

**Minutes of the meeting of the Local Pension Board
held on 21 April 2021 via Zoom**

PRESENT

Employer Representatives:

Cllr Bryan Apsley
Cllr J B Hughes
Ken Finch, Treasurer
Gareth Owens, Deputy Clerk

Employee Representatives:

Richard Fairhead, Fire Leaders Association - Prospect, Employee Representative
Tim Lloyd, Fire Brigades Union
Duncan Stewart-Ball, FBU
Bob Mason, Fire Officers' Association.

Advisors

Helen MacArthur, Assistant Chief Fire Officer
Julie Brown, Pensions Manager
Martin Morgan Dyfed Pension Fund Deputy Pensions Manager.

Minute Taker

Alwen Davies, Members' Liaison Officer

1 APOLOGIES

Kevin Gerrard Dyfed Pension Fund Pensions Manager
Jane Honey, Fire Officers' Association

2 APPOINTMENT OF CHAIR

2.1 In line with the Terms of Reference, a new Chair was to be elected from the cohort of employee representatives. As not all employee representatives were present it was agreed to nominate Richard Fairhead to chair this meeting and that the appointment of Chair be formalised at the next meeting when there would be more employee representatives present.

2.2 Cllr Apsley thanked members for their co-operation over the last two years and transferred the role of Chair to Richard Fairhead to chair the remainder of the meeting.

3 DECLARATIONS OF INTEREST

3.1 None.

4 MINUTES OF THE LAST MEETING

4.1 The minutes of the meeting held on 20 January 2021 were approved as a correct record.

5 TERMS OF REFERENCE

5.1 Revised terms of reference were presented to Members for approval.

5.2 It is considered good practice to review the terms of reference on an annual basis and it was noted that a minor amendment had been made to the terms of reference approved in 2020/21.

5.3 The requirement for an appointments panel had been replaced with this function being undertaken by a representative of the Scheme Manager as described in paragraphs 18 and 20.

5.4 ACFO MacArthur confirmed that the terms of reference are monitored by the Scheme Advisory Board and North Wales' LPB terms of reference are consistent with other LPBs in Wales.

5.5 **RESOLVED to adopt the submitted terms of reference for 2021-22, and note that they will be published on the Authority's website.**

6 FIREFIGHTERS PENSION SCHEMES – UPDATE REPORT

6.1 The Pensions Manager led Members through the report which informed members about the scheme membership, together with updates on:

- Horizon Scanning
- Booth Judgement
- The Pensions Regulator Six Key Processes
- Overview of FPS Bulletins and Circulars.

6.2 The report gave details of current member levels in the firefighters' pension schemes.

6.3 Members were reminded that one complaint is currently being considered by the Pension's Ombudsman (PO). This matter had been ongoing and the last correspondence between the Service and the PO was in March 2020.

6.4 No Internal Dispute Resolution Procedure (IDRP) complaints had been received during the reporting period.

- 6.5 Members were informed that on 12 February 2021, HM Treasury published the Exit Payment Cap Directions 2021 [the Directions]. The Directions disapply regulations 3, 9 and 12 of the Restriction of Public Sector Exit Payment Regulations 2020 [the 2020 Regulations] with immediate effect. This means the exit cap does not apply to exit payments that take place on or after 12 February 2021. .
- 6.6 As previously reported to Members, research had been undertaken by the Association of Consulting Actuaries (ACA) which revealed "very strong" employer support for reform in the Auto-Enrolment regulations; in particular the reduction or removal of the earnings threshold to improve membership numbers.
- 6.7 It was noted that the government has confirmed that the auto-enrolment (AE) earnings trigger will remain at £10,000 for the sixth year running, despite calls from the industry for the threshold to be lowered or removed. If the earnings trigger had been reduced the Service would have captured more RDS employees into the FPS 2015 scheme. However, it was noted that eligible employees can approach the Service and request to join the scheme.
- 6.8 It was also reported that the Pensions Lifetime Allowance (LTA) has been frozen at £1,073,100 until April 2026. The LTA had been expected to rise by £5,800 in 2021/22, in line with 0.5 per cent Consumer Prices Index (CPI) inflation. The Service is unable to identify those that will be affected by the announcement. However, the Chair asked that a communication is distributed to members potentially impacted to ensure that they understand the implications of the lifetime allowance being frozen and how it may affect them in the coming years.
- 6.9 Members were provided with an update on the implementation of the local agreement relating to the Booth Judgment. The Booth judgment concluded that both day crewing allowance and training allowance were deemed pensionable when paid under specific arrangements. Members were reminded that a total of 84 employees (current and retired) were within scope of the retrospective exercise. Information packs were issued to all members impacted by the change.
- 6.10 It was noted that a minor data breach had occurred when information packs were sent out. It had been reported to the Data Protection Officer and the issue had been resolved with individuals involved. ACFO MacArthur reassured Members that lessons had been learnt and for future pension exercises measures will be put in place to prevent this issue arising again.

