

**MINUTES OF THE FIRE PENSIONS BOARD  
HELD ON 2 NOVEMBER 2016**

Present: Mr G Luznyj (Chairman)  
(Employer Representative)

<b>Employer Representative</b>	<b>Fire Pension Scheme Member</b>
See Glynn Luznyj above	Mortimer, R Moss, R

Apologies:- Chapman, F (Member of the Authority) and Miss J Caiazzo (Pensions Adviser)

**Also in Attendance:** Mr D Greensmith, Director of Finance Assets and Resources, Mrs N Daniel, Senior Pensions Team Leader, Staffordshire County Council and Mrs S Jennings, Fire Pensions Administrator, Staffordshire County Council .

**PART ONE**

Documents referred to in these minutes as schedules are not appended but will be attached to the signed copy of the minutes. Copies, or specific information in them, may be available on request.

**Declarations of Interest/Conflict of Interests**

29. Board members were reminded that they should declare any interests or responsibilities, which may lead to conflicts of interest in the subject area or any specific agenda item of this meeting. A conflict of interest is defined as a financial or other interest, which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It did not include a financial or other interest arising merely by virtue of that person being a member of the Firefighters' Pension Scheme.

30. **RESOLVED** – That the requirement to declare interests be noted.

**Minutes of the Pensions Board meeting held on 26 May 2016**

31. Mr Luznyj referred to page 7 of the Minutes and advised that he would raise the issue of training needs for Members of the Pension Board as part of the Pensions Board Annual Work Plan which was Item No.7 on the Agenda.

32. **RESOLVED** – That the Minutes of the Pensions Board meeting held on 26 May 2016 be confirmed and signed by the Chairman.

## **Pensions Administration Overview – for the Firefighters’ Pension Schemes 1992, 2006 & 2015**

33. Mrs N Daniel, Pensions Administrator, Staffordshire County Council presented the report to the Board. The report advised that the Fire Pensions Team had been occupied over the past six months, producing the valuation data and issuing the annual benefit statements. Both of these pieces of work had required intensive data cleansing of the records to ensure the accuracy of the information provided.

They had recruited a new member of staff to the Fire Pensions Team - Samantha Jennings. Samantha joined the Team as a Senior Pensions Administrator and had extensive knowledge of pensions administration, gained working across a wide variety of schemes in a number of well known third party pension administration providers.

The report provided updates on previous projects as follows:-

**Retained Modified Exercise** - This was a large exercise and had now been completed and had moved into a “business as usual” (BAU) state. The Team had been testing the calculations provided by Heywood to process BAU.

**Valuation 2016** – The report confirmed that Staffordshire Fire and Rescue Service’s data was issued to the Government’s Actuary Department (GAD) on time and that it had passed the initial data checks. The majority of this work, pulling the data off the system, had been undertaken by Dan Shelley, SCC. GAD would spend the next 12 months sorting out this data.

**Annual Benefit Statements 2016** - As previously advised the annual benefit statements due at the 31 March must be issued by the 31 August each year. This meant that the statements due 31 March 2016 had to have been issued to the firefighters by 31 August 2016. This was the first year that statements had been issued for members of the FPS 2015, including members with connected benefits and for members of the modified section of the FPS 2006. Consequently a significant amount of software development was required and necessitated a large amount of testing by the Pensions Team. The software was delivered quite late, some updates were not received until 25 August and there was a lot of work which had to be done by the Technical Team to manipulate the data particularly for firefighters with multiple contracts. The statements were sent out in batches and the majority of the statements were issued by 24 September, with approximately 30 unprotected and taper protection modified statements issued the first week in October. The impact of the late issuing of the statements was classified as a Breach under the Pension Regulator’s Code of Practice 14. This matter was dealt with in the report of the Director of Finance, Assets and Resources, Item No 5 on Agenda.

The feedback on the statements had generally been good and they appeared to have been understood. A few people had asked for some additional quotations but not large numbers. The biggest issue was that the statement for unprotected and taper protection scheme members did not show the service in respect of benefits transferred in from elsewhere very clearly, due to space constraints. Whilst there was a reference to this in the full set of notes, next year the Team would clarify this in the covering letter. The Team had undertaken a lot of manual checking and were confident that accurate information had been delivered.

