

**MINUTES OF THE FIRE PENSIONS BOARD  
HELD ON 24 JULY 2017**

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

<b>Employer Representative</b>	<b>Fire Pension Scheme Member</b>
See Glynn Luznyj above Sweeney, S J M	Mortimer, R

Apologies:- Moss, R and Miss J Caiazza (Pensions Manager)

**Also in Attendance:** Mr D Greensmith, Director of Finance Assets and Resources, Mrs N Daniel, Senior Pensions Team Leader, Staffordshire County Council and Mr M Griffiths, Communication Officer, Staffordshire Pension Fund, 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**

1. 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 Sweeney declared that he is also on the Pensions Committee at Staffordshire County Council.

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

**Membership of the Fire Pensions Board**

3. The membership of the Committee was outlined on the Agenda for information. Mr Luznyj welcomed Mr Sweeney to his first meeting of the Fire Pensions Board.

Mr Luznyj also welcomed Mr Griffiths, from Staffordshire County Council's Pension Fund Team, to the meeting.

4. **RESOLVED** – That the membership of the Fire Pensions Board be noted.

## **Minutes of the Pensions Board meeting held on 2 November 2016**

5. Mr Luznyj referred to pages 1 and 8 of the Minutes and advised that he would be looking at the training needs for Members of the Pension Board.

6. **RESOLVED** – That the Minutes of the Pensions Board meeting held on 2 November 2016 be confirmed and signed by the Chairman.

### **Terms of Reference of the Fire Pensions Board** (Schedule 1)

7. The Terms of Reference were provided for Members information.

8. **RESOLVED** – That the Terms of Reference be noted.

### **Pensions Administration Overview – for the Firefighters' Pension Schemes** **1992, 2006 & 2015** (Schedule 2)

9. Mrs N Daniel, Pensions Administrator, Staffordshire County Council presented the report to the Board. She advised that in the week prior to the meeting she had attended a Fire Pensions Officers Group meeting and would add some additional information to the report. The report advised that since the last meeting they had completed the contribution holiday exercise and were working on the 2017 annual benefits statements.

#### **Update on Previous Projects:**

**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 are 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. This exercise was completed for the affected retired members by the end of January 2017 and a process had been put into place to identify those affected on an on-going basis and advise the Fire Service's payroll department to cease the contributions for the relevant period.

**Revised Processes for the Provision of HR Data to Pension Services** - Unfortunately the improvement in the transmission of membership data between the Fire Service's HR and payroll departments which was noted in the last report had not continued and was addressed below.

#### **Current Projects**

**Annual Benefit Statements 2017** – The Fire Pensions Team were working on the annual benefit statement process for the scheme year end 31 March 2017 which must be issued to members by the 31 August 2017. The records were being updated with year-end data by the systems team and the administration team were checking the calculations and reviewing the documentation in the light of last year's feedback. Last year was the first year that Scheme Managers had to issue the statements within the timescales set out in legislation. Due to the complexities of programming the schemes, the software house was quite late in delivering the updates that were required and therefore this meant that they were unable to comply with the timescales. However the majority of the statements were issued by 24 September 2016. This year it was hoped that all the statements would be

issued by 31 August. Last year there were comments about the statements being a bit too colourful and bright which members thought was distracting. This year they would still use colours in the statements but not in the same way. Additional information would be in the statements i.e. annual allowances for the firefighters pension schemes. For the retained they would be able to see what they can put towards their wholetime pension. Mr Griffiths advised that the national notes would be put on the intranet but they would send out a frequently asked questions page with the annual statements. Ms Daniel advised that they aimed to “refine” what they sent out last year. Mr Luznyj asked whether they were confident in meeting the deadline for sending the statements out this year. Mr Griffiths advised that all of the data was on SAP and they would be able to retrieve the information from there. The issues around data should not impact on this. Mr Mortimer asked about the accuracy of the statements and Ms Daniel advised that this should not be an issue.

**Incorrectly Taxed Ill Health Compensation** - If a retained firefighter was injured on duty meaning that he was no longer fit to continue as a firefighter in the days prior to the introduction of the Firefighters’ Pension Scheme 2006 - which allowed retained firefighters to join a pension scheme – they could be awarded an ill health and injury pension by virtue of being unable to continue with firefighting. This injury award and ill health pension had always been classed by HMRC as a compensation payment which meant that all the monies were non-taxable. Injury awards had always been non-taxable, but the ill health pensions in these cases had been taxed. This issue had affected many Fire and Rescue Authorities across the country and Staffordshire along with other Fire Pensions administrators had been rectifying this. It had ceased taxing the pensions, refunded the tax for the last tax year and had written to the affected members to advise that they need to contact HMRC to claim back the historic arrears. The Service only retained information for six years. There were 18 cases in Staffordshire Fire and Rescue Service and the Service had now ceased taxing their pension and given them their tax back. Unfortunately HM Treasury had not communicated this information to HMRC and so when callers were making enquiries HMRC were saying that they had not been made aware of it.

