

**MINUTES OF THE FIRE PENSIONS BOARD  
HELD ON 22 SEPTEMBER 2015**

Present: Mr D Stevens (Chairman)  
(Employer Representative)

<b>Employer Representative</b>	<b>Fire Pension Scheme Member</b>
Chapman, F (Member of the Authority)	Mortimer, R

Apologies:- Moss, R

**Also in Attendance:** Mrs J Doran, Director of People, Mr H Norris, Secretary to the Authority, Miss J Caiazzo, and Mrs N Daniel.

**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.

**Appointment of Chairman of the Fire Pensions Board**

1. The Board was asked to appoint a Chairman of the Pension Board from within its membership. Mr D Stevens was nominated to be the Chairman of the Pension Board. He would take up the role just for this meeting as it was acknowledged that Mr Stevens would soon be retiring from the Service and the Fire Pensions Board would need to appoint a replacement Chairman at the next meeting.
2. **RESOLVED** – That Mr D Stevens be appointed as Chairman of the Fire Pensions Board.

**Declarations of Interest/Conflict of Interests**

3. 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.

Mr F Chapman declared an interest as his son is a Member of the Service and on his retirement would be in receipt of a fire pension. Mr Norris advised that he was aware of this from a previous declaration made by Mr Chapman. He advised that persons who were direct members of the Firefighters Pensions Scheme were allowed to be part of the Board and so this declaration would not preclude him from taking part in the meeting at any point. He however noted Mr Chapman's declaration.

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

### **Membership of the Fire Pensions Board**

5. The membership of the Fire Pensions Board was outlined on the Agenda for information.

<b>Employer Representatives</b> (Representing employers)	<b>Members Representatives</b> (Representing Members of the Fire Pension Scheme)
D Stevens (Director of Prevent and Protect)	R Moss
F Chapman (Member of the Authority)	R Mortimer

Officers assisting the Board would be Mrs J Doran, Director of People and Mr H Norris Secretary to the Authority. Mrs N Daniels and Miss Caiazzo, the Pensions Administrators from Staffordshire County Council would give an overview for members at each meeting.

6. **RESOLVED** – That the Membership of the Fire Pensions Board be noted.

### **Guidance on the Creation and Operation of Local Pension Boards in England**

7. A copy of the 'Firefighters' Pension Scheme - Guidance on the creation and operation of Local Pension Boards in England' was circulated with the agenda. The document was issued by the Local Government Association. The Guidance was designed to assist Scheme Managers in the creation and operation of Local Pension Boards in line with relevant legislation and, in particular, The Public Service Pensions Act 2013 and Regulations emanating from that Act. It was noted that there were a number of typographic errors in the Guidance, in particular where cross references were given.

Mrs Doran advised that the Guidance had been used to advise on the setting up of the Board and could be used for reference purposes in the future. In response to a question Mrs Doran advised that this was the most up to date information provided. Mr Stevens commented that undoubtedly there would be lessons learnt from setting up the Fire Pensions Boards and the Guidance may be re- issued in the future.

8. **RESOLVED** – That the Guidance on the Creation and Operation of Local Pensions Board in England be noted.

### **Pension Board Terms of Reference**

9. The responsibility of the Local Pension Board would be to assist the Scheme Manager (i.e. the Fire and Rescue Authority's Strategy and Resources Committee) in securing compliance with the Scheme Regulations, associated legislation and directions, and the Pensions Regulator's Codes of Practice. The role of the Board was one of providing assurance as to the effective governance and administration of the Fire Pension Scheme (FPS) at local level.

The report asked the Pension Board to agree its Terms of Reference, a revised draft of which was set out as the Appendix to the report. A previous draft was approved by the

Strategy and Resources Committee which acted as the “Scheme Manager” on behalf of the Authority.