Mr Moss advised that he had spoken to people about the statements and it was evident that a couple of cases there was no pensionable benefit for their long service increment.

They had subsequently contacted the Pensions Team about the issue. The long service payment was applied if a person had served over 15 years. In 2007 this was withdrawn and replaced by CPD payments (Continue Professional Development). Essentially they had paid contribution of 11% of £990, whether just for one month or for a couple of years. This information had not been included on their benefits statement.

Mrs Daniel advised that the Team would need to ask individuals to come forward to flag up if this had been missed off their statement. The Team had received a list from Irena (Fire Service) which had been provided by Capita, with regard to these payments.

Mr Moss was concerned that those who were part of the 1992 scheme and received the long service payment, which was then withdrawn in 2007 would not know that they should be getting the benefit. If it was not present on their statement they may not know that it was missing. He advised that in 2007 he had just completed 15 years and so anyone who had served longer than him should have something included in their statements, so anyone who started before 1992 should have this.

Mrs Daniels advised that the Team would take a look at this and the list from Capita and if they think that they have not included this on all the relevant statements they could do a further check.

Mr Luznyj asked if a communication could be put out on this matter. Mr Moss commented that this should make people aware of the long service payment.

Mr Mortimer advised that on one statement it did not cover the detail of the person's pension transferred in to the scheme. Mrs Daniel advised that this had caused an issue for a number of people and that their queries had been dealt with on an individual basis. In future, there would be clearer information in the covering letter to explain this. Mr Mortimer commented that the statement was so colourful and distracting people were not bothering to look at them in detail. Mrs Daniel advised that the statement was based on a standard provided by the LGA and that the purpose of the different colours was to represent the different elements of the member's pension on the statement.

Mr Mortimer commented that the notes in relation to the statement were on the intranet and some people may not have the opportunity/ability to check these. Mrs Daniel advised that the notes were placed upon the intranet as they were 20 pages long. The notes pages explained how the statement was calculated. The Pension Team would look at an alternative way forward for next year. Mr Mortimer commented that on the second page of the notes it explained how the statement was presented. Mrs Daniel advised that this was year one of developing the statement and she was hoping that all the information was contained. Mr Moss commented that he did not know how the statements could be simplified in the future, other than having less colour on the statement.

Mr Luznyj advised that the feedback received on the statements had been useful. The issue relating to the notes was not taken as a criticism, although it appeared that there was degree of apathy by some staff members in trying to understand their statements. He appreciated all the efforts put into this by the Pensions Team and the efforts of the Board members in supporting staff.

### **Revised Processes for the Provision of Human Resources Data to Pension Services**

- In the last report it was noted that there were issues with the transmission of membership data between the Fire Service's HR and Payroll departments and the fire team at the County Council. The report advised that this process was now working much more

effectively. The format in which leavers data was provided to Pension Services still needed further work, however they were continuing to monitor this area to ensure that it is as robust as possible in anticipation of the change of payroll provider. Mr Luznyj commented that he was pleased to hear that the provision of data to the Pensions Team had improved.

Mr Mortimer asked whether the Pensions Team could access the payroll data or whether they had to rely on the information from Fire. Mrs Daniels advised that they could currently get information off the system, but that would change once the County Council change its payroll provider, so it was quite important that the movement of data was efficient in the future. Mr Greensmith asked whether the Team had clarified their requirements to the Fire Payroll Team and was advised that Payroll were aware but the format the Pensions Team wanted the information in was quite time consuming to produce. Spreadsheet data had been used to clear the backlog but this was not very helpful going forward. The information contained in the spreadsheet was sometimes not specific enough and the Pensions Team had to go back to Payroll quite a lot. Mr Greensmith asked if the spreadsheet could be amended/improved and was advised that leaver forms were better as they contained all the detail that the Pensions Team needed. The spread sheets pulled off one piece of information covering a number of people.

