



## Actions and agreements

18 June 2024

Location: MS Teams

### PRESENT

Joanne Livingstone	SAB Chair
Philip Hayes	Scheme Member Representative (FRSA)
Des Prichard	Scheme Member Representative (FLA)
Tony Curry	Scheme Member Representative (FBU)
Glyn Morgan	Scheme Member Representative (FOA)
Cllr Hennessey	Scheme Employer Representative (LGA)
Cllr Chard	Scheme Employer Representative (LGA) (MS Teams)
Cllr Phillips	Scheme Employer Representative (LGA)
Helen Scargill	Technical Advisor
Craig Moran	First Actuarial
Jane Marshall	Legal Advisor
Claire Johnson	LGA – Senior Firefighter Pension Advisor
Sandra Sedgwick	LGA – Firefighter Pension Advisor (minutes)
Tara Atkins	LGA - Firefighter Pension Advisor
Jo Donnelly	LGA – Head of Pensions
Jamie Osowski	LGA – Fire Workforce Advisor
Tom Appleyard	Home Office
Antony Mooney	Home Office
Simon Primmer	Home Office
Helen Fisher	Home Office
Brian Allan	Government Actuaries Department (GAD)

Rob Fornear	Government Actuaries Department (GAD)
Emma James	TPR
Yunus Garja	West Yorkshire Pension Fund (WYPF)
Kevin Sheil	XPS
Jo Darbyshire	Local Pension Partnership Administrators (LPPA)
Matthew Armitage	Heywood Pensions Technologies
Tim Hill	Heywood Pensions Technologies
Jay Little	Heywood Pensions Technologies
Richard James	Civica
Dawn Docx	NFCC
Kerry Citric	Welsh government
Siobhan McKelvey	Northern Ireland
James Allen	First Actuarial
Karen Gilchrist	SPPA

## **1. Introductions, apologies, and conflict of interest**

1.1 Joanne Livingstone (JL) welcomed everyone to the meeting and confirmed that Mark Rowe had sent apologies.

1.2 JL confirmed that the FBU had been through a reshuffle resulting in Andree Scattergood and Pete Smith being replaced by Adam Taylor and Andrew Fox-Hewitt, neither of which were able to attend today's meeting.

1.3 JL thanked Weightmans for their previous service, she added they had not been able to extend their tenure as part of the LGA procurement process.

1.4 JL welcomed Jane Marshall back as legal adviser for DAC Beachcroft. JL confirmed that DAC Beachcroft had satisfied the procurement process to provide legal advice to the SAB.

1.5 JL welcomed Dawn Docx (DD) as the new pension lead for the NFCC who will attend the SAB meeting in an observer capacity.

1.6 JL welcomed Jamie Osowski – Workforce Advisor from LGA to the meeting.

1.7 JL commented that due to absences we were not quorate, but any decisions taken at the meeting would be ratified with the full Board after the meeting.

1.8 JL reminded members of the Board to declare if any new conflict has arisen. No conflicts were declared.

## **2. Actions arising (21 March 2024) and Chair's update.**

2.1 JL introduced the actions from the last meeting.

2.2 Claire Johnson (CJ) then went through and confirmed that there were five actions from the last meeting and provided the current position on each action.

2.3 Induction template for new recruits – LGA to draft a targeted factsheet based on an WYPT precedent for firefighters moving from trainee on a lower salary to competent to explain the benefits of joining the FPS. Work is ongoing and the LGA will look to cover this at the September meeting. **Action (ongoing)**  
**LGA to update the Board at the next meeting.**

2.4 Home Office action to establish the parties to be involved in the consultation on contribution rates – deferred to the September meeting following the calling of the General Election.

2.5 JL to draft a letter to HMT to highlight the concerns over the outstanding tax on interest issue. Completed - letter sent to Henry Elks on 12.04.2024

2.6 LGA to take forward the options on IC-RSS rollout with scheme managers. Completed – email sent to scheme managers on 25.03.2024 and discussed at their meeting on 27.03.2024

2.7 First Actuarial had also completed their action to feedback to GAD their findings on the Matthews calculator.

### 3. Home Office update

- I. Employee contribution rates review
- II. [Impact of General Election on ongoing work](#)

#### II. Impact of General Election on going work was covered first.

Simon Primmer (SP) provided an insight on the impact of calling a general election and the SAB discussed the effect this might have on the ongoing work of the SAB.