Board members held a discussion on the Terms of Reference which had been produced using the guidance and raised the following the issues:-

- A) **Frequency of Meetings** - That the Pensions Board should meet twice yearly – in the terms of reference if stated both quarterly and twice yearly and this needed to be amended. As set out on page five of the Terms of Reference, urgent business of the Board could be conducted via correspondence. It was suggested that in the first year other meetings may be needed and so it was suggested that the wording should read “a minimum of twice yearly”. Members were happy with that. If there were any problems eg a grievance then a special meeting could be called.
- B) **The role of substitute members of the Board** – The Board held a discussion on this and concluded that due to the training that needed to be undertaken for Board members to fulfil the role and discharge the duties of the Board, that substitute members of the Board not be allowed. A statement would be put into the Terms of Reference to that effect.
- C) **Budget** – In the guidance there was mention of a budget being specifically set up for the Pensions Board to access. Members discussed whether this should form part of the Terms of Reference. The Terms of Reference did already talk about access to professional advisers, the cost of which would be met from within Service budgets. Once up and running the Board may get an idea of whether a specific budget was required. Members were keen to ensure that it was clear that the Board could access funding should they need it. If they needed to fund advice then they could get approval via the Strategy and Resources Committee as Scheme Manager.
- D) **Material Concerns** – The Board discussed who it would report to if they wanted to act rapidly over any concerns and what process would be followed. The Board were advised that the Strategy and Resources Committee (Scheme Manager) met six times per year and a report could be put to that Committee should there be an urgent issue. Mr Norris commented that he could not envisage a situation where an issue could not wait to be reported to one of the Strategy and Resources Committee meetings. Depending on the urgency of the issue, this could be circulated to Board members via email. Board members noted that Fire Pensions were audited periodically and if the auditors found anything then these would be highlighted in their reports. The Board discussed whistle blowing. Miss Caiazzo advised that with regard to whistle blowing or breaches of legislation, these would not always need to be reported to the Pensions Regulator unless it was judged to be material. Any such issue would need to be reported to the Scheme Manager before it was reported nationally. The Board was advised that the Service did have a whistle blowing policy in place. Mr Norris advised that the Terms of Reference would be amended to reflect the issue of Whistleblowing and the way in which concerns/issue would be dealt with.
- E) **Data Protection** – It was commented that there was no general reference to Data Protection in the Terms of Reference.
- F) **Voting** – It was suggested that the “Voting Section” should be made clearer and instead of saying that the Board should reach consensus, it should say that each Board member present at the meeting should have a vote and should the number of votes be equal then the Chairman of the Board would have the casting vote.
- G) **Membership of the Board** – Members were advised that the membership of the Pensions Board would be published on the web. The minutes of the Pensions Board would go the Strategy and Resources Committee and would be published on

the web. Mr Stevens referred to page 1 of the draft Terms of Reference, "To improve Data Quality to deliver "CARE" Pension Outcomes".

The Board discussed "clean data". The Pensions Regulator had referred to this. The Board was advised that to the County Council, as a good pensions administrator, it was second nature to "cleanse" data. With the new scheme the cleansing of data would be a priority. This involved either sending a spreadsheet to check the correct information or by selecting ad hoc records for checking. The Service gave information to the Pensions administrator and data to maintain the pension records.

Members discussed succession planning on the Pensions Board which needed to be looked at.

It was commented that these were generally good Terms of Reference. Mr Norris advised that the Terms of Reference of the Board would be reviewed annually by the Pensions Board and also reviewed annually with the Terms of Reference of the other Committees of the Authority.

The revised Terms of Reference would be circulated to all Pension Board members to ensure that they were content with the changes. A discussion would be held with Mr Moss, who was not in attendance at the meeting, to explain about the suggested changes prior to them being emailed to him.

Members held a discussion with regard to the concerns when Pensions Boards were set up as to whether these Boards would be sustainable especially as individual Boards. Suggestions were made at that time to have joint Pensions Boards with other authorities but this was turned down. It would be appropriate for the Board to re-examine its role moving forward.

10. **RESOLVED** – (a) That the Terms of Reference be approved subject to the amendments suggested and as set out in the minutes.

(b) That the Terms of Reference be amended to reflect the discussion and agreed by correspondence prior to them being put back to the Strategy and Resources Committee for final approval.