**Active Member Newsletter** - Staffordshire Pension Services were about to start work on another newsletter for active members of all the Firefighters Schemes. The aim was to issue a newsletter twice a year. It would be jointly produced with the neighbouring Midlands Fire Authorities. This was in line with the wishes of the Scheme Advisory Board to improve communication in a cost effective manner. Mr Griffiths advised that he would share this newsletter with Mr Luznyj and Mr Greensmith before it was sent out in the autumn. Ms Daniel advised that it could cover the following topics:- voluntary scheme pays, the Brewster case, national news, survivor payments. With regard to survivor payments, they could only pay out payments if the person was nominated and this had caused some difficulty. The only scheme affected was the 2006 scheme and there were no cases in Staffordshire. Death benefits were inconsistent across all schemes. They could put information in on how this worked for each of the pensions schemes. Mr Griffiths advised that in the FPS 1992 some members had requested to nominate but they were not allowed to do that. Ms Daniel advised that they did have some issues as pensioners on the 1992 scheme could only pay out to their partner if they were married or civil partnership, with officers having no discretion available to them. It would be a good opportunity to share information on these issues.

**GMP (Guaranteed Minimum Pension) Reconciliation** - This is an ongoing project, which was being carried out across all public service pension schemes. Ms Daniel would give an update on this at the next meeting. Ms Daniel would write to each member of the pension scheme next year. Mr Griffiths advised that they would start to prepare for that. The letter would say what information we hold and they would need to do all the checking on this for

firefighters and potentially this was not an issue. The problem may be that the liability lay with one scheme and many moved to another. Mr Griffiths advised that they were working to back this information up but the records held by HMRC were not very good.

**The Provision of HR Data to Pension Services** - Unfortunately there were still issues with the provision of HR and payroll data to Pension Services. There was an increase in the numbers of leavers advised to Pension Services in December 2016, due to the termination of casual contracts and due to the Authority's re-enrolment duties under the Automatic Enrolment Regulations. The Pensions Team had difficulty in obtaining the correct information to calculate the benefits for these leavers. In addition, they only found out about the individuals processed under the automatic enrolment regulations, when they could not tie up their records with the starter and leaver report information. These difficulties had arisen because the Payroll Team were tied up managing the transfer of the payroll to the new provider. Since the payroll switched to the new provider on 1 April, the Pensions Team had not received any membership information at all and had not been able to process any benefits except for retirements. They were also testing a membership report which had been extracted from the Firewatch System. The Fire Pensions Team understood that the teething issues with the new payroll should now be resolved and they were anticipating receiving membership and payroll data shortly. If this situation did not improve over the next scheme quarter, the Scheme Manager i.e. the Strategy and Resources Committee may wish to consider if the issues raised should be recorded as a Breach in the Authority's Breaches Log. To date no information had been received from Stoke and the Firewatch system. They were unaware of who had started and who had left. They needed to know who had left in order to get their numbers straight. They would shortly need to report to the Government on the figures. There had been discussions on this. Mr Greensmith advised that he had met with the payroll providers last week to go through any issues. It was a new payroll for Stoke and for the Service. He would ensure that there were processes in place and would make sure that Ms Daniel got the necessary information. This would not affect the annual benefits statements going out. He hoped that the information would be available over the next 6 weeks. He was aware of the issue but they were "on the case". If this was not sorted out then they would need to report it. Mr Sweeney asked whether the Service knew that Stoke were operating a new system. Mr Greensmith advised that they did know about system being new. They would need to press Stoke for the missing information. Ms Daniel had met with the payroll providers and they were going to get back to her but she had not yet heard anything. Mr Greensmith advised that it was now business as usual, they just needed to ensure that they had the head count reports that were accurate. Mr Luznyj advised that the scheme advisory board would look at how we were doing with the data. Mr Greensmith advised that the risk register may need to be altered to reflect this and to highlight the potential risk.

**Regional Issues** – Clair Alcock is the LGA technical adviser and Claire Hey has been appointed to the LGA to be the Secretary to the Scheme Advisory Board (SAB) and to assist with firefighter Communications. Mr Griffiths chairs the regional Communications Meetings. It should be noted that Fire Pensions Boards are encouraged to ask for attendance by either of the Claires or a member of the SAB

**Compliments** - The report outlined that they were shortly due to cease children's pensions for three dependants. A letter of thanks was received from one pension recipient thanking the Fire Service for the pension which had assisted him in his studies and who had just finished his PhD. Another letter was received from the parent of two children who had been in receipt of pension thanking the Fire Service for their pensions. One child had just graduated and the other had recently become an apprentice. Members welcomed the good news from these young people.

