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Minutes of the Meeting of Shropshire and Wrekin Fire and Rescue Authority Pension Board

Held in the Sycamore Room, Headquarters, Shrewsbury
On Thursday, 27 June 2019 at 10.00 am

Present

Members

Employer Representatives

Andy Johnson	Deputy Chief Fire Officer (Chair of Board)	DCFO
James Walton	Treasurer and S151 Officer	Treasurer

Member Representatives

Matt Lamb	Fire Brigades Union	ML
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Officers

Vicky Jenks	Senior Pension Officer, Shropshire Council	VJ
Lisa Vickers	HR Manager (Contracts)	LV
Lynn Ince	Executive Support Officer	ESO

Observer

Dave Myers	Assistant Chief Fire Officer	ACFO
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1 Membership Discussion

The Chair welcomed the ACFO to the meeting as an observer. This is to ensure that there is a handover and consistency when the Chair retires at the end of the year.

2 Apologies for Absence

Tony Talbot

3 Conflicts of Interest and Conflicts Register

Board Members were asked to declare any interests or responsibilities which may lead to conflicts of interest in the subject area or any specific agenda items for this meeting. Board Members were also asked to agree the Conflicts of Interest Policy document.

The Treasurer declared a potential conflict of interest in that he is the Pension Administrator of the Shropshire County Pension Fund (SCPF) which the SPO works for.

Resolved that the Board approve the Conflicts of Interest Policy.

4a Minutes

The following points were raised in relation to the minutes of the last meeting:

- ML asked that reference to him being the Fire Brigades Union Brigade Secretary be removed
- Under Contract Management Update and Issues (item 5), LV is to share the Pensions Contract with the Board.
- Following changes to the Fire Authority's governance structure, the Pension Board Annual Report will now go to the Standards, Audit and Performance Committee instead of the Standards and Human Resources Committee
- VJ to look at reformatting KPI Report table to clarify what is happening with regard to performance.
- Reminder re training to be sent out with meeting papers in future

Resolved that the minutes of the Pension Board meeting, held on 14 February 2019, including the revision requested by ML above, be agreed and signed by the Chair as an accurate record of the meeting.

4b Pension Board Action List

Resolved that the Board note the progress recorded against the actions on the Action List.

5 Contract Management Update and Issues

• Re-enrolment Issue

The Re-enrolment and Staging process is undertaken on a three-yearly basis. Staging means that all employees must go back into the pension scheme whether they have opted out, or not, during the previous three years. There is a legal duty to declare the information which requires a huge amount of work to produce. A communication piece needs to be produced explaining the process and why it needs to be done.

Action: Julie Pugh, Payroll, Telford & Wrekin (T&W) Council will attend October Board meeting to provide further information on issue

VJ clarified that the Payroll provider should write to employees when they are brought into the Pension Scheme and explain why this has happened.

• Issues from changeover of payroll provider

The change of payroll provider has caused issues around accessing information for Pensions. This is due to access to ResourceLink not being upgraded which prevented access to the necessary information. This was an unforeseen problem which could not have been prevented. The necessary upgrades have now been done but access here still needs to be sorted.

This has had an implication for the Year End data for Annual Benefit Statements (ABS) timescales. T&W Council have provided assurance that the deadline for the data, which is tomorrow, will not be missed.

VJ explained that data is needed up to 31 March 2019 to produce the ABS. The information provided in April was not quite right and the final pay information is still awaited. CPD information will be provided in the first week of July. Generally, the provision of data is good and timely but there needs to be some refinement of what information is being provided for firefighters. The ABS cannot be produced until Pensions have the correct information, but the process is quite quick once it is started. Digitisation has speeded up the process so there is contingency available. The Pensions Department do like to have testing time available due to the variances between schemes etc.

VJ emphasised that the issue is not at panic stations yet but has taken more work than anticipated. The Board noted this but were concerned about the issue and asked VJ to provide further information to the Board if the situation becomes more pressing.

6 Scheme Advisory Board Communications

The Board received the following items from the Scheme Advisory Board (SAB) for information and / or discussion.

6a FPS Bulletin 16 (January 2019)

• Transitional protections

VJ reported that nothing is happening quickly regarding this issue. It was anticipated that there may be a resolution by the end of the year, but this is likely to be affected by Brexit. There will be impacts on all pension schemes and the LGA have provided a statement to issue to members regarding this. Taper protection is in place to 2022 so it could be that the resolution will be to move everybody across to the 2015. Any changes will take a long time once a decision is made and accrual rates have been maintained because of this, together with SCAPE being added and employer rates increased.