### **Current Projects being undertaken by the Pensions Team**

**Contribution Holiday – The Firefighters’ Pension Scheme 1992 (FPS 1992)** - The legislation came into force on 30 September 2016 to make provision for any firefighter to cease paying pension scheme contributions on completion of 30 years’ service before their 50<sup>th</sup> birthday in the FPS 1992. Once the firefighter reaches age 50 they must start paying contributions again. There were also provisions in the legislation for a refund of contributions to be made to firefighters who met these criteria whilst in service but who had subsequently retired since 1 December 2006. At the time of writing an exercise had been carried out to identify the affected members but guidance had not been received from the Home Office as to how to proceed.

The Fire Service would need to set up payroll processes to deal with the stopping and starting of contributions for serving firefighters and an exercise would need to be carried out by Payroll to calculate the refunds due to retired firefighters who qualified. Once the refunds had been calculated they would be processed by Pension Services’ pension Payroll Team who held up to date address and bank details. Mrs Daniel would notify the firefighters who met the criteria. No timescales for the completion of this project had been given. She would liaise with Andy Buttery who ran the retired firefighters network

**Active Member Newsletter** - Staffordshire Pension Services were working on a newsletter for active members of all the Firefighters Schemes. It would be jointly produced with the neighbouring Midlands Fire Authorities. This would be in line with the wishes of the Scheme Advisory Board to improve communication, but also to do so in a cost effective manner.

**Guaranteed Minimum Pension (GMP) Reconciliation Update** – This was not included within the report but Mrs Daniel advised that some members of the scheme used to pay lower National Insurance Contributions and therefore were not in the Government ‘top up’ pension scheme previously known as the State Earnings Related Pension Scheme SERPS or the State Second Pension S2P. The calculation of the GMP is designed to ensure that members of occupational pension schemes were not worse off than if they had not contracted out of either SERPS or S2P. The benefits of the FPS schemes were nearly

always higher than the state additional pensions, so this was very rarely an issue for firefighters. However at state pension age responsibility for the pensions increase on the pension element of the FPS that relates to the GMP transfers from the FRA to the Government. If the recording of the GMP information is incorrect, this could result in either under or overpayments to scheme members.

From April 2016 contracting out has been abolished and HMRC will cease dealing with GMPs after December 2018. All pension scheme administrators, both private and public sector are therefore undertaking a huge data cleanse exercise to ensure that their records are correct as after December 2018 there will be no facilities to check any information with HMRC.

**In conclusion** - Following on from the Pension's Team work preparing the valuation data and issuing the annual benefit statements the Team were looking to consolidate the work of the pensions section in a more proactive manner.

Mr Mortimer commented that from talking to firefighters from Tamworth he got the impression that they really appreciated how quickly the Pensions Team got back to them when they had a query. Mr Luznyj commented that this was good feedback.

34. **RESOLVED** – That the report of the Pensions Administrators be noted.

### **Firefighters Pension Scheme Annual Benefits Statements**

35. The content of the report had been referred to in the Pension's Administrators Report discussed earlier in the Agenda. For active members of a defined benefit (DB) pension scheme under the 2013 Public Services Pension Act (The 2013 Act) an annual benefit information statement (ABS) must be issued to each active member of the scheme and the statement must also include a description of the benefits earned by a member in respect of pensionable service. The first statement must be provided no later than 17 months after the scheme regulations establishing the scheme came into force with subsequent statements being provided at least annually after that date.

On 31 August 2016 the Director of Finance, Assets and Resources was advised by the Pension Administration Team at Staffordshire County Council that the annual benefit statements would not be issued within the 17-month time frame and that we would potentially need to consider reporting this delay to the regulator. As a result of the introduction of the Firefighter Pension 2015 scheme major changes to the reports provided by Heywood, the software developer, had been required and this delayed the checking and issuing of the Annual Benefit Statements.

