

## **Minutes of the meeting of the Local Pension Board held on 10 September 2018 at Fire and Rescue Headquarters, St Asaph Business Park**

### PRESENT

Richard Fairhead, Fire Leaders Association - Prospect, Employee Representative (Chair)

Cllr Bryan Apsley, Employer Representative

Julie Brown, Head of Finance, Advisor

Parry Davies, Fire Brigades Union, Employee Representative

Jane Honey, Fire Officers' Association, Employee Representative

Helen MacArthur, ACO, Advisor

Blythe Roberts, Fire Brigades Union, Employee Representative

Cllr J Rodney Skelland, Employer Representative

Alwen Davies, Members' Liaison Officer, Minute Taker

### APOLOGIES

Cllr John Brynmor Hughes, Employer Representative

Geraint Hughes, Fire Officers' Association, Employee Representative

Ken Finch, Treasurer, Employer Representative

Ruth Simmons, ACFO, Employee Representative

### 1 DECLARATIONS OF INTEREST

1.1 None.

### 2 MINUTES OF THE LAST MEETING

2.1 The minutes of the meeting held on 30 April 2018 were approved as a correct record subject to amending the name of the association for principal officers.

### 3 MATTERS ARISING

#### **Terms of Reference**

Membership – ACO MacArthur explained that in order to meet the requirements of 'equal balance of employer and scheme member (employee) representatives', the number of employee representatives had to be limited to five. Therefore the employer membership would be: Cllr B Apsley; Cllr J B Hughes; Cllr J R Skelland; Clerk; Treasurer. The employee membership would consist of two representatives from FBU, two from FOA and one from Fire Leaders Association - Prospect. It was also noted that deputies would be allowed, however, they would be responsible for maintaining their own training to ensure they were *au fait* with pensions issues.

Term of office – it was agreed that membership would fall in line with council elections and therefore the current term of office for members would expire in May 2022.

#### 4 FIREFIGHTERS' PENSION SCHEMES UPDATE REPORT

- 4.1 The Head of Finance presented the report which gave an update on current issues relating to the Firefighters' Pension Scheme.
- 4.2 Members were informed of pension scheme activity within key areas relating to the Firefighters' Pension Scheme(s) for the quarter 1 of the current financial year (01 April 2018 to 30 June 2018).
- 4.3 It was noted that the Pension Ombudsman is currently considering a number of complaints received from other fire and rescue authorities. These relate to the treatment for pension purposes of specific allowances (Norman vs Cheshire). The outcome of these cases will be relevant to North Wales Fire and Rescue Authority and the matter is being carefully monitored.
- 4.4 An All Wales Pension Group has been formed to share information, expertise and knowledge across the three fire and rescue authorities in Wales. The group is officer led and will support improvements in consistency in application of scheme regulations.
- 4.5 The annual benefit statements have been distributed to all members (including deferred members). At this stage it is too early to report on any issues raised around the accuracy or content of the statements. Work will be undertaken to address any issues that arise, the detail of which will be incorporated within the next Pension Board update report. It was agreed that a FAQ document would be useful to help members understand their annual benefit statements as it is their responsibility to identify any errors within the statement; in conjunction with this it was suggested that a dedicated email address for pensions queries would also be beneficial to members.
- 4.6 **RESOLVED to note the information provided and Head of Finance to prepare a FAQ document to aid understanding.**

#### 5 RISK REGISTER

- 5.1 ACO MacArthur presented the report detailing the revised risk register which members were required to approve; guidance notes demonstrating the methodology were also attached to the report presented.

5.2 It was noted that the Scheme Manager must establish and operate adequate internal controls to enable proper administration and management of the scheme in accordance with the relevant rules and regulations. The risk register is published on the Authority's website.

5.3 It was noted that at the last meeting, members had agreed to insert a before and after mitigation for all risks, however, it was agreed that the current format presented was accepted by members.