#### I. Employee contribution rates review

3.1 Further to the presentation delivered to SAB at the previous meeting Rob Fornear (RF) from GAD reminded the SAB that as part of the recent valuation an estimated undershoot was identified in the member contribution rate and they have been instructed to look at methods to close the gap.

3.2 RF proceeded to explain that a wider review was deemed necessary as the current structure has been in place since 2015 / 2018. At the previous SAB meeting RF said he had presented guidance on potential variations in respect of the structure.

3.3 RF presented an interactive version of a tool which is designed to show a selection of models and provided a flavour of what can change in the model. He further explained that currently the expected yield target rate is 13.03%, where the target rate needs to be at least 13.2%.

3.4 RF modelled examples showing the effect of changing the contributions structures and rates associated with different bands. He reiterated that 2015 was the last change to contribution rates and looking now at these bandings, the lower banding shows no figures as no one is in the lower salary band. This demonstrates the need to future proof. The SAB agreed that future proofing was important.

3.5 The modelling and discussions included such matters the number of salary bands, the treatment of part-timers, use of an approach similar to tax bandings, and comparison with other sectors. It was recognised that the latter had different benefits.

- 3.6 The SAB discussed the best way to take this forward. HF noted that the work would continue with GAD before any formal consultations could take place, but she hoped that a user-friendly version of the model could be made available to the various groups involved in the public consultations.
- 3.7 Further discussion took place on the timings for implementation and the short time until April 2025 with Board members concerned about both the practicalities of administering the change and the need to give members notice of any such changes. The SAB reiterated their concerns to ensure that any changes should not impact on career progression i.e. the need to avoid the position where Firefighters may not take promotion due to contribution increases leading to a diminution in take-home pay. GAD agreed that this would need to be explored.
- 3.8 CM then asked if there is a need to increase the yield in particular years to absorb previous undershoots. HF confirmed that there have been live conversations with Treasury colleagues, and this will continue. She added that there is a need to play catch up and as part of this exercise there will be a need to use up-to-date data as the data currently used is based on 2022.
- 3.9 CM asked if the 13.2% may need to be higher or lower. HF replied by confirming that this is possible.
- 3.10 CJ raised her concern about the pre general election period impacting timings. With a need for full consultation, as we are now in June there is only 10 months to implementation. Payroll systems would need to be amended and the message from discussions within the industry forums is that introducing these software changes could result in an implementation delay. Members would not be happy having to make up their missed contributions.
- 3.11 HF responded that making decisions on this must be a priority for both HMT and HO; they are aware of the sensitivity but again their own and lead in times for payroll providers would also need to be considered. She noted that we need to be mindful about managing expectations.

- 3.12 JL commented that it would be helpful if a question were included in the consultation to make sure the point about ability for payroll providers to amend their systems in time is covered.
- 3.13 JL questioned what actions are necessary from the SAB and was anything needed in this period.
- 3.14 The SAB then discussed member communications and what had/could be said to the members at the current time. A range of views were expressed. It was noted that the issue was not confidential but that the ongoing uncertainties about what changes may be made and indeed the impact of the election makes it difficult to be able to say anything substantive. HO noted that the target yield had not been met and there are difficulties in how to solve this. This was also the case in 2016; however, contributions were not increased as Government took a different approach in covering this short fall in the last valuation round.
- 3.15 It was noted that whilst the shortfall in yields is in the actuarial valuation and hence in the public domain not all parties may be aware of this. Kerry Citric (KC) and Siobhan McKelvey (SK) indicated that the position may be similar in the devolved nations. JL asked whether it might be possible to design some form of communication for members to increase awareness. **Action SAB to consider member communications, await more input from the HO and First Actuarial to review the model with GAD.**
- 3.16 JL said the discussion was helpful and thanked those who have attended from the devolved nations who left the meeting at this point.

