

<p><b>PENSIONS BOARD</b></p>
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**8 February, 2016 at 1400 hours**  
**at Fire Service Headquarters, Vauxhall Road, Birmingham**

**Present:** Mr David Wilkin (Chair)  
Mr Kal Shoker  
Ms Wendy Browning-Sampson  
Mr Andrew Dennis  
Mr Stuart Bourne

Mr Paul Gwynn (Adviser)  
Ms Sara Pearson  
(Pensions Practitioner)

1/16 There were no apologies for absence.

2/16 Declarations of Interest

Mr Andrew Dennis declared an interest stating that he is in receipt of a Fire Service Pension.

3/16 Minutes of the Pensions Board held on 21 July 2015 and actions arising

The minutes of the Pension Board meeting held on 21 July 2015 were agreed as an accurate record, subject to the following amendments.

4.1 The word “this” was removed in the second sentence of the first paragraph. It now reads:

During the transition period 2012-2022, it was expected that more people would leave the scheme during the tapering period.

The words “in the” and “Schemes” were added in the second paragraph. It now reads:

The Adviser explained the details of the Retained Firefighters Modified Pension Scheme and confirmed that the Compensation Regulations were designed to cover individuals in the 1992 or 2006 Schemes who had no other cover.

4.8 The word “Regular” was amended to read “Regulator”.

Actions arising from the Minutes

- Action 1 The Terms of Reference had been approved by the Scheme Manager at the meeting of the Audit Committee held on 7 September 2016.
- Action 2 The Adviser agreed to provide each Member of the Board with a one page guide on each pension scheme identifying the differences between the Schemes following the meeting.
- Action 3 The Adviser had provided an overview of each scheme which would be discussed under Agenda Item 5.3 of the agenda.
- Action 4 A budget code had been arranged and was noted as 73163.
- Action 5 Attendance of Clair Alcock, LGA Pensions Adviser at the Pensions Board to be discussed under Agenda Item 5.4 of the agenda.
- Action 6 Opt Out figures were provided in the Pension Section Supporting Information under Agenda Item 4 of the agenda.
- Action 7 The number of enquiries being received by the Pensions Team would be provided under Agenda Item 4 of the agenda.
- Action 8 An outline of the team structure and comparison with other Fire and Rescue Authorities together with productivity statistics and the costs per Member would be provided under Agenda Item 4 of the agenda.
- Action 9 The Internal Auditor had visited the Pensions Section. An indication of the Audit Review of the Pensions Section would be provided to the next meeting of the Pension Board.

The Pension Board had requested that sample checking of pension records for deferred members is undertaken.

The Internal Auditor has stated that they would charge for the additional work. It was suggested as a sensible approach that a reciprocal arrangement could be made with the Police for the work required. The Treasurer had agreed to contact his opposite number at the Police to discuss this approach. The Adviser would ask the Treasurer to let him know the outcome of these discussions and would report back to the Pension Board

Action10 The issuing of Annual Benefits Statements had been added to the Payroll and Pensions Risk Register.

Action11 The Adviser confirmed that an email had been sent to all Scheme Members confirming the details of the Pensions Board membership and that the first meeting had been held on 21 July 2015.

#### 4/16 Pension Section Supporting Information

4.1 The Adviser confirmed the West Midlands Fire Service Firefighters' Pension Schemes Membership as at 31 December 2015.

4.2 It was noted that there had been reasonable activity levels in the work of the Pensions Section that may increase over the next year. The Adviser agreed to break down the new recruits as a percentage of the whole and provide details regarding the Opt Out rate for new recruits.

There had been 25 Opt Outs which was not unexpected, the reasons for the Opt Outs had not been collected prior to June 2015, but anecdotally it was understood the main reason was down to cost.

Later in the year there were less opt outs, this was probably due a quieter phase of the dispute and members making more detailed enquiries.

All requests had been processed within a three month period, except for one case that had been delayed due to legal complications.

4.3 It was estimated that the latest applications would meet the three month time frame and Members were informed of the time frame when submitting their request.

