

Minutes of a Meeting of the Pensions Board

21 July, 2015 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)

1/15 **Declarations of Interest**

No Declarations of Interest were received.

All Members of the Board to forward their Declarations of Interest Forms to the Monitoring Officer for noting.

2/15 **Terms of Reference**

The Chair clarified the draft terms of reference. Several amendments were made to the Terms of Reference and the final version attached to the minutes as an Appendix were forwarded to the Scheme Manager for final approval.

3/15 **Governance**

The Chair outlined the areas of Governance to be considered as:

- Information Exchange to/from Scheme Manager;
- Discretions;
- Expenses incurred in undertaking the role;
- Training and Knowledge;
- Annual effectiveness assessment;
- New Regulations/Legislation or Codes of Practice;
- Audit Internal Review.

The Adviser to the Board provided an update on a Legal challenge - transitional fire pension arrangements which involves an ongoing dispute regarding commutation factors.

The Adviser agreed to provide the Members of the Board with regular updates on legislative changes and ongoing issues in the Pensions environment and to provide a report for the Audit Committee.

It was felt that the Scheme Manager would provide feedback to the Pensions Board via the Audit Committee minutes.

All Members of the Board had attended LGA Pension Board Training in London on the 20 July 2015 where they received a basic introduction to the role of a Pensions Board and the requirements of the Board members. The Members of the Board felt that the training had been sufficient to meet their current needs.

The Chair enquired about the future training needs of the Members of the Board and it was agreed that the Adviser would provide each Member of the Board with a one page guide on each pension scheme identifying the differences between the Schemes. The Adviser would also provide an overview of each Scheme at the next meeting of the Pension Board under the Governance item.

It was felt that the Codes of Practice provided a useful introduction and the LGA Training Needs Analysis to be considered at a future meeting.

A budget code would be arranged in order to capture the details of expenses incurred at the training event in London.

The Pensions Board agreed to consider:

Governance – sub Points (Auditors Report)
 Feedback from Audit Committee
 Update on Regulations/Code of Practice
 Training
 Expenses
 Annual Effectiveness Assessment
 Measure of effectiveness
 Individual assessment
 Feedback from Audit Committee
 Member sampling
 Statistics

Further consideration would be given to an invitation being forwarded to Clair Alcock, the Firefighters' Pensions Adviser from the Local Government Association and Ian Pollitt from KPMG to attend a future Pensions Board meeting.

4. Pension Section Supporting Information

- 4.1 The Adviser ran through the statistics as 31st May and it was noted that the numbers would change as Members move to the 2015 Scheme. During the transition period 2012 - 2022, it was expected that more people would leave the scheme during this the tapering period.

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

4.2 Annual Activity Levels

The Board requested the Adviser to provide further clarification on the reasons for the number of Opt Out.

It was noted that prior to the Hutton Review, Opt Outs averaged at one or two, but post the Review Opt Outs had risen to 20. Opt Outs also increased following contribution rate rises.

Members were now required to Opt Out using an electronic system and were also required to provide a reason for Opting Out of the Scheme.

For the next Board Meeting in February 2016, the Adviser agreed to provide an overview of Opt Out figures together with analysis on a month by month, scheme by scheme basis together with reasons.

Further details would also be provided at the next meeting on the number of enquiries being received and the response times by the Pensions Team.

The Board felt it would be useful to receive information on the number of Serving Members who were in the Scheme and to provide information about Opting Back into the Scheme.

4.3 Pension Section Structure

The Adviser gave an overview of the Pensions Team as it stands at the moment and explained that as the pension landscape has changed, the amount of time it takes to calculate and check pensions is taking longer. The team are receiving more requests for information and the Adviser was investigating the possibility of retaining the additional temporary post on a permanent basis.

For next meeting the Chair requested a report on the team structure and a comparison with other Fire and Rescue Authorities together with productivity statistics and the costs per Member.

- 4.4 A Corporate Risk Register report at Appendix 1 was noted and the Board requested that the report to be submitted to the February meeting of the Board should include risk scoring.
- 4.5 The Internal Audit Review of Pensions was due shortly and the Auditor would be requested to present his report to the Pensions Board in February 2016 as a sub Agenda item on Governance.
- 4.6 The Annual Benefit Statements would be issued to all fully protected members of the 1992 and 2006 Members in September 2015. Following installation of new software all members will be issued with their Annual Benefits Statements by March 2016.

It was felt appropriate that the issuing of Annual Benefits Statements should be added to the Risk Register and the Adviser informed the Board that the self-service option had been explored but the costs at the time were not justifiable.