#### **4. LGA general update**

- 4.1 CJ provided a summary of the paper on the ongoing implementation of remedies. She took the Board through the current position on the various issues.
- 4.2 **Interest** – The initial stance was that whilst the interest rate on arrears and lump sums had to be applied at 8%, anything over the commercial rate of

base rate plus 1% would be classed as unauthorised and taxed accordingly. HMRC have since changed their approach - their legal advice has confirmed that all interest on authorised payments can be treated as authorised.

**4.3 Maximum lump sums** - HMRC have identified another issue relating to members who have taken the maximum lump sum (anything over the HMRC limit of 25%). It was assumed, incorrectly, that when recalculating members benefits the procedure would be to compare what has already been put into payment against what is due, work out the lump sum top-up and the difference would be taxed accordingly. HMRC responded saying an offsetting approach is not allowed. It was also confirmed that HMRC does not allow for this to be paid through compensation. Conversations with HMRC and HMT are ongoing to address this.

4.4 CJ explained that this meant a member who took the maximum lump sum and consequently paid tax cannot be provided with an IC /RSS at this time. CJ added that conversations have been held with the sector so they can make informed choices on how to proceed. There was a traffic light process of Red / Amber/ Green, with those cases in the green category able to be processed and those in the red category needing to be communicated with appropriately.

4.5 CJ reassured the group that there was a promise that we would get additional legislation to address these issues in early 2025. HMT initially said they would provide a ministerial statement which would give enough comfort to the sector. However, due to the calling of a general election the position changed.

4.6 Following further discussion with HMT, they said they could provide an officer statement to give some comfort to Scheme Managers. This proposal was shared with Scheme Managers and the feedback was that they would be happy to receive this, if it wasn't going to prevent a Ministerial statement backdated to the 5 July. HMT's response was that we are unlikely to receive both. Scheme Managers have now taken the decision to wait for the Ministerial statement.

4.7 CJ asked the SAB to consider what lobbying could be done from a SAB perspective and whether, come the 5 July, we could have some pre-arranged communications setting out the frustrations and impact on members and, also the wider impact on the legislative timeframes.

4.8 CJ informed the group that the LGA are having regular conversations with –

- FRAs and Administrators – to support as much as possible.
- TPR to discuss potential breaches, where certain dates in legislation may not be achieved.
- HMRC – to discuss practical solutions and what mitigations can be put in place regarding the issuing of the Pension Saving Statements which are due on 6th October, where administrators are unlikely to meet the deadlines.

4.9 **Matthews** – CJ explained that the LGA continue to liaise with FRAs and stakeholders. She provided an overview of the implementation process, commenting that, as with the Sargeant remedy, we are experiencing issues relating to tax and the LGA have asked to meet with HMRC to considering potential solutions.

4.10 FRAs are struggling with the volume of cases and would welcome a suggested priority timetable. JL asked the group to consider how the Matthews cases should be prioritised. CJ suggested those who have an immediate entitlement should be a priority.

4.11 CJ said although timetabling had been omitted from the paper, she was able to outline the suggested priorities which would be confirmed with the Board. **Action CJ to share suggested priorities for approval from the Board**

4.12 CJ then raised several issues where legal advice would be necessary due to either not enough clarity or not enough consistency in the sector. Paragraph 39 details the areas where we are proposing to seek legal advice.

4.13 Cllr Hennessey (NH) asked if there will be a cost implication for this advice. CJ confirmed there would be a cost and this would be shared. NH thanked



CJ for all the hard work carried out. **Action CJ to reach out via email to get agreement that legal advice can be sought.**

4.14 RP agreed that legal advice and clarity is needed. He suggested that a letter should be waiting on the desk of the new minister. RP stressed that the severity of this issue should be pointed out, adding that it is important to the integrity of the board and the timescales involved.

4.15 JL agreed with the suggestion of preparing a letter to the new minister. **Action letter to be drafted by SAB / LGA.**

## **5. SMA committee update**

5.1 CJ introduced the SMA committee update paper which she had shared ahead of the meeting.

5.2 CJ reminded the group that the Administrator survey results update was provided in March, at which point we had only received four responses, with only Hampshire Pension Fund declining the invitation to complete the survey.

