

**Minutes of the meeting of the Local Pension Board held on 1 July 2019 at
Fire and Rescue Headquarters, St Asaph Business Park**

PRESENT

Richard Fairhead, Fire Leaders Association - Prospect, Employee Representative
(Chair)

Duncan Stewart-Ball, Fire Brigades Union, Employee Representative

Ken Finch, Treasurer, Employer Representative

Cllr Bryan Apsley, Employer Representative

Gareth Owens, Deputy Monitoring Clerk, Employer Representative

Helen MacArthur, ACO, Advisor

Julie Brown, Pensions Manager, Advisor

APOLOGIES

Alwen Davies, Members' Liaison Officer, Minute Taker

Blythe Roberts, Fire Brigades Union, Employee Representative

Jane Honey, Fire Officers' Association, Employee Representative

Geraint Hughes, Fire Officers' Association, Employee Representative

Ruth Simmons, ACFO, Employee Representative

Cllr J Rodney Skelland, Employer Representative

Cllr John Brynmor Hughes, Employer Representative

OBSERVER

Matthew Georgiou, Flintshire Senior Solicitor

CHANGES TO MEMBERSHIP

Geraint Hughes has retired from the Service; therefore, ACO MacArthur will be seeking new representation from the Fire Officers' Association.

1 ELECT CHAIR

1.1 Every two years the position of Chair is rotated between employer and employee representatives. Assistant Chief Fire Officer R Fairhead has completed his term; the employer representative nominated was Cllr Apsley who accepted the position.

2. DECLARATIONS OF INTEREST

2.1 None.

3 MINUTES OF THE LAST MEETING

3.1 The minutes of the meeting held on 2 May 2019 were approved as a correct record. From the action points:

- The Terms of Reference 2019/20 were approved; they have since been presented to the FRA and are available on the FRA website;

- The Board received verbal confirmation from the Pensions Manager that opt-out forms are held for whole-time personnel who have elected not to join a firefighter pension scheme;
- The decision regarding Rule B5c was reiterated to Board members;
- Items agreed by the Board to form part of regular Board meetings have been incorporated within the current meeting agenda;
- To improve governance arrangements, Dyfed Pension Fund now include a section within their update report that confirms implementation of bulletin and circular notifications.

4 FIREFIGHTERS PENSION SCHEMES – UPDATE REPORT

4.1 The Pensions Manager presented the report which informed members about the scheme membership, together with updates on:

- All Wales Firefighters' Pension Group
- Pension Transitional Protection Legal Challenge
- High Court Ruling on Firefighters' pensionable Pay
- Amendment Order 2019 – Walker Judgement
- FFPS bulletins and circulars update.

4.2 At present the format of the activity report has not been amended as obtaining the data in a reconciliatory format would place a burden on the administrators; however, it was noted that in the current format it was difficult for members to understand changes during each reporting period. ACO MacArthur will discuss this issue with the administrators prior to their attendance at the next Board meeting in October 2019.

4.3 The high level of opt out cases was discussed and the Board were informed that the statutory re-enrolment exercise was due to commence August 2019 at which point all applicable employees currently not in a firefighter pension scheme will be enrolled into the 2015 scheme.

4.4 The Sargeant and others v London Fire and Emergency Planning Authority court of appeal was discussed. The Court of Appeal ruled that the transitional protection offered to some members as part of the implementation of career average schemes constituted unlawful age discrimination. On the 27 June 2019 the Supreme Court declined permission for the Government to appeal this decision. Remediation will now take place through an Employment Tribunal. No local action is required until amendments to the Pension Orders are produced. In the meantime, ACFO Fairhead requested that the FBU representative present at the meeting updated members of potential implications, in particular reminding members that the FPS1992 and 2007 schemes are now closed schemes and therefore, the outcome of the decision is likely to involve remedy.

- 4.5 A contingent liability has been recorded in the FRA 2018/19 accounts; initial actuarial assessment has increased the pension liabilities by 5%.
- 4.6 The Local Government Association (LGA) has provided FRAs with guidance relating to pensionable pay components. The Board agreed that further advice is to be obtained from the FRA's solicitors to consider the facts of the recent court cases in line with contractual arrangements in place to consider the historical adjustment of pay components.
- 4.7 The FRA has communicated the Walker regulatory changes to FPS 1992 members.
- 4.8 **RESOLVED to:**
- (i) note the report;**
 - (ii) ACO MacArthur to liaise with Dyfed Pension Fund regarding improvements to the activity data;**
 - (iii) FBU representative to ensure members aware of the implications of the Sargeant case;**
 - (iv) Referral to FRA solicitors to review employee contracts against current case law and to advise corrective action.**
- 5 ANNUAL BENEFIT STATEMENTS (ABSs)
- 5.1 The Pensions Manager presented the paper which focused on the purpose and importance of ABS. The content of the FAQ document was approved and the Board concentrated their discussion around communication. It was agreed that the FAQs document would be attached within the 'My Pensions Online' facility and links provided within Weekly Brief updates. Consideration was made to include the document with pay slips issued in August; however, the proposal was dismissed due to the administrative burden involved e.g. ensuring correct document was issued according to specific scheme membership.
- 5.2 **RESOLVED to:**
- (v) approve FAQs document content;**
 - (vi) ensure document is adequately communicated to relevant members.**

