

Minutes of a meeting of the CFA - Local Pensions Board held at Leicestershire Fire and Rescue Service Headquarters, Birstall on Wednesday, 19 June 2019.

PRESENT

Mr. W. Liquorish JP CC (in the Chair)

Alison Greenhill  
Ian Howe  
Elena Johnston

Ian Holden  
Graham Vaux

In attendance

Caroline Deane, Area Manager People and Organisational Development  
Anna Poole, Democratic Services Officer

1. Scheme Manager's Announcement.

The Scheme Manager announced that although the meeting was not quorate as there was only one Member representative present, she proposed that the meeting was held as both employee representatives were present, there were important updates on the agenda and no decisions were to be made at the meeting.

**RESOLVED:**

That the meeting of the Local Pension Board would be held.

2. Appointment of Chairman.

The Scheme Manager confirmed that Mr. W. Liquorish CC had been nominated as Chairman Elect of the Local Pension Board at the CFA's Annual Meeting and asked the Board that it be confirmed.

**RESOLVED:**

That the appointment of Mr. W. Liquorish CC as the Chairman of the Local Pension Board for the period ending with the Annual Meeting of the Combined Fire Authority 2020 be noted.

Mr. W. Liquorish CC – in the Chair

3. Apologies.

Apologies were received from Cllr. Rae Bhatia, Adam Taylor and Adam Webster.

4. Minutes of the Previous Meeting.

**RESOLVED:**

That the minutes of the meeting of the CFA Local Pension Board held on 6 February 2019 be taken as read, confirmed and signed.

5. Conflicts of Interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No such declarations were made.

6. Scheme Administrators Update.

The Board considered a report of the Pensions Scheme Administrator which provided an overview of the key performance indicators, an estimate breakdown and details of metric data. A copy of the report marked "Agenda Item 5", is filed with these minutes.

Arising from the discussion, the following points were raised:

- i. Regarding the Pension Modeller – all three Fire Authorities were keen to move to the new modeller and this had been approved by them recently;
- ii. There was a tax charge on the lump sum paid on retirement if the commutation factor exceeded 20. It was felt that Fire Fighters in the 92 scheme would be affected;
- iii. The Consent Statement included in the modeller was generated each time the modeller was used with the user needing to confirm understanding of the statement each time before a projection was generated. This was included in the system as part of risk mitigation to ensure that Fire Fighters were aware of the risks and that the figures detailed regarding their pension was only an estimate;
- iv. The Modeller was now ready to be used, and the launch would be tied in to the production of Annual Benefit Statements on 31 August – the statutory deadline. This had been discussed at the Regional Administration meeting and all three Fire Authorities agreed that the modeller should 'go live' on this date. This year, as it was the first year of operation, the paper-based and online system would operate concurrently. Following this, paper-based Annual Benefit Statements would not be produced.

*Following the meeting, officers agreed that Annual Benefit Statements for 2018/19 would be produced on paper only and would not be available on the online system.*

**RESOLVED:**

That the update provided regarding the key performance indicators for Leicestershire Fire and Rescue Service Pension Scheme be noted.

7. Scheme Manager's Update.

The Board received a verbal update from Alison Greenhill, Pension Scheme Manager, regarding the Leicestershire Fire and Rescue Service Fire Fighters' Pension Scheme.

The Board was informed that the Government consultation on the creation of a cap on exit payments would commence in July; the level of the cap was proposed to be £95,000 and was likely to affect fire fighters on regular salaries as well as senior officers. The Local Government Association planned to send a response to the consultation.

The Scheme Manager also highlighted that under redundancy arrangements employees had the legal right to have their pension unreduced and, therefore, the employer was liable for this cost. It was suggested that the consultation and the related issues be brought to the attention of the CFA's Corporate Governance Committee.

Additionally, the Board was informed that auditors were being more cautious, considering recent issues with other local authorities, and a recent judgement on an age discrimination case – McLeod, which found in favour of the case - due to the large pension liabilities in some organisation's accounts. The Scheme Manager informed members that, whilst the McLeod case was potentially being appealed and as such the outcome was uncertain, no action would be taken regarding LFRS and the external auditors, Mazars, had been advised.

