

Scheme Advisory Board

ACTIONS AND AGREEMENTS

14th June 2017

London Fire Brigade

PRESENT

Malcolm Eastwood	Chair
Cllr Thomas Wright	Scheme Employer Representative (LGA)
Cllr John Bell	Scheme Employer Representative (LGA)
Cllr Roger Price	Scheme Employer Representative (LGA)
Cllr John Fuller	Scheme Employer Representative (LGA)
Dave Limer	Scheme Member Representative (FBU)
Francis Bishop	Scheme Member Representative (FBU)
Sean Starbuck	Scheme Member Representative (FBU)
Sam Rye	Scheme Member Representative (FBU)
Glyn Morgan	Scheme Member Representative (FOA)
Tristan Ashby	Scheme Member Representative (RFU)
Des Prichard	Scheme Member Representative (APFO)
Chris Mulholland	GAD
Nick Gannon	TPR
Alex Rowell	TPR
Rebecca Woolley	TPR
Helen Scargill	Technical Adviser
Andrew Bosmans	Chair of the South Yorkshire Local Pension Board (Observer)
Rory Murphy	London Fire & Emergency Planning Association (observer)
Claire Hey	Greater Manchester Fire and Rescue (Observer)
Clair Alcock	LGA – Acting Board Secretary
Marc Sherratt	Home Office Observer

1. Apologies

Apologies were received from Cllr Rebecca Knox

2. New appointments to the board

1. There are currently two vacancies on the board.

One vacancy to replace Cllr Philip Howson is awaiting appointment by the Secretary of State, this has been postponed during Purdah and whilst the new government is formed.

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The second vacancy has fallen due, as Cllr Darrell Pulk lost his seat during the local elections. The board wish to record their thanks to Darrell for his commitment to the board.

2. Helen Scargill was appointed to the board as a practitioner adviser member in the capacity of her role as chair of the Firefighters Technical Community.
3. Claire Hey was congratulated on her appointment as the Assistant Firefighters Pension Adviser at LGA.

3. Conflicts of Interest

There were no conflicts of interest declared.

4. Chair's Update

Malcolm informed the group of the events he had attended in capacity as chair of the Scheme Advisory Board

- SAB Committee meetings
- South Eastern Regional Group
- Meetings with both CIVICA & Aquila Heywood, suppliers of pension administration software
- Visit to LPP, Preston Office
- Dashboard meetings, regular engagement with ABI.
- Regular engagement with TPR
- Public sector pensions dinner
- Police Pension Governance Engagement Conference

5. Update on budget and provision of secretariat

1. The levy has now been collected from all Fire Authorities, the final total was 35,597 members.

- 2016/2017 Levy (£68,310)

Collected at £2.07 per firefighter member based on estimated membership numbers of 33,000, adjustment of £0.15 per member due back to fire authorities with collection of 2017/2018 levy

Balance to carry over to 2017/2018 year

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- 2017/2018 levy (£136,062.50)

To be collected across circa 35,597 members at £5.67 per member (which includes adjustment of 0.15p per member for 2016/2017 levy)

2. Claire Hey has now been appointed as Assistant Firefighter Pension Adviser, due to start on 27th June 2017. The role will focus on providing secretariat support to SAB and Local Pension Boards and leading communications for the Fire scheme.

6. Valuation – Past Service Costs Discussion

1. Chris Mulholland from GAD attended to present a paper to the board in which the Secretary of State has requested a view from the SAB on how past service costs for three specific events should be treated for the purpose of the valuation.

The events are;

GAD v Milne payments
Modified Retained Membership
Refund payments

There will be two additional meetings in order to form this response

1. Cost effectiveness committee to meet on 26th June to discuss in further detail in order to provide some recommendations to the SAB
2. Special additional SAB meeting to be held in July

Members of the board made several initial comments regarding the paper and agreed to discuss in more detail after the committee meeting and at the special meeting.

2. Sean Starbuck raised concerns that there are other potential past service costs that should also be considered as a risk but specifically Sean raised concerns about past treatment of pensionable pay.

It is known that some authorities are still implementing a review of pensionable pay following the Norman v Cheshire case, and it is felt that there could potentially be similar challenges in the future to pensionable pay, which could lead to further historical recognition of pensionable pay, which would ultimately affect the valuation.

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Des Prichard asked if there was a government risk register of potential other events and also commented that external audits should include a review of pensionable pay, to ensure that pay, either recognised as pensionable or not by the Fire Authority is compliant with the regulations and case law.

