



MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Monday, 3 August 2020 at 1.30pm. Remote Meeting - Via Skype at 1.30 pm

PRESENT:

Board Members: Councillors David Brown, Lee Shears, Neil McElroy and G Peers (FBU)

Officers: Andrea Harvey (Pension Scheme Manager), Amy Caves (Solicitor), Carm Rabhani (Senior HR Business Partner) and Donna Linton (Governance and Corporate Planning Manager)

Guest: Graeme Hall (XPS Administration)

1 APOLOGIES FOR ABSENCE

There were no apologies for absence received.

2 DECLARATION OF INTERESTS

There were no declarations of Members' interests.

Members were reminded to complete the Declaration Form for 2020-21 and return this to Donna Linton, Governance and Corporate Planning Manager at their earliest convenience.

3 NOTES FROM THE PREVIOUS MEETING

The Pension Scheme Manager provided the following updates:-

a) Minute 7 – Pension Administrator – Change to Process Report

The Pension Scheme Manager reported that during the previous year a report on pensions had been requested by the Performance and Overview Committee. She advised that the Pension Board had considered whether the work of the Pension Board should be reported to the wider Fire Authority on an annual basis however the view was that the current practice of submitting the minutes of meetings to the Fire Authority was sufficient.

b) Minute 8 – Firefighter Pension Scheme Update

The Pension Scheme Manager reported that an external provider had been identified to provide workshops on pension tax issues. The workshops would be aimed at Station Managers and above and had been planned for November 2020. She advised that the dates were still tentative pending the outcome of the McCloud Remedy Judgement which would have a bearing on the information contained in the workshops.

RESOLVED: That

- [1] the minutes of the meeting of the Local Pension Board held on 20th November 2019 be confirmed as a correct record.**

4 XPS ADMINISTRATION CHESHIRE FIRE SERVICE DELIVERY REPORT 2019/2020

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

- Regulations and guidance from April 2019 to February 2020;
- Common data;
- Performance charts showing performance against individual service level requirements;
- KPI reporting accuracy.

It was confirmed that no complaints had been received during 2019-20.

The Pension Scheme Manager asked to what extent staff were using the Member Self-Service Portal and suggested if the usage was low then further communications might be required to promote the Portal. In response, a Member of the Board reported that members who were in more than one pension scheme were experiencing issues with the system and this had already been reported to XPS Administration. Graeme Hall commented that to resolve the issue Members on more than one scheme would be required to use different login details to access each individual scheme. He would discuss the issues raised with the software provider and would provide clarity outside the meeting.

The Pension Scheme Manager asked if the Employee Members of the Board could ascertain how often their members used the Portal in order to determine if further communications and signposting was necessary.

RESOLVED: That

- [1] the report be noted.**
- [2] Graeme Hall from XPS to discuss the issues raised with the Portal with the software provider and to provide clarity outside the meeting.**
- [3] the Employee Members of the Board to ascertain how often their members used the Portal in order to determine if further communications and signposting was necessary.**

5 XPS ADMINISTRATION COVID 19 UPDATE

The Operations Manager, Graeme Hall from XPS Administration provided an update on the XPS Administration Covid-19 response. It was reported that at the beginning

of lockdown all staff were requested to work from home. On the 20th July 2020 the office opened five days a week with a limited number of staff in the office per day. Staff would be returning to the office over the coming months and a more flexible approach to working from home on an ad-hoc basis would be considered moving forward.

It was reported that XPS Administration had still met all SLA targets during the lockdown period and business had continued as normal.

RESOLVED: That

[1] the update be noted.

6 FIREFIGHTER PENSION SCHEME UPDATE

The Senior HR Business Partner presented an report which provided an overview of current issues relating to the Firefighters' Pension Schemes, including updates on the following areas:-

- Membership Statistics
- Contracting-Out Reconciliation Exercise
- 2018 Firefighter Pension Scheme Administration Survey
- Annual Benefit Statement Update 2020
- Re-Enrolment Update
- Scheme Annual Activities
- LGA Conference Updates
- Regulatory/Scheme Updates
- Governance and Local Issues

The Pension Scheme Manager advised that since the resignation of the HR Business Support Manager in December 2019, the Service had encountered challenges in recouping the knowledge and experience required in this complex area. Recent activity had been undertaken to create an additional pensions administration role within the team that would be dedicated to Fire. It was expected that within the next three months the staffing levels within the team would be back to a manageable level.

The Pension Scheme Manager took the opportunity to thank CFRS's internal payroll team for undertaking the Annual Data Return exercise. She acknowledged that this work had not been undertaken by the team previously and delays had been incurred due to a lack of familiarity coupled with limited capability within the team. It was expected that the Annual Data Returns exercise would be completed by early August 2020 so as not to create a delay in the issuing of the Annual Benefit Statements.

