

# Minutes of a Meeting of the Pensions Board

**11 July, 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 Paul Gwynn (Adviser)

**Apologies:** Mr Stuart Bourne

9/16 Declarations of Interest

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

10/16 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.

Actions arising from the Minutes:

- Action 1 The Adviser had provided a one page guide on each pension scheme identifying the differences between the Schemes which would be discussed under item 5 of the agenda.
- Action 2 The outcome of the Audit Review of the Pensions Section would be discussed during the meeting.
- Action 3 A breakdown of new recruits and details of the Opt Out rate for new recruits would be provided in item 6 of the agenda, Pension Section Supporting Information.
- Action 4 Response times to enquiries for pension information being achieved by Greater Manchester Fire and Rescue Service Pensions Team would be provided during item 6 of the agenda, Pension Section Supporting Information.
- Action 5 The Pension Board had requested that sample checking of pension records for deferred members be undertaken. It had

been confirmed that the Auditor could charge for the additional work. It was confirmed that it would be not be possible to work with the Police to undertake this task but it may be possible to work with another Fire Service. The action was agreed as ongoing.

- Action 6 The Adviser had continued to liaise with the members of the Pension Board and update them on any changes as they occurred.
- Action 7 Wendy Browning-Sampson confirmed the date for the regional training was 3 September.
- Action 8 The Adviser had received a reply regarding one case following the outcome of Gad v Milne which would be reported during the meeting.

#### 11/16 Discretions Policy

The Discretions Policy had been submitted to the Audit Committee for approval. The Committee had enquired about arrangements in the eventuality of a person dying which had been clarified. A number of minor changes had been requested although the changes were regarding housekeeping.

In answer to members' questions, the following points were raised:

- Continued Professional Development (CPD) was pensionable for members on the 92 to 2006 scheme.
- In response to a question regarding whether CPD was on the Additional Pension Benefit (APB) rate, it was confirmed that pensionable pay was not on the APB rate.
- The discretions were largely in line with other Services and although there were a number of small differences, it was unlikely that there would be differences surrounding what was pensionable, and what wasn't.
- It was considered that there were no discretions that could potentially be troublesome or concerning although it could be a case of having to wait for the policy to be tested.
- If a discretion is used and a member was to complain as a result, there is an issue if it is found that the discretion was not necessary.

- If a discretion will impact on a living member, any decision made will consider what is best for the member. Issues only arise when a member is deceased.
- Wendy Browning-Sampson stated that communication was key and that better information should be made available.
- The Chair asked the Adviser to publish the link to the Discretions Policy

#### 12/16 Comparison of available Pension schemes

The comparison of available pension schemes was submitted to the Board as a result of Action 1 from the previous meeting.

The Adviser confirmed that members receive details of the scheme they are on. The scheme members are on is obligatory (a member cannot choose which scheme they wish to be on).

In answer to members' questions, the following points were raised:

- There was the potential for members to be on different schemes if they held wholetime and retained duty system roles, although such a member would have no choice about which scheme they would be on.
- The retirement age under the 92 to 2006 scheme is 55 and therefore, 50 would be classed as early retirement.

#### 13/16 Pension Section Supporting Information

The Adviser advised that the Pension Section Supporting information report looked at the previous twelve month period, from May 2016. The report noted that there were 32 new joiners during this period, however this was 32 new joiners to the pension scheme, and not necessarily 32 new joiners to the Service. The new joiners could include members of staff returning from career breaks.

In answer to members' questions, the following points were raised:

- In response to a question asking if the number of pensioners under the 2006 scheme would grow, it was confirmed that the numbers would grow but not by many.
- The reasons for members deferring was not necessarily known.
- There would eventually be no active users in the 2006 scheme.
- It was possible that a person who had previously left the 2006 scheme and who had re-joined another Service could qualify for

the 2015 scheme, or could fall under the 2006 scheme as protection.