5.3 CJ commented that areas of identified good practice will be shared with the other Administrators.

5.4 CJ highlighted some key points from the feedback which were included in the paper.

## **6. AGM**

6.1 CJ reflected, historically, LGA (Fire) have held an AGM over 2 days which has proven to be successful and she would like permission from SAB to repeat this event in 2024. The provisional dates are 18-19th September 2024. CJ asked SAB to provide financial support of £2,800 towards the running costs.

6.2 CJ talked through the proposed draft agenda.

Day 1 (PM) Wednesday 18 September – Scheme Managers - focus on governance

- TPR - Breaches and governance needed for pension dashboards (Awaiting confirmation from TPR re attendance).
- Followed by a networking event in the evening.

Day 2 (all day) Thursday 19 September - FRAs – various speakers and technical workshops

- Home Office – attendees to be confirmed.
- First Actuarial - Craig Moran
- Technical workshops and possibly software providers to seek feedback from FRA.
- Legal update - Jane Marshall
- TPR - Pension dashboard updates
- Aon and Isio

6.3 CJ asked for approval and JL noted that this has been a previous arrangement, the agenda seemed reasonable and as in the past, SAB should agree to provide funding. JL also added the LPB training will be delivered in the afternoon ahead of the networking session. **Action CJ to reach out via email for consent to progress the AGM.**

## **7. TPR – Dashboards (Emma James from TPR provided a verbal update)**

7.1 Emma James (EJ) delivered a presentation setting the scene on ‘Why dashboards are important’. This provided a generic background to the dashboard requirements. In particular, it covered dates for connection, work needed ahead of connection, data issues and TPR’s approach to engagement and ensuring compliance.

7.2 Scheme managers need to be confident that all involved can meet the delivery plan. TPR worries about capacity constraints, in particular if information is needed from AVC providers.

7.3 She noted that:

- Local Pension Boards need to have Pensions Dashboards as a regular agenda item.
- The TPR will be publishing a data policy document and holding a webinar on the content in Oct 2024. (2.54) the link will be shared.
- Nudge campaign will start 18 months ahead of connection, running alongside the preparations for connection.
- Continue to engage with all stakeholders.

7.4 EJ highlighted that there is a lot of work required so they are urging schemes to pick up the work needed to deliver, emphasising that data is key to this exercise. Checklists and audit trails are important, confirming the TPR will consider breaches but will also monitor non-compliance. EJ reiterated that there is a principle-based policy on compliance and enforcement.

7.5 JL asked about any contact between TPR and the Fire sector. JL noted that the Fire Sector had known about data issues due to remedy and that administration is local. The administrators are already at a pinch point and the additional work involved in delivering dashboards will be difficult. She expressed concerns on how everyone will manage this piece of work.

7.6 EJ responded saying TPR will look at the audit trail and consider competing factors. She added that they meet regularly with the LGA and provide information to filter down.

7.7 CJ commented that due to local administration, there is a concern that some FRAs are more advanced than others. She noted that dashboards are part of a national initiative and that there are deadlines which scheme managers and administrators need to be mindful of. She asked EJ whether SAB/LGA should be providing anything? JL noted that LGA support was available where possible but acknowledged the strains on the sectors.

7.8 NH asked if the TPR would be presenting at the AGM commenting that it would be beneficial to have them there.

7.9 DP noted that the SAB cannot instruct FRAs, but can provide strategic guidance, encouragement, and support. He added that it would be beneficial to use the channels such as NFCC DP also commented that we need to encourage strategic managers and LPB members to come to the AGM and listen to these sessions.

7.10 JL thanked EJ who said she would be happy to attend periodically. EJ left the meeting. JL noted that more tailored input might be needed in the future.

## **8. Administrator updates: Position statements (verbal)**

- **Yunus Gajra (YG) - Assistant Director (Finance, Administration and Governance) - West Yorkshire Pension Fund**

8.1 JL thanked Yunus Gajra (YG) for attending.

8.2 YG provided a summary from WYPF on the Sargeant project. He started by commenting that things were progressing slowly due to both the complexity of the project and completion for resources on both Fire and WYPF. He updated on the Civica systems and noted that automation has required the development of solutions by Civica, not all of which are yet implemented into the WYPF system and hence have not yet become live. He estimated that this had led to a 6-month delay.