### **Code of Conduct**

11. The report asked the Pension Board to formally adopt the Code of Conduct, to which its members were subject. A copy of the Code of Conduct was attached as an Appendix to the report, for consideration.

The Public Service Pensions Act 2013 and Regulations made thereunder required public service pension scheme managers to establish, by 1 April 2015, a Local Pension Board. Guidance, issued in respect of the creation and operation of such Boards, stated that Pension Boards should have in place a Code of Conduct and Conflicts Policy, to which their members must adhere, and establish and maintain a register of interests for Board members.

The operation of a Code of Conduct would ensure that all Members operated with a common understanding and commitment to expected standards of conduct. This would assist in increasing confidence in the work of the Board and would help to ensure there was a limited prospect of reputational loss through inappropriate behaviours.

The draft Terms of Reference for the Pension Board (which was considered earlier in the meeting) included, as one of the duties of the Board, that its members:

‘Should be subject to and abide by the Stoke-on-Trent and Staffordshire Fire and Rescue Authority Members’ Code of Conduct’.

In accordance with the Guidance, the Code of Conduct should be reviewed regularly. The Code of Conduct is an Authority document and reviews were undertaken periodically by the full Authority. Any changes made to the Code would be brought to the Pension Board as they occurred. In any event, good practice dictated that the Code be brought to the Board annually to remind members of its contents.

The Board discussed paragraph 9 of the Code of Conduct which contained wording inherited from the Standards Board, which was rather obscure.

12. **RESOLVED** - That the Code of Conduct, to which its members are subject, be formally adopted by the Pension Board.

### **Recap on the Training Undertaken by the Board Members**

13. Mrs Doran advised that three Board Members and herself had attended the training. Mr Stevens advised that he was unfortunately unable to attend his training date. Mr Chapman had attended the training which had been interesting and commented that he felt the emphasis of the training was around the Board being a monitoring Board and that the members of the Board needed to be satisfied that the fire pensions were being administered correctly, and be aware of the appeals mechanism. He added that if the FBU had an issue they would support their member through the Appeal Process rather than come direct to the Board.

Mr Mortimer commented that the impression that he got was that the Board would in effect be “auditors” of the scheme. Fire Pensions had four separate schemes. He was not particularly impressed with the training as presenters contradicted one another.

Members discussed whether further training events were planned by the LGA and were advised by Mrs N Daniel that she may know more about whether further training was being offered after she had attended an event with other pensions advisors on the day after this meeting.

The LGA were asking Finance Officer Groups if they had any requests for additional areas of training re: Pensions Boards.

14. **RESOLVED** – That the recap on the training by Board Members be noted.

### **Training and Liaison**

15. The report asked the Pension Board to designate:

- An individual to take responsibility for developing and implementing a knowledge and understanding framework to ensure that Board members are able to fulfil their role effectively; and
- An individual to liaise with the Scheme Advisory Board and the Local Government Association.

Miss Caiazzo advised that the Board could ask for information such as internal and external audits of Fire Pensions once they got underway and then they would see what issues were arising. The County Council's Local Government Pension Scheme Pension's Board would review the audits in a similar fashion.

Miss Caiazzo advised that officers would be keeping the LGPS Board up to date and carry out "just in time training" eg on the financial aspects. Officers would ensure that Board Members understood about the schemes and where necessary provide joined up training with the Pension Committee. Sometimes they would concentrate on what Board Members needed to know at the time. This would be at a higher level rather than at a lower level.

A Member commented that there could be a "skills fade" for Members of the Board if they did not use their knowledge. It was agreed that taking things a step at a time, as suggested by Mr Norris, was sensible with the ability to access "just in time training" where applicable. There was a possibility of on line training for Members of the Board.

Mrs Doran advised that training outside of the initial "start up" training would be an additional cost. This training was provided by Clair Alcock, Fire Pensions Technical Adviser at the LGA.

Mr Mortimer advised that the Board could look at what information staff should have regarding their pensions. Mrs Doran commented that communication was something that the Board could look at.

