

12b

Minutes of the Meeting of Shropshire and Wrekin Fire and Rescue Authority Pension Board Held in the Sycamore Room, Headquarters, Shrewsbury On Wednesday, 2 October 2019 at 2.00 pm

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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External Bodies

Julie Pugh	Payroll, Telford & Wrekin Council	JP
Dave Chantry	Payroll, Telford & Wrekin Council	DC

1 Apologies for Absence

Tony Talbot.

The Chair welcomed Julie Pugh and Dave Chantry from Payroll at Telford & Wrekin Council to the meeting. Julie and Dave were attending to provide information on the issue of pensions re-enrolment.

2 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 Senior Pension Officer (SPO) works for.

ML declared a possible interest in item 5 on the agenda, as he had been in receipt of a Watch Managers allowance in the past.

3 Minutes and Action Plan

3a Minutes

ML asked that the term 'final contribution scheme' be changed to 'defined contribution scheme' in the third line of the first paragraph on page 6 of the minutes.

Action: ESO to amend the minutes accordingly.

Resolved that the minutes of the Pension Board meeting, held on 27 June 2019, be agreed and signed by the Chair as an accurate record of the meeting.

3b Pension Board Action List

Progress on the Actions List is recorded on that document, except for the following discussions.

Contract Management Update

Action: DCFO asked the Board to acquaint themselves with the contract expectations and to highlight any questions or issues before the next Board meeting to ensure appropriate scrutiny is being undertaken.

In relation to this, the SPO stated that the key performance indicators (KPIs) are already in place and these have been based on the expectations set out in the contract schedule. There is a need to look at how the employer's obligations are being met, but there is no indication of delays in relation to these as i-Connect provides a data extract on a monthly basis which covers this.

The DCFO commented that there can be issues with timing and the Treasurer stated that there may be instances where indicators were not met which would not constitute a breach. VJ explained that breaches are normally collected and then raised as collection of issues, but it is different with fire pensions, as there are a small number of occurrences and these are dealt with as they happen. The Treasurer asked if these instances are recorded. The SPO confirmed that they are recorded as minor breaches and then assessed for severity. The DCFO asked how soon Pensions become aware of breaches. The SPO explained that Pensions only become aware when they are informed of a breach and these are normally picked up the following month when Payroll carry out the necessary checks.

The Treasurer asked how it was ensured that these checks were being carried out. The SPO explained that as a data receiver, there is an onus on the Authority to ensure that it is measuring timescales etc. LV reported that there have been changes to working methods, especially considering the separation of duties between Pensions / Payroll which the Service was not aware of three years ago.

The Treasurer commented that clarity is needed regarding this issue, i.e. is it the Fire Authority's responsibility or Telford & Wrekin's. LV explained that there have been attempts to work this out. The DCFO asked how the Board can gain assurance that people are being paid their pensions correctly and receiving advice. ML queried the extent of the Board's remit in relation to this. The DCFO explained that the Board can seek assurance that Human Resources have a handle on things and outcomes are being achieved. LV commented that this can be evidenced through the number of complaints received together with the outcomes of any audits undertaken.

The Treasurer suggested that the main concern is, is the ultimate outcome achieved i.e. is the process smooth and will what is wrong come out appropriately and this is what the Board needs reasonable assurance on. LV asked if the Board wanted HR to attend its next meeting.

Action: Wendy Edwards, HR Officer to attend next Pension Board meeting

The DCFO suggested that HR should provide details of how the processes now work with Pensions and Payroll together with summary monitoring data for standard issues, and an explanation of the 'gatekeeper' role HR take in relation to pensions and how issues are moved on. The Treasurer added that there may also be non-standard issues e.g. temporary promotions that are picked up through MyView monitoring data. These should be talked through and any processes in employment that may trigger pension changes, identified.

LV asked if the Payroll Contract should also be shared with the Board.

Action: agreed that the Board needs to see the Service Level Agreement with Payroll, however the Treasurer should not see this due to possible implications for his role.

Data scores

Clair Alcock (Scheme Advisory Board) has confirmed that Services do not have to report on contributions, but this has not been advised to the software provider, so scores relating to contribution gaps will remain in until this is remedied in next year's reporting. The Local Government Association (LGA) has produced a defined list of scores so this is definitive. The DCFO commented that the element of error can be seen clearly and can be explained. The SPO said that an improvement has been seen on last year's scores, but this will improve again massively, once contributions is removed from the reporting.