ACTION

- **SAB to respond to HO formally by 31st July**
- **To keep on record points raised by Sean Starbuck about pensionable pay.**

7. TPR Governance and Admin Survey

The Pensions Regulator have now published the 2016 Governance and Admin Survey results, as linked below

Summary - <http://tpr.gov.uk/docs/public-service-research-summary-2017.pdf>

Full Report - <http://tpr.gov.uk/docs/public-service-research-2017.pdf>

	Fire	Police	LGPS	Other
1 Survey response rate	98%	76%	90%	100%
2 Conflicts policy and procedure for pension board members	80%	71%	85%	100%
3 Register of interests	86%	74%	87%	100%
4 Knowledge and Understanding arrangements	94%	89%	93%	100%
5 Frequency of scheme manager attendance at pension board meetings	68%	43%	86%	82%
6 Procedures for assessing and managing risk	44%	51%	92%	91%
7 Risk register	38%	51%	91%	91%
8 Where risk management procedures have contributed significantly to new or revised internal controls	14%	28%	29%	20%
9 Where administration is delivered in-house	24%	20%	73%	36%
10 Employers providing timely, accurate and complete data	58%	63%	7%	9%
11 Data review within the last 12 months	68%	77%	83%	100%
12 Data review covering both before and after 1 April 2015	68%	61%	76%	91%
13 Where data review identified any issues or problems	45%	52%	66%	100%
14 All annual benefit statements received by statutory deadline	32%	54%	45%	36%
15 Average number of complaints entering IDR	48%	44%	38%	60%
16 Procedures in place to identify, assess and report breaches of the law to TPR	78%	69%	91%	100%
17 Proportion that had identified any breaches of the law in the past 12 months	58%	11%	45%	64%
18 Proportion of reported breaches that were thought to be materially significant	38%	9%	15%	45%
19 Frequency of visiting TPR web site	60%	29%	61%	73%
20 Proportion judging TPR to be effective	82%	74%	85%	82%

Nick Gannon from TPR attended with his colleagues to inform the board of the specific findings for Firefighter Pensions from the 2016 Governance and Admin survey.

1. The Firefighters Pension Schemes had the highest response rate of the locally administered schemes with a 98% response rate. Additionally the results show significant improvement in key processes around breaches of the law and training and knowledge.

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2. However, the results show improvement is still needed in the areas as below

- Poor engagement – Lack of Scheme Manager / Board Chair involvement in completion of the survey (which may indicate that surveys were completed and submitted without appropriate sign off – a lack of internal control); scheme managers or delegated representative not attending Board meetings
- Poor record Keeping – 21% respondents identify poor records as a top risk, yet take up of data improvement plans are low.
- Poor Compliance – Low level of current risk registers & risk assessment.
- Poor communication – 54% of membership did not receive annual benefit statements by the statutory deadline.

ACTION

- **Re-circulate the list of pension administrators to board members**
- **Clair to include in future SAB paperwork a list of boards who have requested training**
- **The board will work with the Local Pension Board Effectiveness Committee and the secretariat to produce some simple Fire pensions' governance guidance.**
- **SAB to survey Local Pension Boards regarding their ABS achievement rate in September 2017**

8. Valuation assumptions

Chris Mulholland provided the board with a short training session to discuss the local assumptions that will be used in the valuation.

Home Office will provide a paper at the September meeting and ask the SAB to comment on the relevant local assumptions.

ACTION

Engage with the Home Office regarding this request

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9. Sub committees update

The committees, comprising both employee and employer representatives from the SAB, have been formed by the SAB to inform and assist the Board with regards to various decisions the SAB may wish to make.

The committees have co-opted representatives of Fire Pensions from the following stakeholder groups to reflect a balanced cross section of views, who act in the interests of the FPSs as a whole and not in the interests of any organisation they may represent.

Technical Practitioner Community
Senior FRA Finance
Senior FRA HR
Employee and Employer representatives of Local Pension Boards

The board welcomed the number of volunteers they received to sit on these committees and regret they weren't able to appoint them all.

- **Cost and admin committee with two work streams**

- a) Cost effectiveness
- b) Administration and Benchmarking

- a) Cost effectiveness – (Cllr John Fuller (Chair))**

- 1. The members of the group are

Cllr John Fuller, SAB ER representative (Chair)
Glyn Morgan, SAB EE representative
Sean Starbuck, FBU and SAB
Malcolm Eastwood, SAB
Clair Alcock, SAB
Alison Kilpatrick, Kent Fire & Rescue, FRA Finance
Jane Staffiere, Dorset & Wiltshire Fire & Rescue, FRA HR
Helen Scargill, West Yorkshire Pension Fund, Practitioners
John Weston, South Yorkshire Fire & Rescue, Local Pension Boards

- 2. This committee has primarily two concerns

- a. How much does it cost to run the scheme
- b. The actuarial cost of the scheme, responding to Home Office consultations