Mr Mortimer was aware of the four Pension Schemes and commented that Employee representative would need to be aware of the detail of each of these schemes

Miss Caiazzo advised that officers could make the Board aware of the details of the administration of the scheme and could give details that they were working within the budget, although the budget was yet to be agreed. She advised that communication in relation to the Pensions Schemes came at a cost and the Fire Authority and administrators would need to look at how much they could do within the financial constraints of the budget.

Mr Mortimer suggested that as these were National Pension Schemes they may be able to share communications with other fire and rescue service Pension Boards. Mr Stevens suggested that as well as the Pensions Board, the Service and the communications team could play a role.

Miss Caiazzo advised that there was not a lot of communications out there nationally unless someone was prepared to write it. Issues were covered in the Firefighters newsletter, video and frequently asked questions.

In response to a question Miss Caiazzo advised that Staffordshire County Council took over the administration of the Fire Pension scheme from Capita. There were some issues that had taken well over 12 months to sort out. Historically the County Council had looked after the Firefighters Pension Schemes before it was outsourced to Capita/Northgate.

The County Council had thought about joint working on pensions with other local authorities ie Hereford and Worcester and Shropshire. Each authority had a small team and this could give resilience. A Technical Group had been set up to share expertise.

In response to a question Miss Caiazzo advised that the County Council no longer looked after the Police pensions as they were with a company called "Mouchel". This company had now been taken over by Kier. Mrs Daniels advised that the County had previously received questions with regard to widows or terminal illness benefits and these were dealt with under the day to day administration of the Pensions Scheme.

In response to a question Members were advised that it was sometimes difficult to keep abreast of Pensions regulations but in general if Pensions were centralised then local expertise would be lost and it would be fraught with difficulties.

Mrs Doran advised that the general view of the Board was that the training provided to date, was not specific enough about fire pensions schemes. She would look at training both collectively and individually on the broad understanding of the schemes.

16. **RESOLVED** – That the Director of People be the nominated officer to:-

- a) take responsibility for developing and implementing a knowledge and understanding framework to ensure that members are able to fulfil their role effectively; and
- b) liaise with the Scheme Advisory Board and the Local Government Association.

### **Pensions Administration Overview**

17. Mrs N Daniel, Pensions Administrator, Staffordshire County Council presented the report to the Board. The administration of the Firefighters' Pension Schemes 1992 and 2006 was taken over by the Pension Services Section of Staffordshire County Council from Capita in April 2014.

This entailed transferring and reconciling all the membership data held on Capita's computerised administration system to the County Council's 'Altair' computerised administration system. In addition to the transfer of the electronic data a large number of paper files had to be managed and scanned to the member's records. This had been a major project and was now completed.

### **Retained Modified Exercise**

Following the introduction of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 a claim was made by a number of retained firefighters that they should receive equal treatment with full time regular firefighters and therefore be able to access pension benefits under the 1992 Firefighters' Pension Scheme (FPS 1992).

Judgement was given in the House of Lords in favour of the retained firefighters which allowed those who were serving during the period 1 July 2000 to the date on which they elected to join the Firefighters' Pension Scheme 2006 (FPS 2006) to have special provisions which generally reflect the rules of the FPS 1992.

This ruling had created a huge exercise for Fire and Rescue Authorities and their pension administrators to identify the eligible personnel, write to them and then calculate and issue quotations to those who expressed an interest in joining the scheme. The final stage was to set up records for and pay the benefits to those, who on receipt of their quotations elected to join the scheme.

Staffordshire Fire and Rescue Service undertook the first part of the exercise of identifying the eligible personnel and calculating the initial benefits in house. Since April the fire team at Staffordshire Pension Services had taken over this project. To date they had processed the majority of the pensioners, and were in the process of setting up the records on Altair for the new active and deferred (left) members of the scheme. This exercise was still ongoing.