4.7 Internal Dispute Resolution Procure (IDRP)

The Board noted that two stage one applications had been made in the last twelve months and one case was still progressing. There was not any emerging themes and trends and the Adviser stated that out of the five IDRPs received in the last six years, only one was found.

4.8 Abolition of Contracting Out for Defined Benefit Pension Schemes

The Adviser confirmed that Registration had taken place centrally with Her Majesty's Revenue and Customs and the Regular.

The Pensions Team had received 2,397 queries on the 1992 scheme and 22 on the 2006 scheme. The queries were complex and the team

were looking to clear the number of queries by 31 March 2016.

The Adviser also confirmed that he would communicate the changes to National Insurance contributions in respect of Pensions to the Members of the Scheme.

4.9 The Adviser would ask the Scheme Manager to make a decision on two issues regarding Automatic Enrolment. The decisions required are:

- What date should Automatic Re-Enrolment take place? The Adviser recommends 1st August 2016 but the Scheme Manager has discretion to amend this date to any other date between 1st May and 31st October 2016.
- The Scheme Manager has discretion not to Automatically Re-Enrol any Eligible Job Holder who has opted out of a Qualifying Pension Scheme within a period of 12 months prior to the Automatic Re-Enrolment date. The Adviser recommends that the Scheme Manager uses this discretion.

In response to a question about record keeping the Adviser confirmed that as both the Pensions and Payrolls teams work together at West Midlands Fire Service the matching process was working well and it was felt that the forthcoming Audit of the Section would provide assurance of this. It was noted that the Treasurer would ask the Auditor if the records are kept correctly and dip testing would be part of the process.

5. Communications

A discussion took place on the key messages that had been available during the last six months and what was planned for the future. It was felt that documents should be available to Members on a platform but not necessarily on the Intranet.

The Adviser felt that a small intranet site would be useful, but all information was circulated via email and the best form of communication was face to face as each case is individual.

The Board discussed the possibility of options for communications and sharing of information.

It was felt important the Members should receive the full facts about opting out and what it means to individuals and the Adviser agreed to

send out additional communications if the number of people opting out increases and becomes a problem.

Local performance Indicators would be published and available to all. It was felt that the Scheme Manager should inform the representatives regarding the communications to members of the scheme.

The Adviser stated that he communicated with Internal Members and Pensioners via their e-mail addresses. Information was also provided via the Retired and Serving Firefighters' and the National Association of Retired Firefighters' email addresses.

The Board felt that members should be referred to the Terms of Reference and Minutes of the Pensions Board would provide further information following their approval by the Audit Committee on the 7th September 2015.

The Adviser confirmed that he would send an email to all the members of the Scheme confirming that a Pensions Board had been held and where they would be able to find the minutes and the date and time of the next meeting.

7. Any Other Business

There was no other business.

8 Date and Time of next meeting

1400 hours on 8 February 2016
1400 hours on 18 July 2016

(The meeting ended at 1650 hours)

<p>Contact Officer: Julie Connor Strategic Hub West Midlands Fire Service 0121 380 6906</p>

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**PENSIONS BOARD****21 JULY 2015****ACTIONS**

Action No.	Action
1.	The final version of the Terms of Reference to be attached to the minutes as an Appendix and forwarded to the Scheme Manager for final approval.
2.	The Adviser would provide each Member of the Board with a one page guide on each pension scheme identifying the differences between the Schemes.
3.	The Adviser would also provide an overview of each Scheme at the next meeting of the Pension Board under the Governance item.
4.	A budget code would be arranged in order to capture the details of expenses incurred at the training event in London.
5.	Further consideration would be given to an invitation being forwarded to Clair Alcock, the Firefighters' Pensions Adviser from the Local Government Association and Ian Pollitt from KPMG to attend a future Pensions Board meeting.
6.	For the next Board Meeting in February 2016, the Adviser agreed to provide an overview of Opt Out figures together with analysis on a month by month, scheme by scheme basis together with reasons.
7.	Further details would also be provided at the next meeting on the number of enquiries being received and the response times by the Pensions Team.
8.	For next meeting the Chair requested a report on the team structure and a comparison with other Fire and Rescue Authorities together with productivity statistics and the costs per Member.

9.	The Internal Audit Review of Pensions was due shortly and the Auditor would be requested to present his report to the Pensions Board in February 2016 as a sub Agenda item on Governance.
10.	It was felt appropriate that the issuing of Annual Benefits Statements should be added to the Risk Register.
11.	The Adviser confirmed that he would send an email to all the members of the Scheme confirming that a Pensions Board had been held and where they would be able to find the minutes and the date and time of the next meeting.