Mr Luznyj asked Ms Daniel to explain how this worked for dependent children. Ms Daniel advised this depended upon when the person died as to the survivor's pension paid. This was paid up to 18 or 23 in full time education. As both the firefighters had died before 2006 the dependents pension covered the children's vocational training and education until finished. This was now slightly different in the new scheme. The information contained in the report gave sensitive information i.e. the names of the children and for the purposes of the minutes this information would be removed.

**Opting Out of the pensions scheme** – The Board discussed the issues of opting out of the pensions scheme and whether pensions scheme members had to opt out each year.

Ms Daniel advised that new members could opt out under each contract of employment, initially a member would opt out of their contract of employment, and if they were subsequently put back into the pension scheme under the employer Automatic Enrolment Regulations they were entitled to opt out again. They would not need to opt to out again until the scheme anniversary date. Mr Griffiths advised that it was not possible just to make "one election" to opt out and they would have to do this each time. Ms Daniel advised that this was an issue that could be communicated through the newsletter Mr Luznyj advised that he would like the issue to be included in the communication ie the Active Members Newsletter. Mr Griffiths advised that the issue may already have been raised within the firefighters contract letter but they could then say that they had bought the issue to Members attention. Ms Daniels advised that some did not understand why they had to opt out repeatedly. Mr Luznyj advised that there would be 16 new starters in September and hopefully 16 new members of the pension scheme. He advised that in Scotland they had seen a large number of pension members opting out. He asked what the position was in Staffordshire and whether they had the figures to hand. Ms Daniel advised that she had recently had to gather the figures together to report to DCLG (up to March 2017) and this did not show that many were opting out. Mr Luznyj asked if a report on this matter could be brought to the next meeting of the Pensions Board on the numbers opting out. Rob Moss had previously raised his concern at the number of people opting out of the pension's scheme. Mr Greensmith advised that the report for the next meeting could form a profile giving a statement of numbers of active pensions members and deferred members.

**Pensions Disputes** – Mr Mortimer raised the issue of disputes in relation to pensions and the mechanism for disputes. For example they needed to be aware of pensions disputes in relation to the system. Mr Luznyj advised that it would be good governance if the Pension Board kept details on grievances. Mr Mortimer advised that it might be useful to have an understanding of the matters behind the dispute. Mr Luznyj advised that the Service had contributed to the pensions survey. There had been one issue around ill health retirements. If there was an opportunity it would be useful to look at a number of complaints and the key themes to report on locally. Ms Daniel advised that since the introduction of the Internal Disputes Resolution Procedure (IDRP) there have been 3 issues raised and 2 were still current. Mr Luznyj asked whether there were common themes and whether anything that they were aware of as pensions administrators. Ms Daniel advised that one of the issues related to death benefits. These were not in relation to the Pensions Team doing anything wrong but due to the inconsistencies between the pensions schemes. Mr Greensmith advised that the 2 outstanding issues related:- to earnings that previously should have been pensionable and the transfer of service and the projections. Mr Sweeney commented that these were not complaints as such. Mr Greensmith advised that these issues needed to be explained and resolved. Mr Luznyj advised that information would be collated in case it needed to come forward to the Board.

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

## **Firefighters Pension Scheme – Voluntary Scheme Pays**

11. Members considered a report by the Director of Finance, Assets and Resources, for their information, which had been considered by the Fire and Rescue Authority at its meeting on 13 July 2017. The Fire Pensions Board were advised that the recommendation to operate a voluntary scheme pays was approved by the Fire Authority.

Mr Greensmith advised how the scheme would work. The scheme was unlikely to affect many members of staff. Mr Mortimer asked on the scope/numbers affected by this and Mr Sweeney advised that at the Fire Authority meeting they had been advised that two members of Staff may be affected by this.

12. **RESOLVED** – (a) That the report on the Firefighters Pension Scheme – Voluntary Scheme Pays be noted.

(b) That the approval, of the Voluntary Scheme Pays, by the Fire and Rescue Authority at its meeting on 13 July be noted.

