENSION SCHEME 2015 - COURT OF APPEAL TRANSITIONAL PROTECTIONS JUDGMENT**

The Chair provided an overview of a legal challenge filed by the Fire Brigades Union against the transitional protection arrangements within the Firefighters' Pension Scheme 2015. Board Members were informed that on 20 December 2018, the Court of Appeal handed down the judgement, upholding the view that the transitional protections introduced with the new Firefighters Pension 2015 were unlawfully discriminatory on the grounds of age.

The Pensions Officer reported that notification had been received from the Local Government Association that the Government had submitted an application of appeal to the Supreme Court and a discussion ensued on the timescales in this regard.

### **RESOLUTION**

***It was RESOLVED that the content of the report be noted.***

**11 TO RECEIVE AND NOTE A REPORT ON THE FIREFIGHTERS PENSION FINANCING MECHANISM**

The Accountancy & Systems Manager 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 Accountancy & Systems Manager drew Members' attention to the schematic overview of the operating elements of the pension fund mechanism set out at Appendix 2 to the report, along with the various employer and employee contribution rates across the three pension schemes within the Authority, as set out at Appendix 4 to the report.

Consideration was given to the draft Pension Fund Account as at 31 March 2018 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.

In response to a query from Cllr D Thomas, the Accountancy & Systems Manager provided an overview of the Local Government Pension Scheme compared with the Firefighters' Pension Scheme, and clarified that the main distinction centred upon the contribution rates.

**RESOLUTION**

***It was RESOLVED that the content of the report and its appendices be noted.***

**12 TO RECEIVE AND NOTE A REPORT ON THE FIREFIGHTERS' PENSION SCHEME ADVISORY BOARD (WALES) – UPDATE ON FIREFIGHTER PENSION SCHEME VALUATION 2016**

The Director of Resources provided Board Members with an update on the Scheme Advisory Board meeting held on 27 November 2018 regarding the Firefighters' Pension Scheme Valuation 2016, and the Scheme Advisory Board's subsequent response to Welsh Ministers on options for rectifying the cost cap breach.

The Chair provided a synopsis of the Scheme Advisory Board's recommendations to Ministers as set out at Appendix 1 to the report. Reference was also made to the Government Actuary Department's draft Actuarial Valuation Report which detailed the

increase in employer contribution rates following the 2016 Valuation; as set out at Appendix 2 to the report. Board Members considered the assumptions and other information used as part of the valuation process and it was acknowledged that the increase in employer contribution rates was in the main attributable to an increase in the SCAPE discount rate. A discussion ensued on the financial implications surrounding the increase in the Firefighters pension fund employer contribution from 18.7% to 28.3% with effect from 1st April 2019. The Board noted that it was anticipated that the increase in 2019/20 would be met by Her Majesty's Treasury via Welsh Government, though no confirmation had been received to date. The Board looked forward to a further update following the next meeting of the Scheme Advisory Board scheduled for 3 April 2019.

## **RESOLUTION**

***It was RESOLVED that the content of the report and its appendices be noted.***

### **13 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.***

### **14 TO RECEIVE AND CONSIDER THE FORWARD WORK PROGRAMME**

The Chair provided an overview of the Local Pension Board Forward Work Programme for March 2019 – November 2019. The Chair drew attention to the training activity scheduled for July 2019 and requested that the word 'induction' be replaced with 'training'. The Board further requested that a presentation on Cyber Security be incorporated within the forward work plan for November 2019.

## **RESOLUTION**

***It was RESOLVED that  
the Forward Work Programme be noted;  
the word 'induction' be replaced with 'training' within the Forward Work Programme for July;  
a presentation on the area of 'Cyber Security' be incorporated into the Forward Work Plan for November 2019***

### **15 EXCLUSION OF THE PRESS AND PUBLIC**

## **RESOLUTION**

***It was RESOLVED that pursuant to section 100A (4) of the Local Government Act 1972, that the press and public be excluded from the meeting for the reason, that if they were present, it is likely that there would be disclosure to them of exempt information within the description of Schedule 12A to the Local Government Act 1972, namely:***

***Paragraph 12: Information relating to a particular individual;***

***Paragraph 14: Information relating to the financial or business affairs of any particular person (including the Authority holding that information).***

**16 TO RECEIVE AND APPROVE A REPORT ON THE FIREFIGHTERS' PENSION SCHEME 1992 – RETROSPECTIVE TREATMENT OF TEMPORARY PROMOTION**

The Director of Resources presented a report on the Firefighters' Pension Scheme 1992 relating to the retrospective treatment of temporary promotion.

**RESOLUTION**

***It was RESOLVED that***

- i. The contents of the report and the decision made by the Fire Authority as set out in Appendix 1 be noted;***
- ii. The Breach as set out at Appendix 2 be categorised as recordable.***

Exclusion of the press and public lifted – open session resumed.

**17 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.

The meeting closed at 16:22