ML reported that a decision about whether the issue will go to appeal is believed to be due in July 2019. If there is no appeal, it is possible that an outcome will be announced in July 2020.

VJ explained that if the remedy is applied retrospectively, it is thought that it will be for those with tapered protection and will mean possible compensation for those who have been given that protection. If the remedy is along these lines, the admin changes will be a lot less. Applying any changes retrospectively would be a headache and the system providers will have to look at how they can facilitate those changes with software etc.

The ACFO reported that the issue had been discussed at the Scheme Advisory Board (SAB) meeting and they had been confident that the remedy would not be retrospective. It was also noted that a change in Prime Minister etc may affect any solutions to the issue.

- **Benchmarking Exercise**

The consultation outcomes have been discussed at the SAB and Aon are to make recommendations based upon the consultation findings. VJ reported that pension administrators are currently all on different playing fields and it is hoped that a standard template will come out of this consultation. VJ explained that part of the difficulty of setting a level playing field is due to fire pension administration being more commercial than for other public sector pension schemes. It is hard to benchmark even within the region due to the variations in administration across the region. VJ commented that it will be interesting to see recommendations that come out from SAB and that another survey will probably be needed to drill down into the more complex issues.

ML commented that there is great support for a simplification project with the possibility of centralising pension discretions. There are however some concerns over some of the data collected, for example there are issues over how the amount of time spent on tasks etc was measured and the completion of surveys can also lead to inconsistencies in data provided. The SAB Admin Board are to look at this issue further.

The Treasurer asked when the responses to the exercise will be available. The results will go to the SAB in October and will then come to Fire Authorities for consultation. The Treasurer also asked what would need to be looked at from the Pension Board's point of view as it is more concerned with governance and effectiveness etc. ML suggested that the focus for the Board would be quality which informs cost etc.

- **Amendments to FPS**

Communications regarding the change to spouses' benefit were sent out with payslips / p60s.

6b FPS Bulletin 17 (February 2019)

None

6c FPS Bulletin 18 (March 2019)

- The amendment order has been communicated to Scheme Members
- Additional Pension Benefits (APB) factsheet is available via the website

6d FPS Bulletin 19 (April 2019)

- The ABS process survey will be run on an annual basis. SFRS have completed this survey. There is a big push for more movement towards digital services. SFRS are well ahead with this change, for example with the use of Member Self-Serve etc.

- SAB has requested information from FRAs regarding opt-out levels etc

6e FPS Bulletin 20 (May 2019)

- **Pensionable Pay**

ML reported that a Pensionable Pay Conference is being held next month but the SAB is to produce further guidance on this subject. The trainer allowance may be an issue for SFRS. This allowance became pensionable in 2012 so would need to look at anybody affected prior to that date. Further guidance is anticipated regarding what date this goes up to. AJ asked if the limitation on backpay was to 2012. The allowance was not pensionable before then but need to check if anybody is affected. VJ explained that in the 2013 APB change, temporary payments became pensionable if allowed but in the 2015 Scheme, they became non-pensionable. The DCFO stated that whilst he is confident that the Service is interpreting the rules correctly, it was worth undertaking some checks to confirm.

7 Surveys / Returns

There have been none in the period since the last meeting of the Pension Board.

8 Update from Pension Administrator

8a Data Scores

VJ reported that the data quality report was first ran last September and looked at common and scheme specific data with an action / work plan being agreed following this. The next data quality reports will be run in July.

The DCFO commented that on the scheme specific data, due to blank fields in the pension contribution field, there could be an improvement to 73%. It may be uneconomical to address the errors in relation to this field and further investigation is needed to determine whether it is worth investing to achieve 100%.

VJ explained that Rebecca Clough, the Communications and Governance Lead has been working on various aspects of the data quality report for Local Government which tested literally everything across all different types of members. It was found that some tests are perhaps not required for pensioners.

The TPR / LGA have asked if there are too many tests and if there are changes that can be made in relation to the LG Scheme. If there are changes in the LG Scheme can this then be mirrored in the Fire Schemes. A huge amount of work is required if there is a need to post that contribution information so can this test be taken out for this group as it does not affect the benefit. The tests have been developed by the software provider and look at everything. It needs to be assessed if it is necessary to test against everything.

The Treasurer asked why certain data was now being collected when it hadn't been before. VJ explained that benefits calculations are based on pay as it is not a final contribution scheme. It is possible to drill down into the data and pull out the historical information to enable it to be reported differently but a discussion is needed as to whether it should just be taken out completely.

