

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Pension Board
held in the Oak Room, Headquarters, Shrewsbury
on Tuesday, 24 April 2018 at 1.00 pm**

Present

Members

Employer Representatives

Andy Johnson	Deputy Chief Fire Officer	DCFO
James Walton	Treasurer and S151 Officer	Treasurer

Member Representatives

Matt Lamb	Brigade Secretary, Fire Brigades Union	ML
Tony Talbot	Retained Firefighters Union Representative	TT

Officers

Lisa Vickers	Human Resources Manager (Contracts)	HRM
Vicky Jenks	Senior Pension Officer, Shropshire Council	SPO
Joanne Coadey	Head of Finance (for item 14b)	HoF
Lynn Ince	Executive Support Officer	ESO

1 Employer / Employee Representatives Discussion

ML confirmed that he will continue as the FBU employee representative on the Board, when he moves to his regional post.

There is no clear indication, at present, as to what will happen to the makeup and membership of the Pension Board after the planned transfer of governance to the Police and Crime Commissioner (PCC).

2 Apologies for Absence

None

3 Conflicts of Interest

The Treasurer declared a potential conflict of interest in that he is the Pension Scheme administrator of the Shropshire County Pension Fund (SCPF). The Treasurer stated he was happy to leave the room if required during the meeting.

4 Minutes

ESO to set up a Pension Board action list.

Resolved that the minutes of the Pension Board meeting, held on 16 June 2017 be agreed and signed by the Chair as an accurate record of that meeting.

5 Terms of Reference

The Board considered its Terms of Reference and the changes proposed to them.

The DCFO commented that it is good practice for the Board to feed into the Scheme Manager and this would be done via the Standards and Human Resources Committee prior to the transfer to the PCC. It is assumed that the PCC will become the Scheme Manager at this point. It is a two way communication process between the Board and the Scheme Manager and this will form the basis of discussion with PCC going forward. The issue will need to be revisited after the transfer due to the requirement for the information to be in the public arena.

ML stated that he had no concerns with the proposed Terms of Reference, although the Scheme Advisory Board (SAB) recommend, as good practice, that there should be four Board meetings a year. ML asked if this was something the Board needed to consider when looking at the change in governance. Moving to four meetings a year could support the Board's ability to reflect on the information it receives. The Treasurer commented that doubling the number of meetings in a year would mean double the administration, although as the meetings are not public, there is the option to undertake a 'virtual' meeting if required. The Board was unsure if four meetings a year would be of benefit and felt that it would be better to move to three meetings a year to see if this provides a better balance. It was agreed that the Terms of Reference be amended to reflect this and that one meeting be tied into October.

Resolved that the Board agree the proposed changes to its Terms of Reference together with the additional change in relation to the number of meetings per year.

6 Pension Board Work Plan

The Board considered the Pension Board Annual Work Plan and identified the following with regard to it:

- Annual meeting to be held in October each year after the national Pension meeting (second half of October normally) to agree terms of reference, work plan and, schedule of meetings
- Training and Risk Register to be considered at all meetings
- Responsible person for item 6 to be amended to Head of Human Resources and Administration
- Annual report to be produced following October meeting of the Board

- Wording of Annual Report item on workplan will need to be changed following transfer of governance

ML asked if the Board may want to consider inviting the PCC or his representative to attend future Board meetings. The DCFO replied that discussions about this would need to be had going forward.

Resolved that the Board agree the Pension Board Annual Work Plan

7 The Pensions Regulator (TPR) Communications to Boards

The Board received the following items for information and/or discussion.

7a Scheme Data Scores (23 January 2018)

The SPO advised that a series of reports needs to be run to provide the data scores for the annual return. The first time that these reports are run it will show that the data held is not 100% correct and there will be elements that need to be looked at. The reports provide a work plan to aid the improvement of scores and will highlight any data that is missing. There is an annual cost to the reports but data scores should improve going forward. The report process needs to be scheduled and the reports received back. The Pension Board can then consider these at its October meeting to identify issues, work out priorities and develop an action plan.

The SPO advised that the cost of running the reports, through Heywood who are the administration system supplier, will be £7,500. This is a discounted rate, valid for the next 3 years, that Shropshire Council have achieved after challenging the cost with the provider due to size of membership of the scheme. The DCFO asked if there were any other options for producing the reports. The SPO explained that there are other providers, such as ITM, who can produce the reports however using a different company would increase the work that the pension administrators would need to do in relation to this.

The Board asked if there would be any additional costs in relation to implementing the outcomes of the report. The SPO replied that there was unlikely to be, as any recommendations should become 'business as usual'. The Treasurer asked if there would be any indication of prioritisation within the action plan. The SPO confirmed that there would be, but there would also be some issues that would require a local decision with regard to priority for example benefits in payment. The Treasurer commented that the Board should be capable of stating what improvements it expects the administrator to deliver for example with local targets but debate may be needed if improving further would incur cost.

Resolved that the Board agree that the process be timetabled prior to September to enable the reports to be received and that the SPO will ensure that the information is shared with the Board before it is reported to TPR.