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

4 Contract Management Update and Issues

- **Re-enrolment Issue**

The DCFO commented that he is conscious that re-enrolment can be an annoying and/or frustrating process for employees and the aim of having Payroll at the meeting today is to understand the process itself, together with the need for it to be done and the communications that are done around it.

JP explained that re-enrolment is a requirement of The Pensions Regulator (TPR) with all employees, including 50/50 members, being automatically brought into the pension scheme, once every three years. Individuals can then choose to opt-out of the scheme, but they must be brought into the scheme initially in order to be able to opt out.

There is a need to be proactive with communications in relation to automatic re-enrolment so that those who will be opted in can be told in advance and advised that it is a legal requirement. Those affected this year are four wholifetime firefighters, one 50/50 member and possibly 23 Retained Duty System employees. Anybody who has opted out in the last 12 months is ruled out of the process. Payroll are working with the HR Department to draft the necessary letters and ensure they are sent out. It is important that any communications regarding the process are neutral in tone.

The SPO commented that it does make employees think about pensions, which is the Government's aim for the process. The take-up of pension schemes since re-enrolment has been good so it is for the employee's benefit.

The DCFO commented he had not been aware that it is a national process. JP confirmed that it is with each employer having their own staging date. Re-enrolment is an employer function which is done through the Payroll Department not through the pension scheme. Employers must carry out the process and declare to TPR that it has been completed. TPR does follow up on any employers that do not report completion of the process.

The Treasurer clarified that an employee who has opted out in the last 12 months would not be picked up when the process runs this time, but they would be included when it runs again in three years' time. The criteria for automatic re-enrolment is that the employee is aged between 22 and pensionable age, with an earnings threshold of £10k per annum.

ML asked if the reporting to TPR included the success rate of the process as well. DC explained that there is only a requirement to report figures for each Scheme and those that have not been opted in. There is no requirement to record, or report, data regarding those who opt-out after re-enrolment. ML asked if there was any questioning of people's reasoning for opting out. LV explained that the Service must be very careful about the language that is used in the process to ensure that it remains neutral. The SPO reported that consideration is being given to including recording the reasons for opt-out on the fire form.

The DCFO confirmed that the re-enrolment date is November and asked if communications would be issued this month. JP confirmed that they would and once this is done, employees can advise if they wish to opt-out however employees cannot complete an opt-out form before the date of re-enrolment, i.e. 1 November. The Treasurer asked what the timescale for opting out after re-enrolment was. DC advised that there is up to three months to opt-out and receive a refund of any contributions made in that period. It is possible that employees could build up small amounts of pension if they forget to opt-out, but these can be added together if this happens several times.

5 Other Matters of Note

- **Pensionable Pay – Watch Manager's (Training) Flexibility Allowance**
This issue is a consequence of the recent legal cases related to allowances and associated pension rights.

The FBU have raised concerns relating to the 'overtime' element, not the training allowance itself, which has been amalgamated with the Watch Manager 'B' allowance. The Board needs to be aware that the issue is ongoing, but any decisions related to it will probably be made by the Scheme Manager, not by this Board.

ML advised that further guidance is to be constructed around the issues emanating from the case but there is a problem with the variations in the names of allowances etc across the country. The SPO advised that the Local Government Association (LGA) is currently offering lots of training on pensionable pay etc which is a big issue due to the variations across the fire community. The LGA is keen that people attend the training.

ML advised that he did attend the Pensionable Pay seminar but at that point, the implications of the judgments in the four cases, were still being worked out so no further guidance was available. The seminar did however, provide an understanding of the reasoning behind the decisions.

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 21 (June 2019)

Transitional Protections Challenge Update

The SPO advised that a decision regarding this is due in December 2019 but the actual remedy for the issue is a long way off. There will be consultation once a solution, which has to encompass everything and be fair to all, is identified. The SPO advised that, at present, there have not been many enquiries regarding this issue but any pension projections etc can only be calculated on the regulations as they stand now.

Annual Benefits Statement

The SPO confirmed that these have all been issued. ML asked if the template provided by the SAB had been used. The SPO advised that the software provider's template had been used.

Revised Factors

The SPO confirmed that these have all been implemented.

Terms of Reference (ToRs)

Action: The amended SAB ToRs for Local Pension Boards to be used as a template when reviewing this Board's ToRs next year.

