



**MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Wednesday, 20 November 2019 in the Leadership Team Conference Room, Clemonds Hey at 2.00 pm**

**PRESENT:**

**Board Members:** Cllr David Brown (Chair), ACFO Alex Waller, George Peers (FBU)

**Officers:** Andrea Harvey (Director of Transformation), Jayne Nixon (Governance Advisor), Jill Swift (HR Payroll and Pensions Lead) and Naomi Thomas (Governance and Corporate Planning Manager)

**Guests:** Graeme Hall (XPS Administration)

**1 WELCOME AND INTRODUCTIONS**

**2 APOLOGIES**

Apologies for absence were received from Neil McElroy (FOA representative).

**3 DECLARATION OF INTERESTS**

There were no declarations of Members' interests.

**4 NOTES FROM THE PREVIOUS MEETING**

**RESOLVED:** That

**[1] the minutes of the meeting of the Local Pension Board held on 7<sup>th</sup> May 2019 be confirmed as a correct record.**

**5 PENSION BOARD TERMS OF REFERENCE**

The Director of Transformation informed Members that a report had been submitted to the Governance and Constitution Committee (the Committee) on the 13<sup>th</sup> November 2019. The report enabled Members to consider the updated terms of reference for local pension boards provided by the Firefighters Pension Scheme Advisory Board and to consider whether any changes were needed to the terms of reference of the Pension Board of this Authority.

A summary of the recommendations reached by the Committee was circulated within the meeting for discussion by the Board. Recommendations included:

- Introducing a term of office for Board members.
- Confirming the frequency of meetings would be 4 per year.
- Introducing a quorum of 3 Board members present for a meeting to be held rather than 2.

The Director of Transformation informed the Board that any observations made by them would be submitted to the Fire Authority at the next meeting on 11<sup>th</sup> December 2019.

The Board discussed the recommendations proposed by the Committee and agreed with recommendations 1 and 2. Members of the Board expressed a preference to retain a quorum of 2 members of the Board, rather than 3.

A member of the Board queried who was permitted to be a pension member representative on the Board. The Governance Advisor informed the Board that the regulations stated that individuals who had the capacity to represent Scheme members could sit on the Board – this had been interpreted as including active, deferred and retired Scheme members.

**RESOLVED: That**

**[1] the report be noted; and**

**[2] the Pension Board's preference to retain a quorum of 2 members of the Board, rather than 3, within its Terms of Reference be communicated to the Fire Authority.**

## **6 XPS ADMINISTRATION CHESHIRE FIRE AND RESCUE SERVICE DELIVERY REPORT**

The Operations Manager, Graeme Hall from XPS Administration, was in attendance and presented the Service's Delivery Report for 2019-20. The report contained the following information:

- Regulations and guidance from April 2019 to September 2019.
- Common data.
- Performance charts showing performance against individual service level requirements.
- KPI reporting accuracy.

He confirmed that no complaints had been received so far during the 2019-20 reporting period.

The Director of Transformation informed the Board that concerns had been raised regarding the calculation of split pensions. The Operations Manager from XPS Administration informed the Board that this would be looked into. The HR Payroll and Pensions Lead confirmed that she would liaise with XPS Administration to confirm who may be affected by issues with split pensions.

**RESOLVED: That**

**[1] the report be noted; and**

**[2] the HR Payroll and Pensions Lead to review retirement cases and to liaise**

**with XPS Administration to identify any cases where split pensions could have been applied.**

## **7 PENSION ADMINISTRATOR - CHANGES TO PROCESS REPORT**

The Director of Transformation informed the Board that a report had been submitted to the Performance and Overview Committee on 10<sup>th</sup> July 2019 to provide information regarding changes made to improve the quality of employee data and business processes following a number of errors made by XPS Administration. The report was being submitted to the Board for information.

The Board noted the report and discussed whether the work that they undertake should be reported on an annual basis to the Fire Authority. This had been recommended as good practice where the Fire Authority, as Scheme Manager, had delegated this responsibility to an officer. It was agreed that a proposal should be put forward at the next meeting of the Fire Authority to seek its views on whether an annual report was required or whether the minutes of the Pension Board meetings were sufficient.