The Adviser provided an overview of the Pension Section Structure and a comparison with Greater Manchester Fire and Rescue Service. He explained that the Payroll/Pensions Section was being restructured at the present time with a temporary post becoming permanent in the future.

The Chair asked the Adviser to provide an indication of the response times to enquiries for pension information being achieved by Greater Manchester Fire and Rescue Service Pensions Team.

4.4 The Risk Register was attached as an appendix to the report and it was noted that the failure to issue annual benefit statements had been added to the Risk Register.

4.5 The last internal Audit Review carried out in November 2014 had provided 'Substantial Assurance' over the adequacy of controls.

- 4.6 The Adviser confirmed that the Annual Benefits Statements would be issued by 30 August 2016.
- 4.7 There had been two Stage 1 Internal Dispute Resolution Procedures (IDRP) received in the last twelve months.

One case was turned down at Stage 1 and further rejected at an Appeals Committee. The other case was now out of time.

The Adviser had taken advice from the Pensions Regulator and informed the Pensions Board of a breach of the conditions.

Another complainant had been advised by the Pension Advisory Service to make a complaint as he had not received a response to a request for information for 12 months. This was a breach of the three month term and subsequently the regulations had changed.

The Adviser had informed the Union Representative that the complainant should make a formal complaint and the Brigade would progress the complaint.

#### 4.8 Abolition of Contracting Out for Defined Benefit Pension Schemes

The Advisor stated that all serving Members would be informed of the increase in National Insurance contributions. The increase would amount to approximately £270 p.a. In answer to a question, the Adviser didn't think this would increase the number of opt outs as Members were due to receive a pay award and an increase in their individual tax allowance.

A potential increase in interest rates and the impact of the abolition of tax relief on pension contributions were also discussed.

The Adviser confirmed that a number of station visits had been arranged during March/April and that members of the Pensions Section would be talking about changes in pension contributions and changes in tax.

Grant Thornton LLP would be meeting with senior managers about taxation on pensions and would highlight the changes to those affected.

#### 4.9 Automatic Enrolment

The Scheme Manager had confirmed that the Automatic Re-Enrolment date would be 1 August 2016.

The Scheme Manager also confirmed that anyone who has opted out of a Qualifying Pension Scheme within 12 months of the re-enrolment date will not be automatically re-enrolled.

#### 4.10 Opt Out Levels and Reasons for Opt Outs

The Opt Outs were noted and Andy Dennis drew attention to the four Opt Outs from the 2015 Scheme and asked if they had been informed of the latest situation. The Adviser stated that where individuals had contacted the Section, they had been advised of the current position.

#### 5/16 Governance

5.1 Minutes of the Audit Committee held on 7 September 2015 were noted and no further direction had been received from the Audit Committee.

5.2 The approved terms of reference were noted.

5.3 The Members of the Pension Board received copies of the Pension Schemes and the Adviser agreed to provide the Employee Representatives with a copy of the Discretions Policy and a one page summary of the different Pensions Schemes.

This was felt to be beneficial as Andy Dennis stated that there was still quite a lot of confusion with members about the retirement age and transitional regulations. Andy Dennis also enquired if the visits to stations were sufficient and suggested that the information was also placed on the Intranet as previously the pension calculator had proved useful.

Members of the Board would be welcome to attend any of the communication sessions.

5.4 The Members of the Board agreed to keep a watching brief on any training that is required and would continue to develop personally.

Wendy Browning-Sampson stated that Shropshire Fire and Rescue Service had arranged a training session and had opened this to other Pension Board Members and following a meeting later that week, Wendy would let the other Members know when the training was due to take place.

The Adviser would continue to liaise with the Members of the Pension Board and update them on any changes as they occur.

Wendy Browning-Sampson stated that the Fire Brigades Union had challenged the appointment of Employee Representatives on one other Pension Board in the Region.

It was confirmed that within the West Midlands Pension Board, the Employer Representatives, Kal Shoker and Wendy Browning-Sampson

had been appointed and the Employee Representatives, Stuart Bourne and Andy Dennis had been elected.

#### 5.5 Annual Effectiveness Assessment, Measure of Effectiveness and Individual Assessment

The Members of the Board confirmed their effectiveness in that they are meeting the terms of reference and agreed that they would be able to better judge their effectiveness at the next meeting.

