



MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Wednesday, 11 August 2021 at Remote Meeting - Via Skype at 2.00 pm

PRESENT:

BOARD MEMBERS: Councillors David Brown (Chair) and George Peers (FBU)

OFFICERS: Andrea Harvey (Pension Scheme Manager), Amy Caves (Solicitor), Carmine Rabhani (Pay and Pensions Lead), Emily Purslow (Pension Coordinator), Graeme Hall (XPS Administration), Donna Linton (Governance and Corporate Planning Manager)

1 APOLOGIES

Apologies for absence were received from Lee Shears (Employer) and Neil McElroy (Employee).

2 DECLARATION OF INTERESTS

There were no declarations of interest received.

3 NOTES FROM THE PREVIOUS MEETING

RESOLVED: That

[1] the minutes of the Local Pension Board held on 17th March 2021 be confirmed as a correct record.

4 FIREFIGHTER PENSION SCHEME UPDATE

The Pay and Pensions Lead presented a report which provided an overview of the current issues relating to the Firefighters' Pension Schemes, including updates on the following:-

- Membership Statistics
- McCloud/Sargeant – Remedy and Immediate Detriment (Minute 5 refers)
- Consultations
- Internal Appointments
- New Pensions Advice Website
- FPS Member Website Launched on 20th May 2021
- National Audit Office publish public service pensions report
- Retirees Access to XPS Self Serve Portal

The Pay and Pensions Lead advised that in terms of data trends the Membership Statistic figures for Quarter 1 2021-22 showed an increase in the percentage of staff who were in the pension scheme from 90.89% in March 2021 to 91.87% for the most

recent quarter. There had also been a corresponding slight decrease in the percentage of staff opting out of their scheme from 9.11% to 8.13%. The Chair queried the main reason for people opting out of a pension scheme. In response, a Board Member advised that this was normally due to affordability. The Pension Scheme Manager asked the Pay and Pensions Lead to research the age profile of those individuals opting out and report the finding to the next meeting.

The Pay and Pensions Lead advised that when employees commence work with CFRS they automatically joined the appropriate pension scheme and it was an individuals preference if they wished to opt out of the scheme. When opting out the reason why was not requested.

The Pay and Pensions Lead reported that since the last meeting a Pensions Manager had been appointed that was a permanent position and would work exclusively for Fire. The successful candidate was highly experienced, suitably qualified and had worked for the Service previously. It was expected that the new Pension Manager would commence work in October 2021. A temporary Pension Support Officer had also been appointed on a six month basis to assist specifically with the additional work created as a result of the McCloud/Sargeant case.

The Board welcomed the fact that all retired members now had access to their individual pension accounts via the Self Serve Portal. It was anticipated that the direct access would reduce the number of enquires to both the pension team and XPS.

RESOLVED: That

[1] the Firefighter Pension Scheme Update be noted.

[2] the Pay and Pension Lead to research the age profile of those individuals opting out of the pension scheme and report the findings to the next meeting of the Pension Board.

5 MCCLOUD/SARGEANT JUDGEMENT UPDATE

The Solicitor provided an update on the McCloud/Sargeant Remedy and Immediate Detriment. (Paragraphs 3 to 15 in Item 4 – Firefighter Pension Scheme Update refers).

The Pensions Board were reminded that prior to the government’s consultation response on 4th February 2021, the Home Office issued guidance to Fire and Rescue Authority’s (FRAs) on how to process prospective “immediate detriment” cases in advance of a decision relating to the Remedy This guidance was published on 20th August 2020 and was not considered to be comprehensive. As such FRAs were advised to wait for further clarity before proceeding. On 10th June 2021 the Home Office issued revised informal Immediate Detriment Guidance. The guidance was non-statutory and did not place legal obligation on FRAs. However the guidance stated that FRAs do have “the power to calculate and pay pension entitlements for those members who fall within the immediate detriment category

under their legacy schemes, through the application of Section 61 of the Equality Act 2010.”

The Service had been reviewing this guidance with a view to determining how to deal with upcoming retirements whilst minimising the risk to the Authority and individual members. The preferred strategy would be to wait until the National Framework had been agreed in conjunction with the Fire Brigades Union (FBU) however it was recognised that there were several pending retirements within CFRS at the current time, that if not actioned, may result in a degree of hardship. In order to find a resolution for upcoming retirees in scope the Service had advised the FBU that they would consider immediate detriment payments on a case by case basis.

The Pension Board were informed that monthly meetings were now take place between the Pension Scheme Manager, Senior HR Business Partner, legal advisor and the Service’s XPS Liaison Officer. These have been valuable in identifying what needed to be put in place to enable the handling of Immediate Detriment cases. One of the requirements was the development of a set of principles around Immediate Detriment that was consistent with good governance. A review of XPS’s terms and charges would also be necessary and the Service was currently awaiting confirmation of this. Graeme Hall from XPS Administration advised that the document detailing XPS terms and charges was currently with the legal team and would be made available in the next few weeks.

In conclusion, on 19th July 2021, HM Treasury (HMT) introduced the Public Service Pensions and Judicial Offices Bill (PSP&JO Bill) to the House of Lords. The Bill sets out in law how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members (i.e. remedy).