7b Tasks outsourced to third party providers (22 February 2018)

ML asked if Business Continuity Planning (BCP) should be included on both the Shropshire County Pension Fund and the Pension Board Risk Registers. The DCFO responded that there are two elements to the issue. Firstly BCP is included in contracts and the SPO confirmed that the SCPF have disaster recovery plans in place. Secondly, consideration needs to be given to what action would be taken if the contract could not be fulfilled. The DCFO undertook to look at how the two BCPs fit together.

7c Use new tools to evaluate your Board (2 March 2018)

The DCFO recommended TPR training to Board Members and undertook to look at the appropriateness of the training and distribute it if needed.

Resolved that the Board note the information received from The Pensions Regulator

8 Scheme Advisory Board Communications

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

The SPO advised that all Pension Board members should receive these newsletters which will now be issued, on a monthly basis. The SPO also receives these and will flag up any issues with the Board as necessary.

8a FPS Bulletin 1 July / August 2017

The State pension age is not a significant issue at the moment. A generic paragraph is included in Annual Benefit Statements (ABS) regarding the link to the state pension age and the fact that this may change in the future.

8b FPS Bulletin 2 September / October 2017

8c FPS Bulletin 3 November / December 2017

The Board asked if the General Data Protection Regulation (GDPR) had significant implications with regard to Pensions. The SPO advised that the SCPF is the data processor for this Authority and therefore needs to know what information is held and why. Letters to Fire Scheme members regarding the GDPR are being worked on and will come via the HRM.

8d FPS Bulletin 4 January 2018

The Department for Work and Pensions is aiming to develop a Pensions dashboard where people can access all the pension schemes that they are enrolled in via one place.

8e FPS Bulletin 5 February 2018

The Firefighters' Pension Schemes Regulations and Guidance website has been set up to enable pension administrators to access information about firefighter pension schemes in one place. The site has been developed with the input of a technical working party 'wish list' and has a log in for pension administrators and possibly for Board Members as well.

TT asked if the court hearing information included in the bulletins was specific to the individuals involved only. The SPO advised that the case verdicts may have an effect on the firefighter pension schemes even if the case concerned other pension schemes. The SPO would inform Board Members if this was the case.

8f FPS Bulletin 6 March 2018

Resolved that the Board note the Scheme Advisory Board Bulletins.

9 Local Government Association (LGA) Pensions Advice

The Board received the following items from the Local Government Association for information and / or discussion.

9a Local Pension Board Effectiveness Report – Executive Summary

The Board considered the Executive Summary of the Local Pension Board Effectiveness Report which was published in February 2018.

The HRM asked what the register of breaches, as referred to on page 4 of the report, was and what it would include. The SPO advised that a breach can be a number of things and a Board does need to have a Register even if there is nothing to put on it. The Register also needs to be included on the Board meeting agendas as a standing item. The Register has a RAG assessment and helps to identify recurring issues and how these can be addressed. The SPO will provide a Register template together with supporting information.

TT commented that the level of knowledge of Board Members could be a risk. The DCFO responded that Board Members were encouraged to undertake training but it should be remembered that Members do not all need to be au fait with everything. It was agreed that a register of training undertaken by Board Members be collated via the ESO. The online questionnaire will help to identify any gaps.

The SPO advised that any breaches of law would have been reported to TPR but it is not clear how public this information is. The TPR does report when authorities have been fined.

Resolved that the Board note the Local Pension Board Effectiveness Report.

10 Surveys

The Board received the following surveys and submitted returns for information and / or discussion.

10a Blue Light Survey

10b Pension Questionnaire 2017 (November 2017)

All issues raised in this item had been covered elsewhere on the agenda for the meeting.

10c Firefighters Pension Scheme 20016 Scheme Return 2016-2017 (18 September 2017)

The SPO advised that a scheme return is filled in for each Firefighter Pension Scheme and this year's returns will include data scores, so will look different to this document.

Resolved that the Board note the surveys and the submitted responses

11 Update from Pension Administrator

The Board received the following items from the Pension Administrator for information and / or discussion.

11a Fire Membership Review

The SPO advised that the membership figures for 2018 will be brought to the next meeting. The figures show that the 2015 Scheme has the biggest percentage membership.

ML asked what the 'deferred' figures meant. The SPO explained that this is people who could have opted out of the scheme and would mainly be Retained Duty System (RDS) employees who are affected by auto-enrolment.

11b Measuring Key Performance Indicators (KPIs)

The SPO advised that this document has been developed following the discussion regarding reporting of performance against KPIs at the last Board Meeting. In order to enable a report to be produced, work needs to be undertaken and the document sets out 12 KPIs and the expected performance against them. The KPIs and reporting documents are not set up for Fire Pension Schemes at present but could be done now with any amendments being made, as needed. The DCFO asked when the work could be done. The SPO responded that she would discuss with the Pensions System Team and advise the Board following that conversation.