The minutes were available on CMIS and were also reported to the Audit Committee. The Adviser had informed the members that the Pension Board had met and would send another email following the second meeting of the Pension Board to Members of Scheme. Further information would be provided during the station visits and at a future Management Briefing.

Following consideration of the current arrangements the members of the Pension Board felt comfortable and agreed to review again in the future.

The Adviser confirmed that the Internal Auditors were currently carrying out an audit of the Payroll and Pension Department. The Adviser would speak to the Treasurer about a reciprocal arrangement for audit arrangements with the Police. The Internal Audit Report should be available for the next Pension Board meeting.

#### 6/16 Update on Topical Legal and Regulatory Issues

The Adviser confirmed that following the Gad v Milne case, approximately £6.75m had been paid out on 1 February 2016 to living pensioners who are affected by the outcome of this case.

There is a legal requirement for the Adviser to notify the Board where they had been unable to find people affected by the outcomes of the case and how this had been reflected within the Authority's Accounts. The Adviser confirmed that he had written to the widows of deceased members who had been affected by these issues and had also the ex-wives of those pensioners affected. Three out of the six people affected had been contacted. The Adviser was still waiting for a reply regarding one case and would provide a report on the current situation for the next meeting of the Board.

Kal Shoker informed the Pensions Board that the Department of Communities and Local Government were due to pay the grant by the middle of January but had not paid the Fire Service until 5 February 2016 which was after the date that the payments were made.

The Adviser informed the Pension Board of another ongoing challenge to the transitional regulations and protection between schemes. There

was currently a legal challenge to the Judiciary by the Fire Brigades Union using a West Midlands Fire Service test case, but no guidance had been issued to date.

In response to a question from the Chair in respect of the implications for the future, the Adviser confirmed this was in respect of protection and similar to the Police Pension Scheme, and it was noted that this was being challenged as well.

The challenge affected those who had joined between the ages of 18-20 years of age and those members who had taken a contributions holiday.

The numbers affected could be similar to the Gad v Milne case, however, there was still a lot of confusion and once the final Regulations had been received an update would be included as part of the communication visits.

7. Any Other Business

Stuart Bourne asked for clarity about the recording of a breach of the conditions.

The Adviser confirmed that a first breach should be reported to the Pension Board and recorded in the minutes. Any subsequent breaches should be reported to the Regulator.

The Adviser stated that formal complaints should be put in writing to the Payroll and Pensions Manager.

Wendy Browning-Sampson requested that the pages of the whole pack of Agenda papers be numbered.

8. Date and Time of Next Meeting

The next meeting was scheduled for the 18 July 2016, however, with the agreement of the members of the Board, the meeting was rearranged to take place on Monday 11 July 2016 at 1400 hours.

PENSIONS BOARD

8 FEBRUARY 2016

ACTIONS

Action No.	Action
1.	The Adviser agreed to provide each Member of the Board with a one page guide on each pension scheme identifying the differences between the Schemes following the meeting.
2.	The outcome of the Audit Review of the Pensions Section would be provided to the next meeting of the Pension Board.
3.	The Adviser agreed to break down the new recruits as a percentage of the whole and provide details regarding the Opt Out rate for new recruits.
4.	The Adviser to provide an indication of the response times to enquiries for pension information being achieved by Greater Manchester Fire and Rescue Service Pensions Team.
5.	The Pension Board had requested that sample checking of pension records for deferred members is undertaken. The Internal Auditor has stated that they would charge for the additional work. It was suggested as a sensible approach that a reciprocal arrangement could be made with the Police for the work required. The Treasurer had agreed to contact his opposite number at the Police to discuss this approach.
6.	The Adviser would continue to liaise with the members of the Pension Board and update them on any changes as they occur.
7.	Wendy Browning Sampson to advise the other members of the Pension Board of the dates of Regional training opportunities.
8	The Adviser was still waiting for a reply regarding one case following the outcome of Gad v Milne and would



	provide a report on the current situation for the next meeting of the Board.
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