### **The Firefighters' Pension Scheme 2015 (FPS 2015)**

On the 1 April 2015 the Government introduced a new pension scheme for new entrants to the Fire Service post 1 April 2015 and for members of the previous schemes who were not covered by the protections built into the Regulations. New pension schemes had been introduced across the public sector following a review chaired by Lord Hutton which resulted in the Public Sector Pensions Act 2013. This Act set out the framework for the design of these new schemes which were set up on a career average (CARE) rather than final salary basis. Career average scheme benefits were calculated based on a proportion of pay for each year of membership. Final Salary benefits were calculated based on service to the date of leaving and pay calculated as at the date of leaving.

In order to protect existing firefighters' benefits regulations were laid which provided various kinds of protections. The introduction of this scheme had also necessitated a large amount of work to identify and communicate:

- with the firefighters who have remained protected members of their scheme,
- who will transition to the 2015 scheme under the tapering regulations
- who transferred to the new scheme with immediate effect on the 1<sup>st</sup> April 2015

The result of the changes detailed above now meant that from an administration perspective they had the following categories of scheme membership:

- FPS 1992 membership only
- FPS 2006 membership only
- FPS 2015 membership only
- FPS 1992 and FPS 2015 membership for those whose benefits are not fully protected.
- FPS 2006 and FPS 2015 membership for those whose benefits are not fully protected
- FPS 2006 retained modified section.

The benefit bases for each of these categories of membership are different, making the administration far more complex. In addition there were Compensation Regulations for each scheme which dealt with the benefits payable should a firefighter be injured or die on duty.

### **Current Projects**

- Interim Valuation as at 31 March 2015 requested by the Government Actuary's Department (GAD).
- Pensions Ombudsman's Determination in GAD v Milne. The Pensions Ombudsman had determined that the factors used for the calculation of the pension

lump sums between the period 1 December 2001 to 21 August 2006 were incorrect and therefore an exercise must be carried out to rectify this. This would entail identifying the affected individuals writing to them and calculating and paying their additional lump sums. The current timescales for this project was to issue all calculations and paperwork by 31 December 2015 and to have paid all of the benefits due by the 31 March 2016.

- Production and issue of the Annual Benefit Statements.
- Review of scheme members benefits in the light of the latest changes to the Annual Allowance tax regime introduced in the Chancellor's emergency budget.

With regard to the GAD V Milne case above, the Board was advised that the case had arisen, as GAD had not reviewed the actuarial factors as promised which meant that when firefighters took their lump sum they did not get the correct amount. Mrs Daniels was currently recalculating these sums and the impact of this would come at a cost to fire and rescue services. This was a large amount of work which was complex and challenging.

The report concluded that it was an extremely busy and demanding time for fire pension administrators who were subject to constant demands for information from central government and the challenges of dealing with ever increasing complexities in both the scheme and overriding legislation.

In response to a question regarding the four firefighters pensions schemes, the Board was advised that some firefighters had a mixture of pension schemes, which could be quite complex.

The Board was advised that pensions were not transferable from the forces and the pension commenced under the fire pensions scheme on their start date with the fire and rescue service.

The Board discussed the cost of administering the scheme and were advised that it was difficult to separate IT costs and accommodations costs etc. As far as fire pensions were concerned there was no national benchmarking and budgets were agreed with their local fire and rescue authorities.

The Board was advised that this year it was not "business as usual" due to the demands placed upon pensions staff. Miss Caiazzo advised that there were 100,000 plus on the Local Government Scheme compared to 1000 on the Firefighters pension schemes.

Miss Caiazzo commented that has been talking to other authorities and they agreed that fire did not pay enough for the administration of their schemes. Some local authorities had not got the budget to run their firefighters pension schemes and were cross subsidising the running of their pension schemes from the Local Government Pension Fund. It was therefore difficult to judge value for money.

Miss Caiazzo advised that in terms of benchmarking the cost against the private sector this would be difficult to know how to value the Service that they provided.

Mr Chapman commented that the Board needed to be conscious of acting within its Terms of Reference. The Board just required information on the effective and efficient governance of the scheme.

Mr Stevens thanked Mrs Daniel for her report and Members of the Board for their time.

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

**Date of Next Meeting**

19. The Board was advised that the date of the next meeting would be advised to Board members as soon as it was available.

**CHAIRMAN**