## **Firefighters Pension Scheme Risk Register**

13. Members considered the Fire Pensions Scheme Risk Register and discussed each of the risks.

Risk 1 - Mr Griffiths advised that, as with the Staffordshire County Pension Scheme, the cyber risk was quite high. Ms Daniel advised that from a pensions scheme perspective they would need to ensure that the various controls were correct and in place. Mr Mortimer commented that perhaps cyber crime should be a separate risk. Mr Luznyj supported that. Mr Greensmith confirmed that cyber crime was an escalating risk as the number of global internet connections continued to increase. Mr Griffiths advised that, with regard to fire and flood, at the County the systems were backed up in several places.

Risk 2 - Members Data may be incomplete or inaccurate. Ms Daniels indicated that there was an increased likelihood of this due to the change to the new payroll system. Mr Greensmith advised that they were current waiting for the pension reports to be done.

Risk 3 - Risk of administration failure or maladministration was always a risk but the Service did try to mitigate this. Mr Sweeney commented that this risk could come down if the administration continued to perform well.

Risk 4 – Related to the Annual Benefit Statements not being produced on time. This issue sits on the breaches log form last year.

Risk 5 – Related to Officers acting outside of their delegated responsibility. Mr Luznyj commented that it was unusual to have a committee as a “Scheme Manager” and thought that the risk rating should increase from a 3. It was decided that the risk rating should increase to a 6.

Risk 6 – Where the employers fails to deduct the correct pension contributions from members. The Board had no comments on the risk rating of this.

Risk 7 – Failure to interpret rules and legislation correctly – actions to keep the training of staff up to date should mitigate this risk.

Risk 8 – Conflicts of interest – this gross risk can be changed by ensuring the training of Members.

Risk 9 – Related to the statutory accounts - this could be mitigated by ensuring the pension data was maintained, administered and accounted for correctly.

Mr Luznyj indicated that an additional risk should be added around effective communications. Ms Daniel indicated that this was a valid risk. It was up to the Authority/employer to communicate with members of the pension schemes as there was a potential, if a matter reached the ombudsman that he could flag this as an issue. She indicated that this may be a “subset” issue which came under Risk 3 “administration”. If they were seen not to communicate effectively this could come back on the employer.

Mr Griffiths advised that there may be an issue around “new European Legislation”, but these issues may be more for the Local Government Pension Scheme, in relation to data. Mr Greensmith advised that Andrea Jones was working on this for 1 May 2018. Mr Luznyj asked what this legislation would mean for pensions members. Mr Griffiths advised it was in relation to what other information you hold. Ms Daniels advised that they would need to have the Authority’s wording to put onto pensions documents.

14. **RESOLVED** – That the Firefighters Pension Scheme Risk Register be noted and that it be amended in accordance with the comments made (see above).

### **Training**

15. Mr Luznyj advised that they needed to ensure that training for Members of the Fire Pensions Board was logged. He would produce a training log for Members/Officers of the Pensions Board and would look at the Pensions Regulators Tool Kit and would share this information with Board Members. He advised that Nicola Daniel had been to two events recently. One with KPMG had Ian Pullett presenting. It was good in terms of refreshing knowledge and advising on things on the horizon.

Mr Mortimer advised that he had completed training which he felt built on his knowledge and the exams were tough enough.

Mr Luznyj advised that he could invite Clair Alcock in to provide training. He commented that the training needed to be proportionate. The blank training log had “actuaries” included on it. He advised that they received a number of offers throughout the year from the LGA and they would need to take up these opportunities as they arose.

Ms Daniels advised that with regard to training there were two events coming up. On 20 August at the LGA in London there would be a “mop up” session for those Members of Pensions Boards who had missed the original training. On 20 September an event was being held at Leicestershire County Council run by Clair Alcock.

Mr Luznyj commented that Mr Griffiths had mentioned about having an online calculator. Mr Griffiths advised that they had used other people’s calculators in the past. Mr Luznyj advised the representative bodies had used that. Mr Griffiths advised that he had not pushed the use of this too much but would like to see a calculator online, where pensions members could register online as this would be ideal. Mr Luznyj was not advocating having our own on-line calculator. Ms Daniel advised that the Home Office had put information out to help people. There were other systems out there but she was not sure

on the accuracy of these. In the meantime people would approach the Fire Pensions Team as firefighters pensions self-service facility was not available at the moment.

Mr Luznyj advised that a single dashboard was being worked upon and Ms Daniels advised that staff would be able to see an overview of all their pensions savings. Ms Daniels advised that the state pension might also be incorporated, in theory, but they would wait and see how that developed.

16. **RESOLVED** – That the training issues be noted.

#### **Date of Next Meeting**

17. Attendees discussed possible dates for the next meeting in January 2018. It was suggested that Wednesday 17 January 2018 pm would be a suitable date and Board members would be advised as soon as the date was confirmed.

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

**CHAIRMAN**