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3. The Home Office have consulted the SAB for their views on how past service costs should be treated in the valuation, a detailed paper was provided to the SAB at their meeting on 14th June 2017
4. Malcolm and Clair would meet with Home Office and GAD before this paper would be circulated to discuss this request and other issues surrounding the valuation to inform the group of potential information they may wish to collect.
5. Group agreed that we will write to Fire Authorities to request details of the cost of pension scheme management.
6. As agreed this group will meet again on the 26th June 2017 at Layden House (10.30am to 13.00) to discuss the forthcoming request from the Secretary of State for the Scheme Advisory Board to advise on the effects of past service costs, the SAB will look to this committee for advice before making any recommendations.

b) Administration and benchmarking – Des Prichard (Chair)

1. The members of the group are

Des Prichard, SAB EE Representative (Chair)
Cllr John Bell, SAB ER
Clair Alcock, SAB
Malcolm Eastwood, SAB
Jonathan Hurford Potter, Hampshire Fire & Rescue, FRA HR
Bob Walker, Devon & Somerset Fire & Rescue, Local Pension Boards
Martin Rehorn, Hereford & Worcester Fire & Rescue, FRA Finance
Penny Wright, Greater Manchester Fire, FRA HR and Practitioner
Vicky Jenks, Shropshire Pension Fund, Practitioner
2. The committee will provide guidance to the SAB to understand value and cost of administration.
3. The group agreed to draft benchmarking guides for administration.
4. The committee will consider how administrators can best be supported centrally.
5. This committee will look to identify and publish best practice.

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- **Effectiveness of Local Pension Boards Tristan Ashby (Chair)**
 1. The members of the group are
 - Tristan Ashby, SAB EE (Chair)
 - Cllr Thomas Wright, SAB ER
 - Clair Alcock, SAB
 - Malcolm Eastwood, SAB
 - Simon Allsop, Derbyshire Fire & Rescue, FRA Finance
 - Debbie Yeates, Lincolnshire Fire & Rescue, FRA HR
 - Stuart Wilson, West Yorkshire Fire & Rescue, Local Pension Boards
 - Ian Howe, Leicester County Council, Practitioner
 2. This committee will consider how local pension boards and scheme managers can be supported centrally
 3. This committee will write to Local Pension Boards with an introduction to the purpose of this committee and encourage participation
 4. This committee, will look to provide reminders of good governance tools
 5. To invite TPR to next meeting to consider how the group can progress actions necessary as a result of the survey

ITEMS 10, 11 & 12 did not get discussed at the meeting on 14th June due to time pressures,

10. Issues arising from Firefighters Pensions Technical Group

- Discussion on GMP reconciliation
- Request to HMRC to deal with unauthorised tax due on contribution holiday refunds as a bulk exercise
- Effect of Brewster (expected to be minimal)
- Border Transfers – 1992 Scheme

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11. Notes from the last meeting

- Appointment of technical adviser, as per email Helen Scargill has been appointed.
- Approach has been made for three quotes to provide briefings to pension board chairs and employer representatives, on importance of understanding tax changes and educating their workforce.
- Sub-committees progressed –First meetings held

12. Update on actions summary

- Board policies – await appointment of assistant
- Survey on pensionable pay, and guidance to boards on Norman v Cheshire – await appointment of legal adviser
- Issue bulletin on protected pension age – To progress
- Issue communications to local pension board chairs and scheme managers on importance of contracted out liabilities reconciliation – To progress
- HO to consult SAB on valuation items
- Board agreed Home Office proposals on Voluntary Scheme Pays. Home Office to progress further
- Items on risk from the actions summary to be progressed with local pension board committee
 - SAB to issue survey to local pension boards –action for local pension board effectiveness committee
 - Local pension board chairs request to provide concerns on risk – action for local pension board effectiveness committee
 - Risk strategy – to progress in partnership with an adviser
- Note past service costs are potentially a risk – Three items have been picked up by valuation, but this does not include the potential risk of recognising historical pensionable pay, to be left on the actions summary
- Awaiting secretary of state to appoint new members

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13. Future meeting dates and venues

Special SAB

26th July 2017, 10.00am until 13.00pm, Layden House, Farringdon

Scheme Advisory Board Meetings

All meetings 10.00am until 2.30pm

12th September 2017 – Greater Manchester Fire, Training Centre

12th December 2017, Hampshire County Council, Winchester

14. AOB

Marc Sherratt – The Home Office will provide further commentary around the request for views regarding past service costs

Nick Gannon – Confirmed that next year within the scheme return, TPR will ask for common and conditional data scores

<http://www.thepensionsregulator.gov.uk/guidance/guidance-record-keeping.aspx>