

CUMBRIA FIRE LOCAL PENSION BOARD

Minutes of a Meeting of the Cumbria Fire Local Pension Board held on Tuesday, 22 October 2019 at 1.00 pm at Community Room, Kendal Fire Station, Buser Walk, Kendal LA9 4RH

PRESENT:

Mr D Harrison (Chair)

Mr AWC Lamb

Also in Attendance:-

Ms R Blundell	- Deputy Director, Deputy Director Pensions Administration, Local Pension Partnership
Mrs L Davis	- Democratic Services Officer
Mrs J Dole	- Finance Manager Pensions Administration
Mr P George	- Group Finance Manager - Pensions, Investments and Insurance
Mr S Healey	- Chief Fire Officer
Ms T Robinson	- Business Partner
Ms L Taylor	- Finance Manager - Pensions Investments and Governance
Ms G Welbourn	- Technical Finance Officer - Pensions
Ms J Wisdom	- Operations Manager, Pensions Administration, Local Pensions Partnership

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PUBLIC AND PRESS

13 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr M Nicholson, Mr S Ratcliffe and Mrs J Willis.

14 MEMBERSHIP AND TERMS OF REFERENCE

The Board's Terms of Reference were noted. It was further noted that Cllr A Lamb had replaced Cllr G Ellis as an Employer Representative of the Board, that Mr M Nicholson was reappointed as a scheme members representative for a further four years and Mr S Ratcliffe had been appointed as substitute scheme member representative.

15 DISCLOSURES OF INTEREST

There were no disclosures of interest at the meeting.

16 EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, the press and public be excluded from the meeting during consideration of Agenda Item No 10 - Your Pension Presentation and Agenda Item No 11 - Verbal Update on Emerging Issues on the grounds that they contained exempt information as defined under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of particular individuals.

17 MINUTES

RESOLVED, that the minutes of the meeting held on 23 April 2019 be agreed as an accurate record and signed by the Chair.

18 SCHEDULE OF FUTURE MEETINGS

The following schedule of meetings were noted:-

4 February 2020 at 1 pm at Carlisle West Fire Station

5 May 2020 at 1 pm at Penrith Fire HQ

15 July 2020 at 1 pm at Cumbria House, Carlisle

19 MONITORING REPORT FOR THE PERIOD ENDING 30 JUNE 2019

Board members considered a report from the Director of Finance (Section 151 Officer) which advised of any material risk management, policy or governance issues and national regulatory changes to 30 September 2019 and performance monitoring issues of the Scheme to 30 June 2019.

The Technical Finance Officer - Pensions reported that whilst there had been a number of developments during the quarter that had led to amendments to the comments associated with some of the risks on the register, there were no proposed amendments to the scores associated with the impact or likelihood of the risks occurring. The current risk register had 12 risks comprising 1 red risk (information security arrangements), 2 amber risks (pension administration processes and timeliness of managing a breach) and 9 green risks.

Following a discussion on cyber security, members welcomed the suggestion that a member of the ICT team be invited to attend a future meeting of the Board and outline the risk security arrangements in place. In order to be able to better

differentiate between risks 2.4 and 2.6, it was agreed that the terminology in the register be amended to highlight the different mitigations.

The Finance Manager - Regulatory & Benefits advised as previously reported, the draft results of the 2016 valuation showed that the cost cap floor has been breached (i.e. costs are more than 2% lower than the 16.8% of pensionable earnings cost target set out in the 2015 firefighter scheme regulations). Under normal circumstances this would result in action being taken (e.g. improving member benefits) to bring the cost back up to within the target cost range.

However, as also previously reported, this action was paused in January following a ruling by the Court of Appeal on two cases (Sargeant and McCloud). The cases related to 'transitional protections' in public service pension schemes which applied on the introduction of the new career average public sector pension schemes in 2015. In the case of the FPS this is the protections in the 2015 Scheme which allowed certain members to have benefits calculated under the 1992 and 2006 Schemes. Following consideration of the cases the Court ruled that these changes discriminated against a group of firefighters and a group of judges on the grounds of age. The case was now being progressed to remedy and until this outcome was known, any potential costs or impact on the cost cap process could not be reliably estimated.

Members noted that there were no breaches to report for the quarter to 31 March 2019, and that it had not been necessary to exercise any of the Scheme Manager discretions during the period.

The Fire Scheme Board had commissioned a survey in 2018/19 to be undertaken by AON and a summary of findings was attached as Appendix 4 to the report. Members noted that not all schemes were able to provide cost information and therefore the costs indicated in the AON report could not be taken at this stage to be a completely accurate reflection, however the Fire Scheme Board felt it was a worthwhile first step and would be looking to collate costs on an annual basis going forward to improve accuracy.

With reference to the YPS performance members noted that performance had improved.

It was reported that in May 2019 the LGA issued a survey to capture training provision and uptake across the fire fighters pension schemes; of the 51 responses received 5 of these were from Cumbria County Council or the Fire and Rescue Authority (10%).

Overall there was a high level of satisfaction indicating that current training provision is adequate in terms of content and delivery; however areas for consideration when planning future programmes of events are:

- Greater utilisation of regional training venues
- Wider promotion of the free – Annual In-house training session available from the LGA

- In addition the survey captured that pensionable pay, pensions tax and ill-health retirements were the most requested topics for future training.

