

**Minutes of the meeting of the Local Pension Board held on 8 November 2016 at
Fire and Rescue Headquarters, St Asaph Business Park**

PRESENT

Cllr W Tudor Owen, Employer Representative (Chair)
Cllr Brian Dunn, Employer Representative
Cllr Delyth Macrae, Employer Representative
Cllr J Rodney Skelland, Employer Representative
Dawn Docx, Deputy Chief Fire Officer and Interim Treasurer, Advisor
Julie Brown, Head of Finance, Advisor
Geraint Hughes, Fire Officers' Association, Employee Representative
Paul Scott, Fire Officers' Association, Employee Representative
Alwen Davies, Members' Liaison Officer, Minute Taker

APOLOGIES

Richard Fairhead, ACFO, Association of Fire Principal Officers
Ruth Simmons, ACFO, Association of Fire Principal Officers
Shane Price, Fire Brigades Union, Employee Representative
Sandra Williams, Fire Brigades Union, Employee Representative

1 DECLARATIONS OF INTEREST

1.1 None.

2 MINUTES OF THE LAST MEETING

2.1 The minutes of the meeting held on 20 April 2016 were approved as a correct record.

3 MATTERS ARISING

3.1 There were no matters arising.

4 TERMS OF REFERENCE REVIEW

4.1 The report was presented to ask Members to review the terms of reference now that the Board had been fully operational for a year.

4.2 It was noted that paragraphs 13 and 24 contradict each other and the Head of Finance agreed to review these paragraphs in order to ensure that it states that substitutes are not able to attend the meeting due to the nature of the work and the level of training and knowledge required.

4.3 **RESOLVED to note the terms of reference for a period of one year, subject to paragraph 13 and 24 being re-written to ensure substitutes cannot attend meetings.**

5 LOCAL PENSION BOARD ANNUAL REPORT 2015-16

5.1 The DCFO presented the draft Local Pension Board annual report which details the work of the board during the last financial year.

5.2 As set in the terms of reference for the Local Pension Board, the annual report includes:

- a summary of the work of the Local Pension Board and a work plan for the coming year
- details of areas of concern reported to or raised by the Board and recommendations made
- details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
- any areas of risk or concern the Board wish to raise with the Scheme Manager
- details of training received and identified training needs
- details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.

5.3 **RESOLVED to agree the annual Report for 2015/16 for presentation to the Fire and Rescue Authority in December 2016.**

6 NORMAN VS CHESHIRE PRESENTATION

6.1 The Head of Finance delivered a presentation about the Norman vs Cheshire legal case which involves the issue of pensionable pay and the interpretation of Rule G1 of the FPS92.

6.2 Members were given a summary of the case details that Mr Norman retired in 2008 and on retirement he claimed that allowances paid to him should have been treated as pensionable pay. Under the FPS92 scheme the allowances did not meet the criteria of pensionable pay, however, as Cheshire FRA had consolidated the allowances into one payment, Mr Norman argued that the consolidated payment was pensionable, meeting the criteria of being permanent in nature.

6.3 It was noted that the Judge had found in favour of Mr Norman and therefore ordered Cheshire FRA to recalculate his pension on the basis of the additional payments being pensionable. Furthermore, Cheshire FRA was also required to pay employer contributions on the element of pay going back to the period of its inception.

6.4 This case sets a precedent for all FRAs and will impact on both existing and retired firefighters in the UK – with some gaining and others losing out. Welsh FRAs are awaiting clear guidance from the Secretary of State before deciding which payments should be pensionable to have a consistent approach across Wales. The FBU has also stated that it would prefer to have a consistent opinion, across the UK, about the allowances which will be pensionable and that an agreement be reached and guidance issued on a national basis.

6.5 Members were given the opportunity to ask questions about the consequences and it was noted that in accordance with the Limitations Act, any back pay will be up to a maximum of six years, however the Secretary of State will have the final decision on this matter. It was also noted that the final cost will fall to the NWFRA and consideration will need to be given to establishing an earmarked reserve fund for this matter.

6.6 **RESOLVED to note the information and that Members will be kept informed of any developments.**

7 MANAGING RISK AND INTERNAL CONTROL

7.1 LPB members are expected to complete training modules on the Pensions Regulator website, therefore at each LPB meeting, members will work together to go through a module per meeting and complete the assessment as a group.

7.2 The Pensions Manager led members through the managing risk and internal control module and thereafter the assessment was completed. The learning objectives of the module included scheme governance, risk management, maintaining member data and working with advisers and service providers.

7.3 It was noted that the appeals procedure would progress from the Chief Fire Officer up to the Pension Ombudsman and the Pension Advisory Service. It was acknowledged that the role of the pension regulator will grow as the pension schemes increase. The Service is in the progress of developing a risk register specifically for the pension schemes.

7.4 **RESOLVED to note the training module on managing risk and internal control.**

8 THE FIREFIGHTERS' PENSION SCHEME UPDATE

8.1 The DCFO presented the report which provided Members with a summary of all current issues relating to the Firefighters' Pension Scheme and the following issues:

- Firefighters' Pension Scheme 1992 – Pension Ombudsman decision
- 2015 Firefighters' Pension Scheme: Transitional Protection - FBU Collective Action
- Firefighters' Pension Scheme 1992 – Contribution Holiday
- Auto-enrolment and re-enrolment
- Pension Transfers
- Industrial action pension payback
- Internal Audit review – Pension Data Quality
- Norman vs Cheshire.

8.2 It was noted that in July 2015, the FBU launched a collective legal challenge against the Government over the transitional protections under the new pension arrangements, which came into force on 1st April 2015. Their claim relates to alleged age, sex and race discrimination and possible equal pay

complaints. The FBU went on to lodge their claim with the Employment Tribunal in August 2015. This case is ongoing but should the FBU be successful in its challenge then the impact on the national Government will be substantial as it will be deemed unlawful. Members will be kept updated at future meetings of any developments with this matter which could be ongoing for a number of years.

8.3 In terms of auto-enrolment it was noted that it is now a core process with information being passed to Dyfed Pension Fund in order to set up individual's pension records.

8.4 **RESOLVED to note the information provided.**

9 SCHEME ADVISORY BOARD

9.1 The DCFO gave members an update on the issues discussed at the Wales Scheme Advisory Board which are similar to those discussed at the local meeting. Currently the Board sits above the local pension boards and representatives from the local pension boards will feedback information to the SAB which then provides advice to the Welsh Minister about any changes that may need to happen.

9.2 When schemes are re-valued, which will happen in time for the 2019-20 year, then there may be a recommendation to the Minister as to whether the employee/employer pay more or benefits altered. The DCFO and Paul Scott had attended via telephone conference, with the Chair giving his apologies. The issues discussed were as follows:

- governance and Local Pension Board's membership
- age discrimination with 30 years service was discussed; and the WG officials said they were working on the legislation and regulations around that but no date as to when that will be issued.
- Norman v Cheshire
- considered an overview of provisional figures to see how much firefighter pension scheme will cost in Wales.

9.3 **RESOLVED to note the information provided.**

10 A O B

10.1 The Head of Finance informed Members about a questionnaire issued by the Pensions Regulator. Mrs Brown confirmed that she will complete the questionnaire on behalf of the scheme manager and that a copy would be provided to members at the next meeting.

10.2 In response to a Member's request, it was agreed that a summary of the various pension funds be provided at the next meeting.