**RESOLVED: That**

**[1] the report be noted; and**

**[2] the Board seeks the views of the Fire Authority regarding whether an annual report on the work it undertakes should be submitted to the Fire Authority or whether the Pension Board minutes would suffice.**

## **8 FIREFIGHTER PENSION SCHEME UPDATE**

The HR Payroll and Pensions Lead presented an update on current issues relating to the Firefighters' Pension Schemes, including updates on the following areas:

- Membership Statistics
- Firefighter Pension Scheme Bulletins
- Contracting-Out Reconciliation Exercise
- 2018 Firefighter Pension Scheme Administration Survey
- Annual Benefit Statement Update 2019
- Re-Enrolment 2019 Update
- Restricting Exit Payments in the Public Sector
- Scheme Annual Activities
- LGA Conference Updates
- Regulatory/Scheme Updates

A member of the Board queried whether any training could be provided for scheme members regarding their annual benefit statements (ABS). The HR Payroll and Pensions Lead advised that all new members received an introductory booklet on joining the Scheme which contained information and advice on all aspects of their pension including ABSs. The Operations Manager from XPS Administration informed the Board that ABSs had been tailored to be scheme-specific and that

information notes would be available on the self-serve portal. It was suggested that any specific queries regarding ABSs be reported to XPS Administration and the HR Payroll and Pensions Lead so that guidance and support could be provided.

The Director of Transformation informed the Board that the Service were looking into the possibility of funding workshops on pension tax issues, provisionally for Station Managers and above, over the next year. The XPS Administrator advised that this was something that they may be able to offer within the current contract.

**RESOLVED: That**

**[1] the report be noted; and**

**[2] Director of Transformation to review current contract and identify appropriate provider for provision of workshops on pensions tax.**

## **9 FIREFIGHTER PENSION SCHEME RISK REGISTER**

The HR Payroll and Pensions Lead presented the Firefighter Scheme Risk Register (the Register). She informed the Board that the following two risks had been added to the Register:

- McCloud/Sargeant
- Cyber Security

The Chair queried what additional resource requirements may be needed to complete any remedy actions falling out of the McCloud/Sargeant case. The Payroll and Pensions Lead advised that, depending on the remedy issued, specialist knowledge and additional in-house work were likely to be required. She confirmed that the Finance Department were aware of the case and provision had been made to cover the cost of the potential remedy actions from the case.

The Director of Transformation informed the Board that the HR Payroll and Pensions Lead was leaving the Service which would lead to a significant loss of corporate knowledge. She suggested that this be added to the Register as an additional risk. She formally thanked the HR Payroll and Pensions Lead on behalf of the Board for all of her support and work over the years.

**RESOLVED: That**

**[1] the Firefighter Pension Scheme Risk Register be noted; and**

**[2] HR Payroll and Pensions Lead to review the risk register and re-score to align with existing CFRS risk scoring methodology.**

## **10 UPDATE ON THE MCCLOUD JUDGMENT**

The Governance Advisor provided an update regarding the judgment of the Court of Appeal in the McCloud case, that the transitional protections of the 2015 Firefighters Pension Scheme were discriminatory on the grounds of age. She explained that this

would have implications for all public sector pension schemes.

She provided a contextual overview of the case for the Board and confirmed that the Supreme Court had turned down the Government's application for permission to appeal against the decision of the Court of Appeal. There would be a further hearing before the employment tribunal on 18<sup>th</sup> December 2019. It was expected that, once the tribunal had made directions and calculated losses, final compensation figures would be finalised, although the timescales were unknown.

The Governance Advisor also informed the Board that the Government had released a statement confirming that all affected individuals would receive compensation, not just individuals who put in a claim. She explained that all pension scheme regulations would need altering and consultation would be needed on them.

**RESOLVED: That**

**[1] the update be noted.**

## **11 PENSION BOARD - TRAINING UPDATE**

Members of the Board attended a training session hosted by the Local Government Association on 6<sup>th</sup> November 2019. The Director of Transformation informed members of the Board that a training needs analysis would be sent out for completion to identify specific areas for future training.

The Director of Transformation referred the Board to information regarding a survey from The Pensions Regulator within Item 8 – Firefighter Pension Scheme Update of the agenda. She informed the Board that it provided an opportunity for their views to be reflected.

**RESOLVED: That**

**[1] the update be noted;**

**[2] Members of the Board to provide any comments and/or feedback on the survey by Thursday 28<sup>th</sup> November 2019; and**

**[3] Director of Transformation and HR Payroll and Pensions Lead to finalise the survey response and submit by the deadline of Friday 29<sup>th</sup> November 2019.**

**Note: Next meeting of the Board – 18<sup>th</sup> March 2020 at 2pm.**