- In response to a question regarding why people were being recorded as deferred when the Service would not be paying their pensions, it was confirmed that this was largely due to various anomalies, for example, persons leaving and then re-joining.
- It was confirmed that the number of ill-health retirements (6 in total) was slightly higher than normal. It was noted that ill-health retirements can sometimes be awarded after a person has been retired, for example via the outcome of an appeal.
- In response to a question asking for clarification over who or what was considered to be 'other leavers', it was confirmed that these were people who were not due to leave but had left and these basically become the same as those who are classed to have deferred.

Paragraph 2.2 of the report, the breakdown of pension information requests, reflected that the average response time to requests had decreased. The Adviser explained that this was due to the work being carried out on the backlog.

The Chair asked what actions had been implemented to resolve this.

The Adviser explained that requests were being monitored closely. It was noted that there were potentially more issues in the coming months due to a lack of staff and an increase in the number of requests from within the Wolverhampton area. Additionally, regulations had changed regarding transfers creating more work. As a result, the administration system needed to be reprogrammed to reflect these changes, with tasks taking longer to complete in the meantime.

The Chair asked how these changes and decrease in response times had been communicated to members and how it had been received.

The Adviser explained that this had yet to be communicated to members and that he would speak with Mike Griffiths, Strategic Enabler of Finance and Resources, with regard to this. In terms of capacity, there is a service that the Pensions section would like to provide, a service that the section can provide, and a service which the section has to provide to meet the statutory requirements. It was advised that the Pensions Section currently fulfilled the statutory requirements. The annual benefits statement could be completed but any further work could prove difficult, although the statements are backed up by a number of pension seminars.

The Adviser confirmed that 31 August remained the target for the issue of annual benefit statements to all members and that the work being

undertaken to meet the deadline was on target with statements expected to be sent out July / August.

In response to a question asking if the statements were issued electronically or via hard copy, the Adviser confirmed that hard copies would be issued. Issuing electronic copies was possible but it could affect timescales due to the time taken to load the relevant data onto the system. However, it could be an intention for next year.

Kal Shoker enquired if it was possible to send out more information such as a questions and answers document. The Adviser advised that this could be done but only to a certain extent because the information required could vary from one member to another as it was generally quite personalised.

With regard to which members were asking for benefits estimates, the Adviser explained that requests were predominantly from members who had gone into the 2015 scheme.

The Chair asked if the figures quoted in the report reflected one quote per person and if there were any limits to demands. The Adviser explained that yes, it generally was one quote per person, however anyone could access / request information regardless of time served / age. Additionally, members automatically received a benefits estimate prior to their retirement. In terms of time taken to process such requests, it could take up to 3 months although this could be shorter dependent on circumstances, for example if a person was leaving the Service within a month.

The Adviser informed the Board progress against Action 4 from the previous meeting:

- Greater Manchester Fire and Rescue Service (GMFRS) Pensions Team had been contacted with regard to response times to enquiries for pension information. The GMFRS Pensions Team had confirmed that they did not monitor key performance indicators and this was tied in with how the team used to be set up which was paper based. However, response times could be determined using service history.

#### 14/16 Training

- LGA Training

Wendy Browning-Sampson advised that Hereford & Worcester Fire and Rescue Service (HWFRS) were hosting the training opportunity. The training was for the new members of the HWFRS Pension Board plus existing members.

The Chair confirmed that members of the Pension Board should attend but it would be useful for Wendy Browning-Sampson to obtain and

circulate the checklist which would help steer the training and ensure it was meaningful.

Wendy Browning-Sampson advised that she would speak with Human Resources representatives in the region to identify what their respective Services were doing. There was the potential for members of the different Services' Pension Boards to attend the Pension Board meetings of other Services (as long as there was an appetite for this to be undertaken).

Andy Dennis enquired what status would members attend in when attending the Pension Board meetings of other Services.

The Chair advised that members would attend as observers.

Andy Dennis asked if members would have to declare a declaration of interest being on a Pension Board.

The Chair confirmed that there would be no requirement for a declaration of interest to be made.

