

Staff & Pensions Committee

Monday, 14 September 2020

Minutes

Edited version for the Local Pension Board

Attendance

Committee Members

Councillor Kam Kaur (Chair)
Councillor Neil Dirveiks
Councillor Bill Gifford
Councillor John Horner
Councillor Bhagwant Singh Pandher

Officers

Barnaby Briggs, Assistant Chief Fire Officer
Neil Buxton, Technical Specialist Pensions Fund Policy and Governance
Sarah Duxbury, Assistant Director Governance and Policy
Andrew Felton, Assistant Director Finance
Liz Firmstone, Service Manager (Transformation)
Victoria Jenks, Pensions Admin Delivery Lead
Victoria Moffett, Lead Commissioner Pensions and Investment
Paul Morley, Area Commander, Fire and Rescue Service
Deborah Moseley, Senior Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Keira Rounsley, Equality, Diversity and Inclusion Practitioner
Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance

1. General

The Chair opened the meeting and asked those present to reflect on the passing of Councillor Bob Stevens. A number of tributes were paid noting Councillor Steven's longstanding and valued contribution to this Committee. Condolences were expressed to his family.

(1) Apologies

Councillor Andy Jenns

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

None.

(3) Minutes of previous meeting

Subject to amendment of the appendix to the minutes of 23 July 2020 to reflect Councillor Neil Dirveiks' membership of the Pension Fund Investment Sub-Committee and the removal of Councillor Alan Webb, the minutes of the meetings held on 8 June and 23 July 2020 were

considered and agreed as a true and accurate record for signing by the Chair.

3. Employers Leaving and Joining the Pension Fund

Vicky Jenks, Pensions Admin Delivery Lead introduced this report which provided the Committee with details of applications to join the Pension Fund. She advised that all of the applicants were academies and were therefore automatically Scheme Employers. All the dates given were provisional as schools were converting between September 2020 and April 2021.

Resolved

That the Staff and Pensions Committee delegates authority to the Strategic Director for Resources to approve applications from the listed employers subject to the applications meeting the criteria:

- Arden Fields (MacIntyre Academy Trust, 1st September 2020)
- Studley High (becoming Lead Academy in new Multi Academy Trust, 1st September 2020)
- Kingsway Community Primary School (Converting to Academy status, 1st November 2020)
- Lillington School (Converting to Academy status, 1st November 2020)
- Trinity Catholic School (Our Lady Lourdes Academy Trust, 1st January 2021)
- All Saints C of E junior School (Coventry Diocese Multi Academy Trust, 1st January 2021)
- Wellesbourne and Tysoe (Converting to joint Academy Trust, April 2021)

5. Pension Fund Covid-19 Update

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) advised the Committee that Covid-19 continued to affect how the Fund delivered services but that the fund continued to deliver business critical functions. This report focussed on the impact on administration activity whilst a separate report focussing on the funding and investments impact had been reported to the Pension Fund Investments Sub Committee earlier on 14 September 2020.

The Covid Risk Register had been updated to reflect the latest position in relation to both investment and administration and was set out in a table at section 2.1 of the report. This showed that several risk scores had dropped as previous uncertainties had now been informed by intelligence and experience as the lockdown progressed. There were two risk registers – one general and the other Covid specific which had been helpful whilst the lockdown was new but the team would take stock as to whether to revert to a single register for quarter 3.

Members were encouraged by the level of risk reducing but felt that it was helpful to maintain two registers until there was more certainty in the pandemic situation.

Resolved

That the Staff and Pensions Committee notes and comments on the report.

8. Response to HM Treasury consultation on McCloud/Sargeant remedy for Fire Pensions Scheme

Vicky Jenks, Pensions Admin Delivery Lead outlined this report which set out draft response on behalf of Warwickshire Fire and Rescue Service to the government's proposals to introduce

legislation that would make changes to pension schemes to remove the age discrimination identified by the Courts following 2015 reforms for the period 1 April 2015 to 31 March 2022 (known as the remedy period); and to address future service beyond the remedy period.

Members referenced recent media articles questioning the proposals but whilst it was not believed that these applied to the fire pensions scheme, it was clear that there would be an effect on the entire public sector index-linked system.

The final response will be reported to the Portfolio Holders for Customer and Transformation, and Finance and Property for approval.