11c Data Scoring for TPR – requirement for September Scheme returns

The SPO advised that the 'Data Quality – An Administration Perspective' presentation covers what data is collected by Pensions and why it is needed. In addition, the SPO advised that i-Connect has helped to improve data collection and accuracy.

LV asked if there was any risk to data collection with the move to a different payroll provider. The SPO advised that she did not see there being any issues as the Pensions Department already work with i-Connect for the administration of local government pension schemes.

11d SCPF Risk Register

The SPO advised that there had been difficulty for the Pension Department in obtaining leavers information from Human Resources (HR), with certain information having to be chased repeatedly. There is not that many occurrences but the information goes from HR to Payroll and then to Pensions and this system appears to fall down on occasion. It does not seem to be a system problem but could possibly be an issue with the format of forms. The SPO advised that the details have been sent to the Head of Human Resources and Administration for follow up. The DCFO commented that it might be worth looking at one or two to see what is happening. LV undertook to follow this up.

11e GDPR and TPR Update (29 March 2018)

The SPO advised that the SAB have published a GDPR Q&A Factsheet for Scheme Members. The SPO will forward this to the ESO for distribution to Board and Pension Scheme Members.

Resolved that the Board note the updates given by the Pension Administrator.

12 Communications issued or due to be sent to Pensioners

The Board received the following item for information and / or discussion.

Pensions Issue 03 (November 2017)

The SPO advised that the newsletter had been issued in November 2017 and that it contains information about amendment regulations related to widows and APB contributions. It also contained important information regarding tax limits and clarification of death benefits which differ between schemes.

The DCFO asked when the next newsletter would be issued. The SPO advised that there was nothing planned at the moment as there are not many regulation changes due and tax has been comprehensively covered. The SPO asked the Board to consider if there were any issues that they would like to see raised in future issues.

Resolved that the Board note the Pensions Issue 03

13 Training

The Board considered training that had been undertaken since the last Pension Board meeting and considered any future training needs.

13a KPMG Pension Tax Training (June 2017)

13b KPMG Fire Pension Board Training (19 July 2017)

- 13c LGA Firefighters Pension Scheme Annual Conference (9 October 2017)**
ML referred to the re-evaluation concerns over the quality of data in relation to pensionable allowances for example for day crewing plus which may skew data. The SPO reported that 25% of the data supplied could not be used. This was due to inaccurate data being supplied by administrators from other Services, which then had to be discounted. The pension administrators who provided the inaccurate data have been identified. SCPF was not one of them.

- 13d Pension Tax Awareness (6 December 2017)**
The DCFO and HRM attended this and commented that it was a good training session.

Resolved that the Board note the training undertaken since the last Pension Board meeting.

14 Pension Board Risk Register

14a Risk Register

The Board discussed the Risk Register and noted the following:

- Business Continuity Planning for administrator needs to be included on Risk Register – guidance to be looked at
- Change of payroll provider needs to be included on Risk Register
- Need to ensure that privacy statements for GDPR are correct – DCFO to seek assurance from Head of HR and Administration
- Need to establish if the issue related to leavers information, which was raised by the SPO, is a potential risk – HRM to look into
- Potential risks should be communicated to the Board via KPIs and performance measurement
- Standing item to be included on Pension Board agenda re issues arising from Pension Contract meeting and quarterly HR meetings
- DCFO and HRM will update the Risk Register following this meeting

Resolved that the Board note the Risk Register and the additions to it.

14b Forecast Pension Accounting Data

The HOF provided the following explanation of the Forecast Pension Accounting Data issue.

The Pension account is administered by the Home Office and the Finance Department is required to provide forecasts for a five year period of monies received which is then offset against potential expenditure on commutations and pension payments. This Fire Authority has a deficit between monies received and paid out. The deficit is paid by the Home Office. If there was a surplus, this would have to be paid back to the Home Office. The confirmation of forecasts provided to the Home Office has to include an explanation of any differences as well as an explanation of any differences between financial years.

The DCFO asked if there were any issues with explanations. The HoF explained that there may be slight errors with calculations etc. but the Treasurer certifies the figures before submission to the Home Office. There is always a deficit for this Authority of circa. £2.7m, which is due to the levels of pension paid and large commutations. The change to schemes with lower contributions and retirements may lead to a reduction in 2020/21 but benefits will still need to be paid out.

ML asked if estimates were based on historical data. The HoF explained that officers look at the current year and then flex figures depending on expected contribution rates, pay awards and retirements. Historical data is scrutinised at the final part of the estimate to account for any discrepancies.

Resolved that the Board note the explanation given.

15 Pension Board Action Plan

The Board identified the following actions:

- A requirement specification needs to be developed for the new SFRS website
- Pension Board area to be set up on the portal – ESO to do
- ESO to develop overall actions list

16 Date of Next Meeting

The Board agreed to move to three meetings per year

The next meeting will be held in early July to consider the transfer of governance to the PCC

The next meeting after that will be the Annual Meeting which will be held in the second half of October.

Meeting closed 3.30 pm

Chair.....

Date.....