The Director of Finance, Assets and Resources had discussed this delay with the Pension Regulator, with the Regulator advising that the "Scheme Manager" must decide on the severity of the breach and use its judgement to determine whether or not the breach of law was likely to be of material significance that needed to be reported. The breach was reported to the Strategy and Resources Committee as the "Scheme Manager" for the Firefighter Pension Schemes on 28 September 2016. Members of the committee were advised that all breaches should be recorded by the scheme even if the decision was not to report the breach to the regulator, and a traffic light framework was also provided to give the Scheme Manger some clarity around the cause, effect, reaction and wider implications of the breach. A copy of the Public Service toolkit and examples of breaches of law and the traffic light framework was attached for the Pensions Board's information. As "Scheme Manager" the Strategy and Resources Committee decided on the following, as extracted

from the minutes of the Strategy and Resources Committee Meeting held on 28 September 2016:-

34. **RESOLVED** - That the delay in issuing the Annual Benefit Statements in September 2016, beyond the 17 Months guidelines, be noted and recorded by the Strategy and Resources Committee as “Scheme Manager” and that in this instance the matter not be reported to the Pensions Regulator.

The Pensions Board noted that further information around the breach was contained with the update from the Pension Administration Team, but a majority of the statements were issued by 24 September with the final 30 issued the first week in October 2016.

Mrs Daniel advised that the Pensions Team would have a plan for next year, using the experience from this year. Next year they would be planning to get all of the statements out before the deadline.

Mr Mortimer’s main concern was that previously the Pension’s Team had been under resourced and was advised by Mrs Daniel that they were adequately resourced now.

Mrs Daniel advised that this issue of late statements had arisen due to the complexity of the schemes and the valuation data taking priority and needing to have been issued to the Government Actuary’s Department in early August. She advised that this Fire and Rescue Service was not alone in sending out their statements late and that about half of the fire and rescue services had also missed the Regulator’s deadline. Some other fire authorities had also sent out their statements without amending them, as by issuing them early, they were unaware of some of the errors in the software that had been subsequently found.

Mr Luznyj advised that whilst undertaking the pension training and awareness session participants were advised that the timeline was so tight that it was unrealistic despite the best efforts. Also, the tool kit issued had been quite vague. The Service in Staffordshire had tried to do things right and Mr Greensmith had sought advice early on. He indicated that officers had expected more decisiveness from the Regulator. It had been a great effort by the Pensions Team to work through to issue the statements as quickly as they did under the circumstances.

Mr Greensmith advised that he was in the process of writing a “breach policy”. He was using Staffordshire County Council and Warwickshire Fire and Rescue Service’s templates and would report this to a future Strategy and Resources Committee for approval. The policy would help if a breach occurred in the future. Mrs Daniel was to forward further information to Mr Greensmith with regard to the County Council’s policy.

36. **RESOLVED** - (a) That the action taken by Strategy and Resources Committee on 28 September 2016 and the extract from the minutes contained within the report, be noted.

(b) That it be noted that the Pension Regulator had been informed of the decision made by the “Scheme Manager” and the associated information contained within this report.

(c) The Board noted that a pension’s breach policy was now being prepared to assist the “Scheme Manager” should any future breaches occur. This would be reported to a future Strategy and Resources Committee meeting.

## Fire Pensions Annual General Meeting

37. Mrs Daniels went through a number of slides which had been presented to the Annual Conference of the Firefighters Pension Scheme which had been held on 11 October 2016, which she, Samantha Jennings and Martin Griffiths had attended.

There was also a networking event held on 10 October which was intended to help Pension Board Chairs and senior personnel involved with the Pension Boards and Scheme administration. Mrs Daniel was unable to attend this event, however Martin Griffiths attended and reported that it was a very useful networking opportunity for Boards

At the Conference Marc Sherratt gave an overview of the move of the Firefighters Pensions Team to the Home Office. The presentation covered the recent past, a busy summer, a forward look and fire pensions evaluation. He covered "Employee Contributions Holiday – 1992 Scheme" which was covered in the Pensions Administrators report, "Survivors' Benefits Amendments" which related to the pension of a widow if a firefighter died in service – the 1992 scheme stated that if a widow remarried then they would lose their benefits – this would not happen now and the "Legal Challenge Against Transitional Protections related to the 2015 Scheme".

The presentation covered the "Fire Scheme Valuation". It outlined that purpose of the 31 March 2016 valuation, how firefighter pensions were financed and active membership projections etc. Mr Greensmith advised that for the 45 fire and rescue services a £400m top up grant had to be paid by Government on an annual basis.

Mrs Daniel advised that the employee contribution rate would be available in February 2018.