Resolved

The Staff and Pensions Committee note and comment on the HM Treasury consultation questions and the draft response on the proposed amendments to the Firefighters Pension Schemes

9. McCloud - Warwickshire County Council's response to the consultation

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented this report which set out the consultation questions in respect of the impact of proposals to remedy the age discrimination and unlawfulness identified by the Courts to the protections afforded to some members of the Local Government Pension Scheme (LGPS) by 2015 reforms.

Changes to the LGPS were introduced in 2014 by way of an underpin. Protection was provided to members in service on 31 March 2012 and who were within ten years of normal pension age which resulted in those members being better off than those who were not within ten years of normal pension age. The scope of the protection was therefore extended as set out in the report. There was an overall expectation that few members would be impacted but a lot of work was required to review all the cases that had happened since 2014, including dependents and deferred pensions issued since that time and a review of transfers in and out.

Members were requested to provide comments over a short period of a few days so that the consultation response could be updated by 17th September 2020 and reported to the Portfolio Holders for Customer and Transformation, and Finance and Property for approval.

Members acknowledged the large-scale administrative task that would result from the proposed changes.

Resolved

That the Staff and Pensions Committee note the consultation review and comment on the response (when shared) to the Government consultation on proposed amendments to the Local Government Pension Scheme Regulations.

10. Pensions Administration Activity and Performance Update

Liz Firmstone, Service Manager (Transformation) presented this report which represented a regular update on key developments affecting pensions administration and the performance of the Pension Administration Service. Overall performance of the team was high and activity was progressing well. Headlines from the report included:

- Good progress continued to be made in implementing the Governance Action Plan
- All year end activity was complete. The year-end process had resulted in an upturn in workload as more queries were received but this was now returning to business as usual levels.
- A new set of Key Performance Indicators were in place for the financial year and the service was performing at or better than target on 50% of indicators and were close to target on others. Where the service was performing below target this was due to a focussing of resource on indicators that resulted in making payments to members or dependents. This meant those below targets were indicators where no critical payment was due. Performance was also slightly low on indicators which related to receipt of notification on the death of a member. The number of cases in this indicator were significantly lower than with other indicators which meant that a low number of cases not meeting the performance target would skew the overall figures.
- The i-Connect project which would result in the automation of the reporting process by scheme employers leading to a reduction of breaches, was going well. The contract was now in place and work was taking place to get the first tranche of employers on to the system.
- There was a regulatory requirement to issue annual benefit statements to Members by 31 August each year. For deferred members, all statements were issued ahead of deadline. Unfortunately, the team were disappointed to report that although the project had been well-managed and was on track to deliver statements for active members in time for the 31 August deadline, it had come to light that there was an issue with the printers and just under 5000 had not issued on time. The missing statements had been issued on 11 September and this would have to be notified to the regulator. The printers were investigating the problem. The contract was between a local government communications group which provided services to four different authorities, and the contract manager (based at Staffordshire) was looking at the contract to see what remedies existed in the contract.

The Chair expressed sympathy to the team but understood the pressures that the team had been under and expressed her gratitude for continued good performance.

Resolved

That the Committee notes this report.

11. Regulatory Update

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented this report, focussing on the major changes to the exit cap which would see any member of the LGPS aged 55 or older retiring on an employer sponsored basis (i.e. for reasons of redundancy or efficiency of the service), being impacted by proposals to prevent the payment of severance in addition to a pension strain cost. This was a big change for the administration system providers who were not technologically ready for this change. This meant that the administration team would be involved in manual adjustments and any quotes for early retirement could not be honoured. The proposals were out for consultation but there was no anticipation of any changes.

Sarah Duxbury, Assistant Director Governance and Policy, added that there was a further consultation expected on the proposals due to the potential disconnect between the cap regulations and the LGPS regulations (eg application of the cap could result in a breach of the

pensions regulations). Clearly it was not satisfactory for administrators to be in a position whether either the pensions regulations or the cap regulations had to be breached.

In response to questions on timescale for implementation, Sarah Duxbury recommended that a watchful eye needed to be kept on the situation and that opportunities to engage in the consultation be taken up. The Chair asked that the Committee be afforded sight of the further consultation response.

Resolved

That the Committee notes and comments on the report.

12. Revised Terms of Reference for the Local Pension Board

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented the proposed changes to the Local Pension Board Terms of Reference which had been commented on by the Board. The key changes were set out in a table at section 4.1 of the report. Full Council would be asked to approve the changes at its next meeting.

Resolved

The Staff and Pensions Committee are invited to review and comment on the updated Terms of Reference for the Local Pension Board before forwarding to the Council for approval.

The meeting rose at 3.35pm

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Chair