8.3 YG further explained that WYPF are presently working on Oracle but will be moving over to SQL; however, this is currently resulting in a duplication of work due to what is involved in testing.

8.4 This has had a major impact on their delivery resulting in not being able to meet the statutory deadline for the ABS, due to not being able to roll back.

8.5 Presently, they are having to process cases manually, fortunately they have staff with the required expertise involved to help. The position with Civica however, is different as they have lost experienced staff to LPPA.

8.6 NH acknowledged the difficulties and asked if the numbers of case involved, could be shared. Helen Scargill (HS) provided the breakdown as follows:

- IC RSS - 150 ill health retirements
- Unprotected and taper protected - 600 approx.
- Fully protected - 3500

8.7 JL asked about the breaches and HS confirmed that there will be breaches relating to issuing the IC RSS, but the ABS RSS and PSS should be delivered without a breach. HS followed this up by explaining that a letter will be sent to every active member and informed the group that WYPF have also been in touch with TPR.

8.8 JL questioned whether there will be a conflict between the work required for the Local Government Pension Scheme and Fire. YG responded by saying that the Fire side has its dedicated resources.

8.9 YG explained, there are other conflicting pressures such as Dashboards. JL asked, were they confident in delivering on Dashboards. YG said that they are confident.

8.10 YG highlighted that although some of their clients (FRAs) have not yet provided data due to lack of resources WYPF would work with them.

- **Kevin Shiel – Head of Public Sector Business Development, XPS**

8.11 JL thanked Kevin for attending. Kevin Shiel (KS) introduced his presentation and provided an update on the implementation of remedy. The presentation started with an indication of the structure of the teams at XPS.

8.12 KS then outlined the data position as of 13 June 2024

- Financial data – XPS have received everything.
- GAD calcs - not yet been delivered, currently working with clients to resolve this by the end of the month.
- Matthews cases - conversations with clients to identify cases.
- Ill health RSS's - will be issued if not affected by the tax implications.

It is for FRAs to identify vulnerable members, such as end of life cases, and they are encouraging the FRA to prioritise these and highlight to XPS.

8.13 Test window for the ABS / RSS from Heywoods - they are working towards the timeline and feeding back to Heywoods on the functionality.

8.14 Mindful of the communications strategy re how the project is progressing, they are using their website and are looking at tailoring this information for Fire and Police separately.

8.15 BAU challenges - They haven't had the benefit of the automation as soon as they would have welcomed. There are some outstanding issues, but they are providing manual workarounds and to mitigate against this risk they are exploring their own automated tools.

8.16 Structure change - Currently reviewing their operational model, which may result in gaining additional resources such as client managers.

8.17 Areas they are working on – They are committed to improving the customer journey and believe there has been a significant improvement in this citing their revisiting of the process for producing estimates for members.

8.18 JL asked how the XPS specific workarounds might impinge on the work Heywoods are delivering and asked how the SAB can provide support. KS commented that the problem areas are external issues i.e. tax.

- **Jo Darbyshire – Managing Director, LPPA**

8.19 JL thanked Jo Darbyshire (JD) for attending. JD provided an update on the implementation of remedy.

8.20 LPPA are progressing and have processed 276 lump sums for remedy and 5 death cases to date. JD explained the delays are where are complications, inter-brigade or data missing from FRA or pension sharing orders.

8.21 Retirement quotes were being released very close to retirement dates; this seems to have been addressed.

8.22 LPPA completed roll back in early January 2024.

8.23 Civica have recently provided system updates. JD sympathised with providers in respect of the difficulties they have encountered.

8.24 Data is a major issue, two of LPPA's clients have not yet been able to provide the data required. This will impact on the ABS / RSS issue.

8.25 For the FRA clients who have their data - the ABS/RSS will be going out.

8.26 Interest rate change has caused an issue. LPPA have approached those clients with data as to whether they want to re-run the calculations based on the interest rate change or do they want LPPA to do this.