The Treasurer commented that if we are recording the data then there is a need to make sure it is being done properly. The DCFO suggested that it was worth getting a draft idea and an estimate of the work required.

The DCFO reported that the Service is legitimately able to achieve 100% on common data. There is a need to revamp the action plan and this will be evaluated. Officers will keep an eye on the outcomes of the TPR / LGA discussions, but this issue is not being addressed at present due to cost etc. An additional statement is needed in the Action Plan to reflect this.

Action: DCFO and VJ to discuss and agree a phrase for Action Plan.

The ACFO asked about the implications of the GDPR regarding retaining data that is not needed. VJ explained that the data is held for pension administration checks. Members benefits are not based on the contributions value, but it needs to be posted to show they are active.

The DCFO asked if there are any changes to the process for this year. VJ confirmed that there are not so we need to be aware that we will get a comparable data quality report. ML and JW confirmed that they are happy with the action plan.

8b Membership Statistics Update

VJ reported that overall there are no surprises in relation to membership and the statistics are as expected. Membership of the 1992 and 2006 Schemes is tailing off. There has been a slight drop in the total membership of the 2015 Scheme but an increase in deferred members for the 2015 Scheme could mean that this is due to On Call staff coming in and out of the Scheme because of the trigger for auto-enrolment. It can also depend on when the membership figures are collated.

8c Member Self Service (MSS) Statistics Update

VJ reported that the number of MSS active Member users has hit 50% for June with the numbers of deferred and pensioner member users also increasing. Work is being undertaken to target the 50% of active members that are still not using MSS. National comparison figures for the Local Government Scheme indicate that MSS is used by about 30% of its members.

8d SCPF Risk Register

There was no update to be given on this item.

8e GDPR Update and any Impacts

There were no changes to report in relation to this item at the time of the meeting.

9 Communications Issued or due to be sent to Members

VJ reported that the only communications that have been issued since the last Pension Board meeting are P60 information to pensioners and information concerning the change to spouses' benefits in May.

VJ advised that electronic P60s may be issued next year. ML asked if a paper copy can be requested. VJ explained that this does happen, and paper copies can be provided but Pensions try not to encourage this.

The DCFO asked how pensioners receive communications if they are not on the system. VJ explained that the Pensions Department write to pensioners periodically to advise that information is available on-line. The ACFO asked if pensioners have to re-register on the system once they leave the Service. VJ explained that they only need to update their contact information on retirement.

10 Training

The Board considered Pension Board training as follows:

- The ACFO advises that he had attended the recent Pension Board training event that had been provided by the Local Government Association. This included talks from Clair Alcock and Clare Hey and Nick Seddon from The Pensions Regulator
- The ACFO advised that there had been a prompt at this training regarding the provision of training by the Scheme Advisory Board. LV reported that the provision of regional training is being looked at and possible dates identified for this
- ML is attending the Pensionable Pay event next week. The event will also be attended by Human Resources Officers
- The DCFO reported that the Pension Board Annual Conference is worth attending.
- Board Members were reminded that their training needs are covered by The Pension Regulators Training Modules.
- Board Members were also advised to notify the ESO when they have completed any of these modules so it can be recorded on the Training Register

11 Action: ESO to investigate Service email issue for Treasurer Breaches Register

There have been no breaches in the period since the last meeting of the Pension Board.

12 Pension Board Risk Register

The Board considered the Risk Register and if there were any areas of potential risk for inclusion.

The DCFO reported that risk IDs 4 and 7 have been updated.

The DCFO asked for an update on progress with the issuing of Annual Benefits Statements (ABS). VJ explained that there would not be a blanket failure as information is available for some members. If due to delays in receiving the correct information from Payroll, the ABS could have been issued with incorrect data, but the decision was made to delay issuing by a week to ensure they were correct. There is an onus on the Authority to report itself if a material effect would be caused by a failure to do what is required and the DCFO asked if Risk ID 1 would come under this. VJ explained that reporting must be done on 1 September. VJ will liaise regarding this and will let Board members know any outcomes.

The Pensions Department are conscious of the issue and are aware that there is a high risk associated with it, although it has not been raised as a concern. The Pensions Regulator will want to know why the ABS have not been issued on time and will want to know what measures are being taken to remedy the problem and prevent it occurring again next year.

13 Register of Internal Disputes

Resolved that the Board note the update on the Register of Internal Disputes and that there have been none in the period since the last meeting of the Pension Board.

14 Date of Next Meeting

Wednesday, 2 October 2019, 2 pm at Headquarters.

The meeting closed at 11.45 am.

Chair.....

Date.....