- 6.11 Members were informed about the six key processes that are monitored by the Pensions Regulator (TPR) under the Public Service Pensions Act 2013 as part of their annual governance and administration survey. TPR uses these key processes as indicators of public service pension scheme performance.
- 6.12 It is essential that that each FRA ensures that the processes that are in place are regularly assessed and if necessary that action is taken to improve performance in the six key processes. Having considered the Service's processes as detailed in the report, Members were satisfied that they were sufficient with no improvements currently required and the Deputy Clerk supported this opinion.
- 6.13 **RESOLVED to**
(i) note the report;
(ii) that communication be circulated to all members in order that they understand the implications of freezing the lifetime allowance and that it may affect them in the coming years.
- 7 FIREFIGHTERS PENSION SCHEMES LOCAL PENSION BOARD – ANNUAL REPORT 2020-21
- 7.1 The draft annual report of the Local Pension Board was presented to Members for approval.
- 7.2 The annual report detailed the work of the board during the last financial year and once approved will be presented to the Fire and Rescue Authority meeting in June and thereafter published on the website.
- 7.3 It was noted that in line with the requirements of the terms of reference, the annual report included:
- details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed;
 - details of training received and the identified training needs of members of the LPB;
 - a summary of the work of the Local Pension Board and a work plan for the forthcoming year; and
 - details of areas of concern reported to or raised by the Local Pensions Board and recommendations made.
- 7.4 **RESOLVED to approve the Annual Report for 2020-21 for presentation to the Fire and Rescue Authority in June 2021.**

8 DYFED PENSION FUND UPDATE (SCHEME ADMINISTRATOR)

- 8.1 Mr M Morgan from Dyfed Pension Fund (DPF) apologised that a written report had not been submitted in time for the meeting; it was noted that the written report would be circulated to Members at a later date.
- 8.2 Mr Morgan gave a verbal update on a number of projects being simultaneously undertaken, along with providing information on relevant issues in the administration of scheme benefits.
- 8.3 In terms of the Court of Appeal judgment, it was noted that although it was known that scheme members will have the 'deferred' choice underpin applied, software systems cannot be amended until regulations are amended and guidance issued. When available, the LPB will be provided with an update on the changes and order of application.
- 8.4 The 'My Pension online' facility now had 933 registered users out of a possible 1823. It was noted that one member had elected to continue receiving paper statements. It was noted that the number of those who had recently accessed the My Pension Online facility was still quite low and it was agreed that more promotion of its benefits is required across NWFRS.
- 8.5 **RESOLVED to note the information provided.**

9 SCHEME ADVISORY BOARD

- 9.1 ACFO MacArthur informed Members that the main issue of discussion at the last Scheme Advisory Board meeting had been the update on the transitional legal challenge. The ACFO delivered a presentation to raise awareness of the issue and the position within the Service.
- 9.2 The presentation gave an overview of the situation and following the Government's confirmation that remedy would apply to all public sector schemes, HM Treasury undertook a consultation between July and October 2020 to seek views on what the remedy may look like. This confirmed that the remedy would be the deferred choice underpin although the detailed rules necessary for implementation are not yet available.
- 9.3 It was noted that immediate detriment is considered applicable to the treatment of members who have or will retire before the remedy is implemented (expected October 2023) and the treatment of members who may retire due to ill health before this date.

9.4 The issue of communicating the changes and potential effects on members was discussed and ACFO MacArthur confirmed further dialogue will take place with FBU representatives to discuss how best to inform members. It was noted that the Weekly Brief contains pensions information and a letter will be sent to all members once the preparatory work has been completed by the pensions administrator to identify those in scope; Mr Morgan confirmed that this is in progress.

9.5 Members were asked to note that the LPB cannot progress with the transitional legal challenge as the detailed aspects of the remedy are yet to be published.

9.6 The next steps will include:

- working with colleagues across Wales to ensure a consistent approach
- data gathering to identify those at risk of immediate detriment
- engagement with Welsh Government and Administrators
- awaiting further guidance from UK Government
- awaiting outcome from further FRA litigation on treatment of those in immediate detriment, including professional tax advice.

9.7 **RESOLVED to note**

(i) the information provided;

(ii) that a communication strategy will be drawn up;

(iii) that the presentation will be emailed to LPB members.

10 THE PENSION'S REGULATOR (TPR) LOCAL PENSION BOARD TOOLKIT OVERVIEW

10.1 The Pensions Manager delivered a presentation on the online Public Service toolkit programme.

10.2 Members were reminded that in accordance with the Local Pension Board terms of reference all members must complete the full course within six months of joining the Board. In addition, members recommended and agreed during the meeting of 2 May 2019 that the learning would be repeated every two years. Therefore this presentation aimed to satisfy the agreed recommendation by providing an overview of the modules.

10.3 **RESOLVED to note the information provided and that the presentation will be circulated to members via email.**

11 RISK REGISTER – RISK AREA 1 OPERATIONS

- 11.1 Members were reminded that the Pensions Regulator recommends that Local Pension Board members consider and review their Risk Register during each Board meeting.
- 11.2 Cybercrime continued to be a high scoring risk. However, it was noted that the Service has comprehensive plans in place for protecting data, networks and devices.
- 11.3 **RESOLVED to note the operations risk area of the Register and that any changes or updates will be incorporated into the register and the revised document published on the Authority's website.**

12 TRAINING NEEDS

- 12.1 In addition to the Pension Regulatory six modules, which, as discussed earlier in the meeting, will be re-delivered over the next few meetings, it was agreed that should members require training on other specific areas they can contact the Pensions Manager who will make the necessary arrangements.

13 MATTERS TO BE REFERRED TO THE FRA

- 13.1 The next meeting of the FRA will be on 21 June. ACFO MacArthur confirmed that the following items will be on the agenda:
- update on the transitional legal challenge,
 - revised terms of reference
 - LPB annual report 2020-21.
- 13.2 It was agreed that no other issues needed to be referred to the FRA.

14 ANY OTHER BUSINESS

- 14.1 None.