**RESOLVED:**

That:

- a) the update provided by the Scheme Manager on the Leicestershire Fire and Rescue Service Fire Fighter' Pension Scheme be noted;
- b) that the Scheme Manager brief the Chairman on the details of the consultation and the concerns related to this, for discussion with the Chairman of the Corporate Governance Committee.

8. Update and Review of HR Policies and potential Impact on Fire Fighter Pensions.

The Board received a presentation from Caroline Deane, Area Manager People and Organisational Development regarding the potential impact of the review of HR Policies on fire fighter pensions. A copy of the presentation slides is filed with these minutes.

Arising from discussion, the following points were raised:

- i. The review related to locally applied policies and procedures;
- ii. Allowances were also reflected in staff contracts and as such, due to the variety of allowances paid, this had led to a number of different contracts being in use. This had been reduced from 27 to 5 following the review; members were assured that this did not impact pensions;
- iii. Sickness absence and the process for ill health retirement – known as IQMP - could impact pensions. Members were informed that further clarity was awaited following a conference in London. However, currently the normal processes and procedures would be used in cases of absence, which would not impact pensions at this stage;
- iv. The current documents in place for the IQMP process should be used until the consultation on the new external IQMP process had been completed.

**RESOLVED:**

That:

- i. The update provided on the potential impact on fire fighter pensions of the review of HR Policies be noted; and
- ii. An update on the review of HR policies and potential impact on fire fighter pensions be provided to the Local Pension Board at its meeting in September 2019.

9. Purpose of the Local Pension Board.

The Board received a presentation from the Scheme Manager concerning the purpose of the Local Pension Board. A copy of the presentation is filed with these minutes.

**RESOLVED:**

That the presentation on the purpose of the Local Pension Board be noted.

10. LFRS Firefighters' Pension Scheme Risk Register.

The Board considered a report of the Pension Scheme Manager which presented the risk register for the Leicestershire Fire and Rescue Service Pensions Scheme. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Board was informed that a new risk had been added concerning the roll-out of the fire fighters' pension modeller and 2019 annual benefits statements.

In response to questions, it was agreed that, for risk 5 – potential fraudulent activity by staff/scheme members, the residual risk should be amended to *Likelihood – 1, and Impact – 3* as there were no control measures in place.

**RESOLVED:**

That the update provided on the risk register for the Leicestershire Fire and Rescue Service Pension Scheme, be noted.

11. Firefighters' Pension Scheme Breaches Register.

The Board considered a report of the Pensions Scheme Manager concerning the fire fighters' pension scheme breaches register. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

**RESOLVED:**

That the report on the fire fighters' pension scheme breaches register be noted.

12. Joint Pension Board - Update.

The Board received a verbal update from the Pension Scheme Manager concerning the formation of a joint Pension Board.

Members were informed that an application had been formulated for submission to the Secretary of State for an East Midlands Joint Pension Board covering Nottinghamshire, Derbyshire and Leicestershire. This was currently awaiting final signatures from representatives from the three areas prior to submission.

**RESOLVED:**

That the update provided on the proposal of a joint Pension Board be noted.

13. Employee Representatives' input.

The Board received a verbal update from an employee representative of the Local Pension Board.

Members were informed that, following the creation of the IRMP 2020-2024 and the setting of priorities for consultation, employees were concerned that a potential broadening of their role may impact on pensions especially if they were performing duties outside of their current role. It was highlighted that it would be beneficial to compare the situation in Leicestershire with Fire and Rescue Services in the region.

**RESOLVED:**

That the Scheme Manager discuss employees' concern regarding a broadening of the fire fighter role and the potential impact on pensions with the Nottinghamshire and Derbyshire Fire and Rescue Services at the next joint meeting.

14. Date of next meeting.

The next meeting of the Local Pension Board will be held on Friday 27 September 2019 at Leicester City Council, City Hall, Charles Street, Leicester following the meeting of the Combined Fire Authority.

1.15 – 2.00pm

19 June 2019

CHAIRMAN