5.4 **RESOLVED to**

**(i) adopt the revised Risk Register for 2018-19;**

**(ii) agree that it be published on the Authority's website;**

**(iii) review the scores in a year's time with the mitigations actions also included.**

6 DYFED PENSION FUND – UPDATE REPORT

6.1 ACO MacArthur presented the report, provided by Dyfed Pension Fund, which gave an update on the administration of the schemes.

6.2 The firefighters' pension schemes are administered on behalf of the Authority by Dyfed Pension Fund. The report has been provided by the scheme administrator to provide assurance that the scheme is being properly administered. The report gave updates on:

- General Data Protection Regulation (GDPR)
- E-communication
- End of year data
- GMP reconciliation
- Data Quality Reports
- My Pensions Online
- Breaches/Complaints
- Workflow.

6.3 In terms of the data quality reports, it was noted that feedback from members would help improve the data quality. Again it was suggested that an user guide and FAQs on the my online pension system would be useful.

6.4 ACO MacArthur commented that it was incumbent on the Local Pension Board to set key performance targets in order to monitor performance; this exercise will be undertaken with Dyfed Pension Fund in order to ensure activity measures are performance based.

6.5 **RESOLVED to note the content of the report and the development of key performance indicators.**

## 7 INFORMATION GUIDANCE

7.1 Members were informed that a draft information guidance for LPB members has been created.

7.2 **RESOLVED to email the information guidance to all members and for any feedback to be emailed to the Head of Finance.**

## 8 COMMUNICATION STATEMENT REPORT

8.1 The report was presented to ask members to approve the Firefighters' Pension Schemes Communication Statement. The purpose of the document is to provide a clear and comprehensive statement to provide assurance that NWFRS will communicate in a clear and timely manner with all stakeholders in relation to the Firefighters' Pensions Scheme.

8.2 **RESOLVED to adopt the Communication Statement for 2018-19, and publish it on the Authority's website.**

## 9 FIREFIGHTERS' PENSION (WALES) SCHEME (AMENDMENT) ORDER 2014

9.1 Members were informed that during the audit of the Authority's statement of accounts, the Wales Audit Office had identified an issue in relation to temporary allowances being considered an additional pension benefit; this issue had been identified in all three FRAs in Wales and therefore legal advice is being sought by all parties. Members were asked to note that the issue affects a very small number of individuals and a note had been inserted in the statement of accounts which reads as follows:

"The Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 came into force on 31 December 2014 with an effective date of 1 July 2013. The Order included an amendment to the pension regulations which introduced new powers for the Authority to make certain temporary allowances and emoluments pensionable under an Additional Pension Benefit (APB) arrangement.

During November 2017 it became apparent that Welsh Fire and Rescue Services had not implemented the Order and temporary allowances had been treated in accordance with previous regulations. On 19 March 2018 the Authority approved a report to implement the requirements of the Order with an effective date to be agreed with representative bodies. This was subsequently agreed as 1 July 2018.

As a consequence of the delays in implementing the Order a small number of retirees have received pension settlements which are not in accordance with the relevant regulations. Whilst the Authority is satisfied that the amounts are not material, work is currently in progress to address any residual issues around the basis and funding of these payments and to agree any remedial actions necessary.”

9.2 **RESOLVED to note the information.**

10 A O B

10.1 It was noted that the outcome of GAD valuation 2016 had been received and it was noted that:

“Indicative results of the current valuations suggest that:

- employer contribution rates over the period April 2019 to March 2023 are likely to be generally higher than the current rates;
- in contrast, scheme costs under the employer cost cap mechanism are generally lower than those determined at the previous valuation, and point to a number of schemes breaching the cost cap mechanism downwards. This requires the relevant responsible authority to take action to adjust the scheme’s benefits or members’ contribution structure to increase the scheme cost, as measured under the cost cap mechanism, back to the target level.”

10.2 This will be discussed in detail at the Scheme Advisory Board on 16 October and members updated at the next LPB meeting.