It was agreed that joint training events with the LGA and YPS both presented be arranged, possibly in collaboration with other FRAs in the North West, and that Cumbria make a request for the LGA to provide a training update to a future meeting of the Board.

It was reported that the Pension Regulator (tPR) published the 4th annual Public Sector Pension Scheme Governance and Administration survey in July 2019. Previous surveys identified that key features of good governance were becoming more commonplace across public sector schemes. In the latest survey tPR looked in more depth into how these were operating in practice.

In 2018 the responses covered 90% of Firefighters pension schemes which relates 93% of scheme membership. There are six key processes that the Pension Regulator focuses on and for the Firefighters schemes, improvements were experienced across five of these areas.

Members noted that there was a reduction in the number of Fire Pension Boards that had a documented policy to manage Conflicts of Interest, however this is something that the Cumbria Fire Local Pension Board has always had in place. Only 20% of Boards held four or more meetings a year, and the same number did not have risk management processes. Cumbria Fire Pension Local Board have scheduled quarterly meetings and review their scheme specific risk register at each meeting. A summary of the results for the Firefighters Pension Scheme were summarised at the Annual Conference and the slide was appended to the report.

In relation to regulatory changes members noted that there had been no further developments in any of the following areas:-

- Public Sector discretionary exit payment lump sums
- Public Sector recovery of exit payments regulations (aka the “clawback” regulations)

RESOLVED, that the report be received and the performance of the Cumbria Firefighters’ Pension Scheme to 30 June 2019 and any material policy or governance issues and national regulatory changes to 30 September 2019 be noted.

20 CUMBRIA FIREFIGHTERS’ PENSION SCHEME (FPS) DATA IMPROVEMENT PLAN

Members considered a report from the Director of Finance (Section 151 Officer) which advised that Your Pension Scheme (YPS) had carried out a review of data in October 2018 specifically looking at items that the Pensions Regulator referred to as common and specific data and this assessment indicated over 99% of common data and over 93% of scheme specific data was present and accurate.

In January 2019 a data plan was developed to further improve the quality of data across the scheme and this report updated members on progress made delivering against the plan during the quarter. The report concluded that good progress was being made with the actions detailed in the data improvement plan.

The Group Finance Manager - Pensions Investments & Insurance informed members of the Member Tracing exercise that had been undertaken to ensure scheme member data was up to date. The Scheme had engaged Target Professional Services Ltd to attempt to verify the correct addresses of the active and pensioners that were incomplete. Members noted that following this exercise there were only 25 members (out of 229) to have their current addresses traced.

Members were informed of the National Fraud Initiative (NFI), a compulsory exercise carried out every two years that matched electronic data within and between public and private sector bodies to prevent and detect fraud. It was noted that for the next data set from the NFI was scheduled to be received in 2020.

To conclude the Group Finance Manager updated members on the Government Actuary Department (GAD) 2016 Valuation Data.

RESOLVED, that the report and data quality improvement plan be noted.

21 PENSIONABLE PAY

Members received a report from the Chief Fire Officer providing the Board with an update on the work undertaken following the Booth v Mid and West Wales (2019) case, a recent High Court judgment on pensionable pay.

Members noted that there had been a number of key cases that had been referred to the Pension Ombudsman and High Court in relation to firefighters pay. The Booth v Mid and West Wales case considered pensionable pay for Firefighters in the Welsh Firefighters Pension Schemes, the points of the judgement equally apply in the English Firefighters Pension Schemes. Members were informed that 4 firefighters had complained to the Pension Ombudsman whose decision was appealed and considered by the High Court. A summary of the High Court judgement was outlined in the report.

Cumbria Fire and Rescue Service (CFRS) were required to review and make an informed assessment on the pay provided to firefighters within the meaning of the different scheme rules and how these were pensionable (pensionable pay or Additional Pension Benefit APB). Assessments would need to be made by:

- reviewing what payments were made
- the circumstances around those payments
- the contractual arrangements (including those undertaking secondary contracts)
- reviewing the relevant role maps
- the different definitions of permanency under the different scheme rules
- interpreting the application of pensionable pay using the 'Blackburne Principals'

- calculated in accordance with ordinary rate of pay
- for work done under the firefighters contract of employment
- regular in nature i.e. something to which the firefighter was entitled in the ordinary course of fulfilling duties under the contract, not one off or unexpected

Work was currently being undertaken to address the above actions by People Management and CFRS management and once completed a further update would be given to the Board. After the initial assessment was completed, legal advice would be sought.

Members were informed that with regards to any retrospective action that may be needed to correct pensionable pay where it had previously deemed as not pensionable, the LGA on behalf of the Scheme Advisory Board was taking further legal advice specifically on whether the limitations act can or should be used. The legal advice was still to be received.

RESOLVED, that

- (1) the report be noted;
- (2) a further update be given at the next meeting of the Board

22 YOUR PENSION SERVICE PRESENTATION

Members received a verbal update from Ms R Blundell (Director of Member Operations, Local Pensions Partnership) and Ms J Wisdom (Operations Manager, Pensions Administration, Local Pensions Partnership). The update included information on reorganisation in the service, performance, upgrading IT systems and staffing. It was agreed that a meeting be arranged between the Local Pension Partnership and the Service Centre.

23 VERBAL UPDATE ON EMERGING ISSUES

Members received a verbal update from the Group Finance Manager - Pensions Investments & Insurance.

The meeting ended at 2.55 pm