- Attendance of Pensions Adviser and KPMG at a future meeting

The Chair stated that KPMG should only attend a future meeting when required and for the members of the Board to remain mindful of the need to call them in when needed.

Wendy Browning-Sampson agreed and suggested the use of KPMG as a group in the region, to minimise cost.

#### 15/16 Annual Effectiveness Assessment

No specific areas were identified by the Board.

The Chair noted that as a committee, the Board were continuing to attend as a quorum.

It was noted that it would be interesting to see how other Pension Boards operated.

The Chair suggested that there was a need to ensure that the Board was calibrated around the terms of reference and that it needed to be useful for the Scheme Manager.

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

- 1992 Scheme – 20 Year Issue

The Adviser informed the Board that with regard to the 1992 Scheme 20 year issue, whereby the Government had ruled that it was illegal

under the Age Discrimination Act, the rules had been agreed in December 2015 with a publication deadline of May 2016. However, the rules had still not been published. The draft regulations have been made available for guidance. The Government had widened out the scope to include any member who had completed 30 years before the age of 50, including transferees.

As a result, there are approximately 500 members affected within West Midlands Fire Service (WMFS). Potential problems include:

- Shortage of staff within the Pensions Section
- It may not be possible / may not happen
- It could happen at the same time as the processing and issuing of the annual benefit statements

The Pensions Section were waiting for the publication of the regulations and once published, communication with members would commence.

In response to a question asking if the scale would be similar to the outcome of *Gad v Milne* in terms of numbers and cost, it was confirmed that the numbers would be approximately the same but the cost would be lower.

Wendy Browning-Sampson raised the issue experienced at Shropshire Fire and Rescue Service regarding retired firefighters and benefits being incorrectly paid, and asked if it could happen within WMFS.

The Adviser explained that there were potentially two possibilities where an issue could occur:

- Firstly, under the guaranteed minimum pension (1978 to 1992), if contracted out, a person must earn a certain amount, and there could be a potential issue with members on the retained duty system and that the figures could be wrong.
- Secondly, a zero pension increase and / or a rise in state benefits could cause this but it is not believed that this is an issue within WMFS

Andy Dennis enquired if, in terms of the retained duty system, the modified scheme was a contracted out scheme.

The Adviser explained that the scheme could potentially be contracted out or contracted in.

- Scheme Advisory Board

The Scheme Advisory Board which had been published by the Firefighters Pension Scheme Advisory Board Secretariat was considered by the Board:

- Kal Shoker would liaise with Mike Griffiths regarding the conference call to each Chair of a Pension Board (referenced on page 2 of the Scheme Advisory Board document)
- A survey would be sent to the Pension Board to complete
- Members of the Board had familiarised themselves with the annual benefit statements
- The Board was already aligned with the regional groups
- Members were welcome to attend the national two day event on 10 and 11 October 2016 (it was noted that this was already carried out via the attendance of the regional group which fed into the Firefighters Technical Group)
- Meetings of the Pension Board would be moved, where applicable, to align with the meetings of the Scheme Advisory Board (it was felt that meetings were currently aligned)

#### 17/16 Any Other Business

The Chair informed members of the Board that it would be his last meeting as he was leaving West Midlands Police, thanking members for their support and hard work.

The members congratulated the Chair and wished him well.

#### 8. Date and Time of Next Meeting

The next meeting was scheduled for 6 February 2017 at 1400 hours.

## PENSIONS BOARD

11 JULY 2016

### ACTIONS

Action No.	Action
1.	<p>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.</p> <p>Update 11/7: It was confirmed that it would be not be possible to work with the Police to undertake this task but it may be possible to work with another Fire Service.</p>
2.	The Adviser to publish the link to the Discretions Policy
3.	The Adviser to liaise with Mike Griffiths regarding the communication to members about the change to the regulations and the decrease in response times due to greater demands for requests for information and staff shortages.
4.	Kal Shoker to liaise with Mike Griffiths regarding the conference call to each Chair of a Pension Board (referenced on page 2 of the Scheme Advisory Board document)