Mr Moss commented that there were worse schemes than the firefighters pension scheme and if more people dropped out it could become a downward spiral for the scheme with more people claiming pension than paying in.

Mrs Daniel suggested that continuing positive communications to firefighters to make sure that they understood that this was still a really good pension scheme, might help. Mr Moss commented that some firefighters were embittered that the scheme had changed and that they would have to work an additional 10 years for a worse pension. There were fears going forward as to how this would continue to be reduced. Mr Greensmith advised that all public sector pensions were under the spotlight.

Mr Greensmith advised that the Local Government Pension Scheme was a funded Scheme.

Mr Luznyj commented that there were a shrinking number of firefighters, not all were staying in the role and there was not a lot that could be done about that.

Mr Mortimer commented that there was apathy from firefighters following the last change which they felt was imposed. They now believed that anything could happen to their pensions going forward.

Mr Luznyj thanked Mrs Daniel for bringing the information back to the Pensions Board as it was helpful.

38. **RESOLVED** – That the presentation be noted.

## **Pensions Board Annual Work Plan**

39. The Pensions Board was required to have an Annual Work Plan. A Work Plan was attached, as an Appendix to the report, which had been updated since the last meeting.

Mr Luznyj commented that under item 4 on the work plan they needed to have a fresh look at training across the Pensions Board. Mr Luznyj undertook to take this up outside of the meeting as there was currently a gap in training and there was a piece of work to be done.

Mrs Daniel referred to item 7 on the work plan "Complete self-assessment against the Pensions Regulator's code of practice", it was anticipated that this could be done by Christmas. She advised that there is a self-assessment tool kit issued recently by the Regulator to benchmark how well your scheme is being run with red, amber, green indicators which would be useful for the Chair of the Board to consider. This has already been forwarded to Messrs Greensmith and Luznyj. Mr Greensmith advised that this was not mandatory. Mr Luznyj advised that this self-assessment would assist the Pensions Board. Mrs Daniel advised that there is also an individual toolkit for Members of the Board to help with their learning and training as Pension Board members.

Item 4, 5, and 6 on the Work Plan would be completed by April 2017.

Item 10 - Training for Members would be undertaken at the next Pensions Board Meeting.

40. **RESOLVED** – That the Annual Work Plan for 2016/17, as revised at the meeting and attached as an **Appendix** to the minutes, be approved.

### **Date of Next Meeting**

41. Attendees discussed possible dates for the next meeting in April 2017. Further work needed to be done to establish a mutually convenient date and Board members would be advised as soon as the date was confirmed.

### **Day Crewing Pensions Issues**

42. Mr Mortimer commented upon a possible pensions issue that he had been made aware of in Essex regarding day crewing. Similar day crewing arrangements had been in place in Staffordshire in Cannock, Tamworth, Lichfield, Kidsgrove and Leek. These firefighters were paid an allowance to live within five minutes of the station. In Essex they had stated that the amount was not pensionable but that the firefighters should have had access to the retained firefighters pension scheme. Mr Mortimer had not thoroughly looked into this matter as it had just been drawn to his attention. Mr Luznyj advised that he was not sure that this was a challenge as if the firefighter had not paid pensions allowance that it should be judged to be retained.

Mr Moss referred to the case in Cheshire – Norman V Cheshire and wondered why this had not previously raised its head in Staffordshire. Day crew challenges had been won in other brigades retrospectively and firefighters had been allowed to pay their contributions. Mr Greensmith advised that with regard to this case, in Cheshire there had been no differentiation between the payment for lighting, heating etc which was why the case had been won. In Staffordshire all the payments were clearly separate. They did look at this in detail when the case arose.

Mr Moss raised the issue of being part of the Resilience Team and being paid an additional 15% allowance. Some retired individuals could challenge this. Mr Greensmith advised that this was not pensionable. They had looked at this and Eunice Heaney, Pensions Advisor at Staffordshire County Council's Pension Services had advised the Service on this issue and the training allowance. It was not part of the firefighters normal role map and therefore non pensionable.

The meeting was closed. Mr Luznyj thanked members and officers for their attendance.

**CHAIRMAN**