6b FPS Bulletin 22 (July 2019)

None

6c FPS Bulletin 23 (August 2019)

None

7 Surveys / Returns

- Firefighters Pension Scheme Administration and Benchmarking Review**

The Board reflected on the main findings of the report and noted the following:

- It is difficult to establish common benchmarking standards, due to the different ways each Service administers its pension, which make it hard to compare and identify similarities across fire authorities
- The Review is, however, a good starting point to identify what areas need to be looked at
- The Review will then build year on year to create benchmarking standards due to the variances in processes nationally.
- One of the aims of the Review was to establish an average cost, but this has not been published due to the information needed not being provided from some respondents. Further work will be

undertaken to gather this cost information, with a further questionnaire being developed and sent to the correct person in each organisation for completion.

There are no specific actions arising from the Review for the Board and/or Authority, but completion of the surveys is likely to become an annual requirement.

8 Update from Pension Administrator

8a Key Performance Indicators

The SPO explained that the figures in brackets in the Number of Cases column show how many cases went over the Target Days for processing. The SPO advised that maternity leave within the Department has had an impact on performance and recruitment is being undertaken to address this issue. The SPO also explained that processes relating to deferred benefits are not prioritised for processing, due to their limited immediate impact, and this is reflected in the KPIs.

DM asked about the difference between early retirement quotes provided by the Pensions Department and the information that is available via Member Self Service (MSS). The SPO explained that MSS is good for getting ballpark figures but there is a slight difference between the two sources. Pensions will provide early retirement quotes if members are retiring in the next 12 months, as Pensions may be able to gather more data if retirement is due to happen within the coming 12 months.

The DCFO asked why some of the Target Days figures were shown in red. The SPO explained that this is because the target days for these tasks have been reset following review by officers. The SPO also explained that the Actual Days figures are the average number of days taken to complete each of the cases. The SPO further added that officers are looking to improve the reporting of days taken for some of the indicators as current methods are hard to work with.

The Board were keen to understand how the Actual Days figures relate to the other data given in the report. The Board felt that reporting needed to be consistent with explanation and commentary against the worst case scenarios also being included. The Treasurer commented that numerous calculations could be used for reporting, but what is needed is an explanation as to why targets have not been met and the impacts of this.

Action: For future reports, anything outside target to be reported separately with average days being reported for any indicators completed within target (action by SPO)

8b Update on Data Improvement Plan

The Board considered the two reports on data quality that had been produced by Heywoods and noted the following points.

Common Data Quality Report

- Section 1.4 of the report shows that there has been an improvement in the common data scores.
- All the categories tested have shown improvement and none have lowered their scores which is what TPR wants to see.
- A work plan will now be drawn up to address the issues identified in the report.

Scheme-Specific Data Quality Report

- Section 1.4 of the report shows that the percentage of records without a single scheme-specific data failure, has increased from 69.3% in 2018 to 74.4% in 2019.
- This improvement is however undermined by 1.2% reduction in the pass rate for the Contributions issue which is to be investigated.

Action: SPO to bring work plan for addressing issues identified to the next meeting of the Board.

ML asked how the Data Correction Plan, on page 24 of the report, would be implemented. The SPO explained that the issues are highlighted by Heywood and Pensions then discuss these with the Authority for a decision on which should be addressed and the order of priority.

ML commented that some of the areas identified appear to be straightforward to address but there are some which will obviously need further investigation. The SPO agreed and explained that, previously, there was an issue with historical data, but this is cleaner now, due to the digital transfer of data.

The DCFO summarised that the Service is heading in the right direction regarding data quality and commented that it would be good to be able to get the large number of data failures related to the Contributions issue removed in the future.

8c Shropshire Government Actuary's Department (GAD) Data Evaluation Summary

The SPO reported that Pensions have looked through the data presented in the report, which highlighted some areas that were excluded from the 2016 valuation for Shropshire. The SPO confirmed that these areas were investigated at the time, but further work is to be undertaken on the data.

The SPO further explained that there is an awareness that reporting has improved vastly during the period covered, so there is a need to see what the issues are and to ensure that the correct data was submitted at the time.

The DCFO asked if this report would be produced again in 2020. The SPO confirmed that it would be done again. It is hoped that the data will match and meet the requirements for 2020 hence the need to ensure that the right information is being provided to GAD.

Action: SPO to report finding on this issue and any identified implications for next year, to the next meeting of the Board.

9 Communications Issued or due to be sent to Members

There is nothing upcoming from the Pensions Department but there will be communications issued by the Payroll Department regarding re-enrolment.

10 Training

The Board considered Pension Board training as follows:

- FPS Local Pension Board Training – 17 September 2019**

It was noted that it was good to have regional representation at the training which had provided a useful refresher together with some new information. ML reported that there had been good feedback from employee members who attended from West Midlands and Staffordshire Fire and Rescue Services.