8.27 Problem areas are -

- Social Media
- Sharing data between FRAs & Administrators etc.
- Collaborative working - communication to be improved.

8.28 Summarising, JD commented that LPPA are not too concerned about their systems, it is more an issue of data.

8.29 NH asked whether SAB could assist with the issues raised by JD, particularly regarding sharing. HS added they haven't had a problem with the process of data and sharing.

## 9. Software supplier updates:

- **Heywood Pensions Technologies** - Matthew Armitage, Tim Hill, Jay Little

9.1 Matthew Armitage (MA) on behalf of Heywood, delivered a presentation which was an update since last meeting. He noted that with regards to the McCloud project phases 1 & 2 were complete, 3 was in testing with clients and 4 was approved and in development.

9.2 Remedy will only be delivered will only work if the data collection exercise is complete. They are regularly meeting with stakeholders, customers and LGA and have dedicated support teams to deal with issues as they arise.

9.3 JL asked are they expecting to be on track. Tim Hill (TH) answered yes, they have had to reprioritise but generally are on track.

9.4 Key risks & issues –

- Testing has been difficult; 5 customers have volunteered.
- Resources have been realigned to cover some pressure points.
- ABS/RSS Active members - Interim release. This is all subject to data being provided and loaded into the system.
- Valuation - ready but again reliant on the data

9.5 JL asked what proportion of data is missing. MA replied by saying there was only a few clients who have so far been able to run these as data is not available.

9.6 MA confirmed that Heywood are supporting collaborative testing with their clients through their “testing working party”. They also hold technical meetings and have monthly calls.

9.7 Out of 215 incidents raised 175 have been resolved.

- **Civica (verbal)** - Richard James

9.8 Richard James (RJ) provided a recap regarding the software updates noting that Drop 1 related to the Drop 1- identification of members, Drop 2- their status, Drops 3 & 4 - priority calculations changes. RJ explained that the latest release of UPM in April allowed the release of ABS and DBS statements, also AA, LTA? and contribution changes. He confirmed that Civica would be going live with this functionality at the end of the week.

9.9 Next deliverables - Working with customers on delivery of the ABS/DBS, now that the final format of the ABS/DBS statement is available. RJ explained they had experienced some software issues due to some of the changes to the statement, which were not expected. Client feedback suggests a preference to remove additional data to de-risk the delivery.



- 9.10 The aim is to run complete RSS statements by 31<sup>st</sup> August. This is likely to be covered by a further software release around July. There is no provision for a rolled back ABS.
- 9.11 There is no functionality specific for IC- RSS and customers are processing manually for the first cohort.
- 9.12 JL raised concerns relating to the timeframes, commenting that if the software update for DBS is not available to clients until July this would not allow for testing. JL commented that the statements need to be released by August 2024 which does not allow much time should there be problems.
- 9.13 JL asked RJ that if there are any further delays in issuing the software updates, could they highlight them. RJ left the meeting. JL suggested writing a letter to Civica about this delay. **Action SAB to consider highlighting any issues to Civica**
- 9.14 CJ commented that Civica have not been as engaging with the LGA as Heywoods. There is a mixed picture across the sector. It appears to depend on what version of the software the customer is using. HS added that Civica are delivering the updates to all their clients at the same time; however, depending on where the client is in the process, they may not be able to implement the drop.
- 9.15 Civica have provided a tool for actives' cases.
- 9.16 There is a problem with the DBS/RSS as the system does not hold the data which needs to be presented on the templates.
- 9.17 NH reflected that she was confused with the actual picture. HS replied by saying that all the clients are at different stages and if we do ask the software suppliers for comments, they would say they have delivered.
- 9.18 CJ informed the group that Civica raised the DBS issue with the LGA. Civica were part of the working group but did not come forward with

comments until the document had been signed off. CJ said that it is very disappointing and frustrating that they did not feedback sooner.

## **10. AOB and date of the next meeting**

10.1 The next meeting is due on 12 September 2024 and will take place virtually via MS Teams.

10.2 No other items of AOB

DRAFT