6 DYFED PENSION FUND (DPF) UPDATE

6.1 ACO MacArthur presented the report, on behalf of DPF, which gave members an update on the administration of the schemes. The report provided assurance that the scheme is being properly administered

- Regulatory Update
- E-communication
- End of Year Data
- GMP reconciliation
- Data Quality Reports
- My Pensions Online
- Workflow

6.2 The issue around registration and access of the 'My Pensions Online' (MPO) facility was discussed. It was agreed that action must be taken to improve the number of pension members using the pension tool. The following methods were agreed by the Board:

- Communication in the Weekly Brief newsletter will be sent out during July and August;
- Each representative body within the Board would notify staff of the importance of using the facility;
- The FBU representative to take the issue forward at the next Brigade Committee meeting;
- Pension Manager to liaise with the Training department to incorporate update within the PDR pro facility.

6.3 Data Quality will be covered by the administrators during the next Board meeting in October 2019. Board members were asked to identify any other issues they wish Dyfed Pension Fund to cover in their presentation, information to be supplied direct to ACO MacArthur.

6.4 **RESOLVED to:**

(vii) note the report;

(viii) take action to promote the use of MPO;

(ix) identify any pension assurance aspects that the administrators can cover at the next Board meeting.

7 SCHEME ADVISORY BOARD - VERBAL UPDATE

7.1 The last Scheme Advisory Board (SAB) meeting was held on the 3 April 2019 and this was discussed in the LPB meeting of 2 May 2019. It was noted that historically SAB meetings were held in Cardiff but future meetings will be held with a video conferencing option.

7.2 **RESOLVED to note the information provided.**

8 GOVERNANCE SEMINAR 15/05/19 AND KPI - VERBAL UPDATE

8.1 Many of the items presented and discussed during the seminar have been raised during the meeting; focus was therefore given to additional items covered.

8.2 Case law updates included key areas of note, in particular the importance of accurate pension forecasts, ensuring all stakeholders are aware of the Service's internal dispute resolution procedures (IDRP) and the importance of achieving ABS deadlines.

8.3 Board members were reminded that the Pensions Regulator survey is due to be published.

8.4 The following was recommended for LPB (best practice):

- LPB to review the Risk Register during every Board meeting;
- Consider Cybercrime within the Register and disaster recovery plans to be tested;
- Annual evaluation of member's knowledge and skills, ensuring the evaluation is captured in writing;

8.5 The difficulties around KPIs for administrators was discussed; due to the software format obtaining target statistics would be burdensome for the administrators as it would involve manual manipulation of numerous reports; the FPS software does not allow for reporting of KPI data.

8.6 **RESOLVED to note the information provided.**

9 RISK REGISTER

9.1 The Board discussed the benefits of regularly reviewing the risk register and agreed that an annual review was insufficient. The risk register is split into four key areas and the Board determined that focusing on one key area per meeting would improve compliance with the Pensions Regulator's code of practice 14.

9.2 New entries relating to cybercrime, McCloud v Sargeant and Booth/Bradshaw court rulings were approved, however, the Board revised the initial score rating.

9.3 A funding risk was identified applicable for 20/21; for 2019/20 the Welsh Government has part funded employer superannuation costs. The purpose of the funding is to meet the costs associated with increased firefighter pension scheme employer contribution rates resulting from

the Firefighters' Pension Schemes (Wales) Actuarial Valuation as at 31 March 2016. There is no guarantee that funding will continue after 2019/20.

9.4 **RESOLVED to:**

- (x) update the current risk register;**
- (xi) focus on specific key areas of risk in future meetings.**

10 EXIT CAP CONSULTATION

10.1 ACO MacArthur presented the paper which had been presented to the full Fire Authority in June. The paper covered all pension schemes offered by the Fire Authority. ACO MacArthur highlighted the aspects that related to firefighter pensions and in particular brought to the attention of the Board the exemptions applicable to firefighter pensions.

10.2 It was agreed that there would be a minimal impact on firefighter pension scheme members due to the exemptions.

10.3 The Board highlighted the requirement to address the issue of index linking the 95k exit cap (at present there is no suggestion of index linking the figure).

10.4 The deputy clerk raised concerns around the ability of the fire Authority to reduce exit payments to firefighter members without a change in scheme regulations; this aspect will be incorporated into the consultation return to be submitted on 3 July 2019.

10.5 **RESOLVED to:**

- (xii) ACO MacArthur to incorporate the issues raised within the Fire Authority' response to the consultation.**

11 ILL HEALTH RETIREMENTS (TRAINING)

11.1 Board members received training on the ill-health retirement process and injury awards. The training covered the following aspects:

- Lower and higher tier awards;
- Ill-health reviews
- Injury awards;
- Action prior to ill-health retirement;
- Ill-health retirement process;
- Referrals to the Independent Qualified Medical Practitioner; and
- Rights of appeal.

11.2 RESOLVED to note the information provided.

12 MATTERS FOR FULL FRA

12.1 The Local Pension Board risk register to be included in the annual review by the Audit Committee.

13 ANY OTHER BUSINESS

13.1 For the October meeting, Members requested training in the following areas:

- Understanding pensionable pay;
- Roles and Responsibilities of the administrators DPF.

13.2 **RESOLVED to:**

(xiii) agree to the training requirements and where applicable arrange appropriate training provider.