

Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

Monday 17 June 2024

Minutes

Attendance

Committee Members

Martin Reohorn (Chair)
Councillor Andy Jenns
Caroline Jones
Paul Morley
David Vazquez

Officers

Liz Firmstone, Head of Finance Transformation and Transactions
Sarah Cowen, Senior Solicitor
Lisa Eglesfield, Pension Administration Service Manager
Andy Carswell, Democratic Services Officer

Others Present

Helen Scargill, Client Relationship Manager (West Yorkshire Pension Fund)

1. General

(1) Apologies

None.

(2) Board Members' Disclosures of Interest

None.

(3) Public Minutes of the Previous Meeting

The minutes of the meeting held on 12 February 2024 were approved as an accurate record.

2. Governance and Policy Update

The item was introduced by Lisa Eglesfield (Pension Administration Service Manager). She advised there had been no policy updates during the previous quarter. A full discretions document

was being created with the help of colleagues in HR and Legal and this would be presented to the Board after it had been taken to the next Staff and Pensions Committee. Arising from the previous meeting, Lisa Eglesfield confirmed the Fund followed the six key processes that would ensure good governance.

Regulations had been updated to reflect changes relating to carers' leave and the firefighters pension scheme. The payroll system had been amended to reflect these changes. Lisa Eglesfield told members there had been an error relating to revaluation orders for care pension pots, as projected figures had been used in 2021 and 2022 instead of the actual figures. The projected figures were too low, so there would be an increase to the size of pension pots. Administration changes to remedy this would be undertaken by the West Yorkshire Pension Fund on Warwickshire's behalf. Lisa Eglesfield advised this was a national issue and not one that was unique to Warwickshire.

Regarding McCloud, Lisa Eglesfield said that since the time the report was written immediate choice and RSS had been put on hold while there were outstanding issues with HMRC around the treatment of interest. The interest rate for McCloud cases was set at eight per cent, but HMRC were questioning whether that was a commercial rate and cases relating to unauthorised payments had been put on hold while this was remedied. Cases where it had been established there was no chance of any unauthorised payment could be proceeded with however. There had been ten identified instances of unauthorised payments having been confirmed, of which four related to ill health cases. Members were told there is currently no regulatory provision to allow tax that has already been paid to offset tax which is due under the new calculation.

Lisa Eglesfield reminded members of the second retained exercise, which allowed members of the retained pension scheme to buy back service that previously they had only been able to purchase in the first modified exercise from 1 July 2000 onwards. Similar issues in the McCloud case relating to paying arrears, and whether payments had been authorised or not, were being worked on. The Pension Fund was relying on a calculator issued by the Local Government Association. The LGA had also published a guide to help work out payments related to three of the scenarios associated with the second retained exercise, but a total of 37 different scenarios had been identified. Lisa Eglesfield said strong internal controls needed to be established before any required additional payments were made.

Following a question, it was clarified that payments that could be ten years in arrears would be made in a single payment and there would only be one associated tax payment instead of ten. Helen Scargill (Client Relationship Manager, West Yorkshire Pension Fund) said HMRC would use their discretion and allow the tax rates for the ten years of the arrears payments to be adjusted. There would also be an element of potential compensation because a member shouldn't be in a

worse position because of the delays. Helen Scargill said some payments to this effect had already been made. Lisa Eglesfield said 142 people had been identified as being in scope; of those, 57 had returned their forms and calculations had been completed on 52 of them. However because of issues relating to calculations and queries being raised by other pension funds, officers had not felt confident enough on any of those 52 cases to progress them all the way through to sending the options to the member. The plan was to send an update to all affected members within the next three months.

Responding to a question from David Vazquez about whether interim payments could be made, Lisa Eglesfield said this had been considered but rejected as an idea in case it later emerged there had been an error in the LGA calculator. She added there was a priority order that in relation to calculating the pensions. However the LGA and GAD calculator was more effective at working through the simpler cases rather than the more complex ones.

The funding position for the scheme evaluation had been set for the 2024/25 financial year. This included information on funding support for the increasing pension contributions, as well as noting additional one-off grants. Funds were no longer being asked to produce calculated estimates in relation to age discrimination and Matthews remedies as there were issues with calculating estimates of pension benefits. This meant funding was being given to local authorities based on numbers of members in the funds in previous years. The finance team would provide quarterly updates on which benefits had been paid.

Regarding pension dashboards, Lisa Eglesfield said fire pension scheme members were being included in Warwickshire's communication plans. Regulations stated the Fund must connect to the pensions dashboard by 31 October 2025.

The Pensions Regulator Code of Practice took effect from 28 March. A governance check to ensure the Fund was in compliance with the Code would be starting soon.

Lifetime allowance changes were made from 6 April, so a pension holder was now able to take out a higher lump sum but anything above the level amount was liable to be taxed. The level of the lump sum had not changed.

3. Fire Pensions Administration Update

The item was introduced by Lisa Eglesfield. She reminded members of the number of identified cases from the second modified exercise and said there were around 100 people the Fund had had no contact with. A meeting had been held with a tracing company the previous week to trace addresses, or to establish if a pension holder had passed away. This exercise needed to be completed by April 2025, although there had been an indication from the LGA that this deadline may need to be extended.

There had been no breaches during the quarter referenced in the report. However an issue relating to temporary promotions had been identified, as they were not pensionable benefits and

records had not been set up correctly. The LGA had been consulted on how to deal with these and the Fund was liaising with colleagues at West Yorkshire to resolve the issue, but it was anticipated that incorrect payments had been made and this could ultimately lead to some breaches needing to be reported to the pensions regulator. The issue had come to light after West Yorkshire had analysed the data. Previously identified errors had been resolved during a reconciliation exercise that took place in 2022.

The Fund's payroll team had been working on three different spreadsheets for live, deferred and pensioner members in relation to McCloud. They had then been liaising with the West Yorkshire Pension Fund regarding cases that were either approaching or had reached their RSS deadline. Four ill health members had been written to to inform them of delays, and a further six may need to be contacted. Consideration was being given to referring members affected by RSS to the West Yorkshire Fund's information portal.

Helen Scargill said training was being offered to employers regarding pensions and these could be registered for online. Feedback from previous training sessions had been limited in numbers but had been positive.

4. Forward Plan

Lisa Eglesfield said the forward plan had been updated to reflect the training that had been arranged. Sessions had taken place on pension scams, cyber security and the Pensions Regulator Code of Conduct. Members were encouraged to sign up to the regulator's training tool kit.

5. Risk Register

Lisa Eglesfield said the risk register was reviewed every three months. The only item that had been updated during the previous quarter related to fraud and corruption, with the update confirming members had had training on it.

6. Chair's Annual Report

The Chair said the report covered the 2022/3 and 2023/4 municipal years. Members noted its contents without comment. It was confirmed the report would be forwarded on to Rob Powell (Executive Director, Resources) as the scheme manager.

7. Any Other Business

There were no additional items of business to discuss.

8. Future Meeting Dates

Members noted the dates of forthcoming meetings.

The meeting rose at 2.44pm

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Chair