The Board Members felt that the diagram of the Scheme Year Cycle on slide 128 was very useful. DM asked if the plan was for the Board to move to quarterly meetings to encompass the Scheme Year Cycle that is set out in the diagram referred to. This would make sense if success is being measured against holding four meetings per year and if TPR are looking at a benchmarking figure particularly for measuring risk. ML suggested that an increase in size of the Pension Board membership was worthy of discussion, as it may solve issues with non-attendance at meetings, but it does create the added problem of providing additional training and ensuring the maintenance of skills and knowledge. LV confirmed that the Board is able to increase its membership numbers. It was also noted that Board size does differ according to the type of fire and rescue service e.g. larger Boards in wholetime services. Consideration could be given to having a retired member on the Board or even an external chair who is not part of the organisation for example police representation.

The SPO pointed out that the diagram concerned does not cover what happens every year in the Scheme Year Cycle, for example the ISA19 financial returns is missing from it, but it does show everything that has happened this year. The Board agreed that a local version of the diagram, running from January to December, should be produced with indicative dates for deadlines etc to assist planning of Pension Board meetings. Consideration should also be given to increasing the number of meetings per year, although it was noted that this will incur additional costs for the attendance of the SPO.

Action: Calendar of pension related events to be produced

Action: Increase in number of meetings to be discussed at next Board meeting.

DM asked if the Scheme Manager should attend the Pension Board meetings on a once a year basis. The Board agreed that the DCFO and DM would discuss this further outside the meeting.

Action: Scheme Manager attendance to be included in the Terms of Reference (ToRs) review in February 2020

Action: Anything else that needs to be considered when the ToRs are reviewed to be sent to DM.

- **Pensions Conference – 24 / 25 September 2019**

DM attended the Conference and gave the following feedback on it:

- There was a case law update which was interesting.
- The Abatement workshop was not particularly useful as there are clear variations in the interpretation of abatement even though HMRC are very clear on the rules related to abatement. There is a massive question regarding wholetime and retained duty system (RDS) joint posts the RDS element is viewed as continuing employment and is not registered as concurrent employment. There is also an issue regarding the inclusion of allowances for threshold levels.
- TPR Policy Lead Nick Gannon gave a presentation on the benchmarking results.
- The issue of cyber-security was also highlighted. The SPO confirmed that Shropshire is audited on its software systems and this includes penetration tests.
- The LGA is developing a FAQ factsheet about the remedy for transitional payments

- **Training Register**

The Board agreed to let the ESO know of any training that is undertaken.

- **Upcoming Events**

Upcoming training events are detailed on the SAB bulletins.

Training for Board Members and Scheme Managers is being held on 16 December 2019 at West Midlands Fire Headquarters.

Action: Board Members to let LV know if they wish to attend. LV to provisionally book three places on the training.

- **Training Needs Analysis**

A £3k training budget is available if required

- **TPR Training Modules**
The Board was reminded about these modules

11 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 Board noted the following:

- Risk ID 4 - Guaranteed Minimum Pension reconciliation.
This risk can be closed as this work has been undertaken and no significant issues identified
- Risk ID 5 – Securing compliance with changes in scheme regulations.
ML asked if there was a need to include specific mention of risk related to the remedy to the transitional issue, due to the possible increased admin work this may create. The SPO explained that software providers will be developing solutions as soon as transitional remedy issue is clear. The probability of the impact is not likely to be low but there are also possible costs for the software providers. There is also risk in relation to the financial impact on the Fire Authority of any remedy.

Action: VJ to discuss with Debbie Sharp

Action: age discrimination remedy and implications risk to be added to Register. Risk assessment to be done by SPO and Debbie Sharp and considered at next meeting.

Action: Head of Finance and Head of HR and Admin to consider risk related to finance

- Risk ID 8 – Recruitment and retention of staff or knowledge.
The SPO reported that resilience within the Pensions Department is improving but there are potential issues with the retirement of one of the HR Officers from the Service.

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

2020 meeting dates to be programmed on a quarterly basis with the first meeting being held in February.

Action: ESO to programme meeting dates for 2020.

Action: Number of members on Pension Board to be considered at next meeting as a means of preventing meetings being cancelled

Before the meeting closed, DM thanked the DCFO for his work with the Pension Board. The Board echoed this sentiment and gave the DCFO its best wishes for his retirement.

The meeting closed at 4.30 pm.

Chair.....

Date.....