RESOLVED: That

[1] the update be noted.

7 FIREFIGHTER PENSION SCHEME RISK REGISTER

The Senior HR Business Partner presented the Firefighter Scheme Risk Register (the Register) which had been reviewed in June 2020.

The two major risks detailed within the Register had been discussed as part of minute 6 and 9, these were:-

- McCloud/Sergeant
- Loss of experienced/knowledgeable staff

The Chair sought clarity on the Data Forecasting and Calculation marked as amber. In response, the Pension Scheme Manager advised that the job description for the new post within the Payroll Team would cover this area of work.

RESOLVED: That

[1] the Firefighter Pension Scheme Risk Register be noted.

8 REVIEW OF SPLIT PENSIONS ELIGIBILITY

The Pension Scheme Manager provided an update on the issues of split pensions and the outcome of investigations completed by XPS Pensions Group.

The Solicitor outlined that following conclusion of the exercise an assessment had been undertaken to determine whether the failure to provide the split pension to the people in scope represented a breach of the pension regulations or a material breach. She advised how the assessment had been undertaken using the Pensions Regulator RAG template and explained the assessment under each heading.

Following the explanation of the assessment Members of the Board were in agreement that this did not represent a material breach and therefore did not require reporting to the Pensions Regulator.

The Pension Scheme Manager advised that she had been asked to submit a case study to the LGA for inclusion in the forthcoming newsletter as it had been commented on that this represented an example of good practice and effective working with the Fire Brigades Union (FBU). This suggestion was welcomed.

It was suggested that to assist people going forward that eligibility and forecasting in relation to split pensions could be included on annual benefits statements. Graeme Hall from XPS advised that this was something that he was willing to look into. In the meantime it was suggested that the Service should undertake a further exercise to identify who they believed may be in scope for a split pension in the future. It was considered that by quantifying the potential number of people in scope for the future this may assist XPS in fielding queries and flagging people on their system.

RESOLVED: That

[1] the update be noted.

[2] Graeme Hall from XPS to look into options of including split pension forecasts on annual benefit statements.

[3] The Payroll Team to identify who was in scope for a split pension.

9 UPDATE ON THE MCCLOUD JUDGEMENT

The Solicitor provided an update regarding the judgment of the Court of Appeal in the McCloud/Sergeant case, where it was claimed that the transitional protections of the 2015 Firefighters Pension Scheme were discriminatory on the grounds of age. She advised that this would have implications for all public sector pension schemes.

A contextual overview of the case was provided and it was confirmed that the Supreme Court rejected the Government's application for permission to appeal against the decision of the Court of Appeal. The Government was now considering amendments to legislation to remove the discrimination resulting from the transitional protection. The Remedy Hearing due to take place on 17th July 2020 was adjourned pending the outcome of the Fire Services Schedule 22 Appeal.

On 16th July 2020 HM Treasury published a consultation on proposals to remedy the current issue by giving members a choice as to whether to stay in their current pension schemes or move back into their legacy schemes. The consultation centres on when the members would be required to make that choice i.e. immediate or deferred choice. The consultation runs until 11th October 2020.

CFRS had also received additional claims from members who were automatically transferred to the 2015 pension scheme, which they say was less beneficial than the 1992 scheme. These claims were currently stayed pending the outcome of the remedy hearing.

CFRS had also received notice of potential claims by those members who were ill health retired or were about to take early retirement at the age of 50. The members were being treated as if they remain on the 2015 scheme, instead of the 1992 scheme.

RESOLVED: That

[1] the update be noted.

10 PENSION BOARD - TRAINING UPDATE

The Director of Transformation advised that all LGA 'in person' events had now been postponed/cancelled up to the end of October 2020 due to the Covid-19 pandemic. However, in the interim some pensions related training had been provided online on 10th and 8th July 2020 which Board Member had been encouraged to attend.

Board Members considered their training needs and it was agreed that the following would be arranged over the next 12 months:-

- Skills-gap analysis
- Training of potential new Board Members
- Arrange for the Local Government Association to provide an in-house training session post October 2020
- To hold an information session on the McCloud Judgement with Members of the Fire Authority.

RESOLVED: That

[1] the update be noted;

[3] Board Members to provide any comments and/or feedback on potential training needs direct to the Governance and Corporate Planning Manager.

[2] the Governance and Corporate Planning Manager to arrange for the Local Government Association (LGA) Firefighter' Pension Advisor to provide 'Local Pension Board Training' to the Pension Board later in the year.