RESOLVED: That

[1] the report be noted.

6 XPS ADMINISTRATION CHESHIRE FIRE SERVICE DELIVERY REPORT APRIL 2020 TO MARCH 2021

The Operations Manager Graeme Hall from XPS Administration, was in attendance and presented the Service’s Performance Delivery Report for April 2020 to March 2021. The report contained the following information:-

- Regulations and guidance from April 2020 to June 2021
- Headlines including additional work including:- Guaranteed Minimum Pension Reconciliation, McCloud and Member Self Service Letters to Pensioners
- Complaints – no known complaints or IDRPs cases for the period up to 20th June 2021
- Membership Quarter 1 2021-22
- Member Self Service Statistics
- Common Data
- Performance Charts from April 2020 to June 2021

The Pension Board were referred to the Performance Charts that showed performance against individual service level requirements. The table in the report highlighted the months where Service Level Agreement targets were not met and included narrative on the reason why. It was reported that in Quarter 4 six cases had been met outside target and this was due to XPS Administration training 6 new members of staff which had caused the delay.

RESOLVED: That

[1] the XPS Administration Cheshire Fire Service Delivery Report April 2020 to June 2021 be noted.

7 FIREFIGHTER PENSION SCHEME RISK REGISTER

The Pension Scheme Manager presented the Firefighter Scheme Risk Register (the Register) which had been reviewed and updated in July 2021. Updates since the last meeting were highlighted in blue in the document and an additional box had also been included within the Register showing arrows which identified the state of risk.

The Pension Scheme Manager provided an update and clarity on the following risks:-

- McCloud/Sargeant – Lack of resources to complete any remedy actions. This risk remained a red risk at this time. Additional resources had been obtained, however, the full extent of the work involved remained unclear until the remedy hearing takes place and a date was yet to be set.
- Loss of experienced/knowledgeable staff. This risk had been reduced to an amber risk. This was because 2 new posts had been established and recruited, namely a Pension Manager – permanent position dedicated to fire and a Pensions Support Officer – temporary 6 months. Once the staff had commenced work in October 2021 it was likely that the risk would reduce further.
- Excessive charges by the provider. The Board requested that the title of this risk was changed to 'Transition of Costs'.
- Failure to offer Split Pensions to all eligible staff at point of retirement. This risk remained green as there had been no further issues or complaints regarding split pensions.

RESOLVED: That

[1] the Firefighter Scheme Risk Register be noted.

[2] the risk titled 'Excessive charges by the provide' be renamed on the Register to 'Transition of Costs'.

8 SPLIT PENSIONS CASE STUDY

The Pension Scheme Manager reported that an outstanding action from the last meeting was to submit a case study on Split Pensions to the LGA for inclusion in one of the forthcoming pension newsletters. This had been requested by the LGA as the way in which split pensions issues had been resolved by Cheshire had been deemed to be an example of good practice and effective working with the Fire Brigades Union (FBU). The FBU had welcomed the suggestion of the case study and the Pension Scheme Manager had created the case study in close consultation with the FBU Branch Secretary, Andy Fox Hewitt.

The Split Pension Case Study had been presented to the Pension Board's for information prior to being submitted to the LGA.

RESOLVED: That

[1] the Split Pensions Case Study be noted.

9 JCNP PENSIONS UPDATE

The Pension Scheme Manager reported that at the last meeting it was agreed that going forward there would be a 'JCNP Pension Update' standing agenda item. This would allow the Pension Scheme Manager to update the Pension Board on all pension issues that had been raised by either the Fire Brigade Union (FBU) or Fire Officers' Association (FOA) at the JCNP.

The Pension Scheme Manager advised that the last meeting of the JCNP had taken place held on 1st July 2021 and at this meeting an update was provided on the CFRS position on immediate detriment cases. JCNP were informed that the Service were in receipt of the revised informal Immediate Detriment Guidance that had been published in June 2021 providing informal advice on processing immediate detriment cases in advance of the government introducing legislation to remove the unlawful age discrimination. The Service was prepared to consider the IDRPCs on a case by case basis and if the circumstances were straightforward and fell within the remit of the latest guidance, then the Service would work with members and XPS in order to provide estimates and make payments. An article had been published in the July Alert magazine explaining the current situation to all staff and further updates would be published as when required to ensure all staff were updated.

RESOLVED: That

[1] the update be noted.

10 PENSION BOARD TRAINING

The Pension Scheme Manager reported that Clair Alcock, LGA Senior Pensions Advisor was due to leave her position at the LGA at the end of September 2021 and the LGA were looking to recruit internally to fill the position.

Currently, the LGA Pensions Team's main focus was the McCloud/Sargeant Judgement. This meant all LGA pension board training sessions were being scaled back, however, the LGA had given a commitment to continue to provide the 'annual wrap-up' training session later in the year. It was anticipated that the LGA would be in a position to provide a bespoke training to Pension Boards in Spring 2022.

The Governance and Corporate Planning Manager would contact the LGA Pension Team in late September/October to arrange the 'annual wrap-up' training session later in the year.

RESOLVED: That

- [1] the update be noted.**
- [2] the Governance and Corporate Planning Manager contact the LGA Pensions Team in October to arrange the LGA Annual Wrap-up Training Session.**