Staff and Pensions Committee

Monday 14 December 2020

Minutes

Attendance

Committee Members
Councillor Kam Kaur (Chair)
Councillor Neil Dirveiks
Councillor Bill Gifford
Councillor John Horner
Councillor Andy Jenns

Officers
Barnaby Briggs, Assistant Chief Fire Officer
Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Sarah Duxbury, Assistant Director - Governance & Policy
Andrew Felton, Assistant Director - Finance
Liz Firmstone, Service Manager (Transformation)
Victoria Jenks, Pensions Admin Delivery Lead
Allison Lehky, Service Manager HR & OD
Isabelle Moorhouse, Trainee Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance
Rich Thomas, Strategy and Commissioning Manager (HROD)

1. **General**
   (1) Apologies
   None.

   (2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests
   None.

   (3) Minutes of previous meeting
   The minutes of the 14th September 2020 were approved as a correct record.

2. **Our People Strategy**
Rich Thomas Strategy and Commissioning Manager (HROD) introduced the item stating that it included agile working. The Council's people strategy was refreshed to align with the 2020-2025 Council Plan. The strategy was developed with stakeholders including the council's 'How We Work Board' and Corporate Board who were operating as the Change Portfolio Board with HROD (human resources and organisational development), Trade Unions, the Senior Leadership Forum

and staff networks. Together they identified several priority items to deliver the desired outcomes, enablers and measures within the strategy. This was designed to create a great place to work where diverse and talented people are enabled to be their best. The strategy was developed around the council's five values and six topics from which the priorities were developed from. The strategy needed to remain agile because of Covid-19 and the changing service and staff needs. Permission was sought for HROD to develop the underpinning strategies and projects to deliver the people strategy and refine measures where necessary. In terms of agile working. The council's focus was to create an environment where work is what is done rather than focusing on where or how it was done. The council's agile working offer was developed to provide a choice for staff in how they deliver services and allows the council to review its office space management. The report was supported by Cabinet in December 2020.

The Chair noted that staff were being engaged by the 'check-in' surveys throughout 2020; the fourth survey closed in December 2020. Rich Thomas stated that the survey responses were being used to appropriately help colleagues mentally as well as ensuring they were not overworking and took breaks.
Councillor Neil Dirveiks agreed that staff engagement was paramount due to the change in work culture and that the social aspect of working will need to be protected to support mental and emotional wellbeing.

In response to Councillor Andy Jenns' concerns, Rich Thomas clarified that a robust approach was in place to ensure physical wellbeing for working at home with DSE (display screen equipment) assessments, all colleagues had £100 to spend on equipment which would allow them to operate safely at home but this cap was lifted as long as it was accompanied with a DSE assessment. Staff could also go into their office and take their equipment home.
Allison Lehky (Service Manager (HR Enabling) added that provisions were implemented for staff to have allocated desks in the workplace if they struggled to work from home; this included financial struggles from working from home too. The equipment for staff members was reviewed too, so needs could be accommodated better.

This was praised by members of the Staff & Pensions Committee. It was noted that Covid-19 accelerated change.

Following a query from Councillor John Horner, Rich Thomas clarified that there was a provision for employers to make an allowance payment to employees up to £6.00 per week on a tax-free basis. Or the employer could choose not to make the payment so the individual could claim tax relief on that amount themselves. Warwickshire County Council chose to do the latter option.

The Chair reiterated that the strategy will always be a 'work in progress' due to its need to be flexible.

Resolved
That the Staff & Pensions Committee

1. Endorses the Our People Strategy 2020 – 2025 (contained in Appendix 1)

2. Comments on the proposed delivery priorities set out in Appendix 2 and authorises the Chief Executive to finalise the delivery plan having regard to the views expressed by this Committee and by the Resources and FRS Overview and Scrutiny Committee

Staff and Pensions Committee

14.12.20

3. Endorses the Agile Working Offer and Online Protocols as part of the How We Work programme as set out in Appendices 3 and 4, to include the offer made to staff to move onto a new Agile Working Contract with new terms and conditions, with effect from 1st April 2021

3. Proposals for Mileage Rates

Kate Sullivan (Lead Commissioner - Culture, Leadership and Performance) introduced the report and said that an increase in the County Council's mileage rate from 40p to 45p was being recommended and that the proposal was interlinked with the agile working report. The Council's mileage rate had not been updated since 2009 but HMRC had increased the mileage rate to 45p/mile. Due to the increase in remote working it is expected that the amount of mileage claims will be reduced. For it to be cost neutral there would need to be 11% reduction in mileage and in 2020 there was a 64% reduction. Any changes by HMRC would be automatically applied in future. Further consultation with schools would need to be undertaken before progressing with increased mileage rate which applies to school-based staff.

Resolved

That the Staff & Pensions Committee

1. Approves the recommendation to increase the Warwickshire County Council employee (non-school based) mileage allowance from April 2021, to be in line with the HMRC rate, currently 45p on the proviso that this is a cost neutral recommendation and will not require additional funding.

2. Authorises the Strategic Director for Resources to consult with schools on the proposal that the increase applies to all community and voluntary controlled Warwickshire schools from April 2021 and to finalise those arrangements having regard to the outcome of that consultation.

3. Recommends to full Council that the increased mileage rate to align with the HMRC rate be applied to elected members through the Members' Allowance Scheme.

4. Cyber Security Policy

Neil Buxton (Technical Specialist Pensions Fund Policy and Governance) introduced the report and stated that the pension regulator required all pension schemes to have a cyber security policy in place to protect the integrity of Neil Buxton (Technical Specialist Pensions Fund Policy and Governance) introduced the report and stated that the pension regulator required all pension schemes to have a cyber security policy in place to protect the integrity of member records and pension fund assets; this policy should be subject to review. The pension regulator specifically advises local authority pension funds that they cannot rely on their host authority's policies and must have something bespoke. Therefore, the pension scheme will contact the Risk and Compliance Officer to assess if external expertise in relation to the policies is needed.

In response to Councillor Dirveiks' concerns with external officers accessing meetings, Neil Buxton replied that the administration systems were created with external partners so there was a shared compliance. Councillor Bill Gifford noted the dangers with hackers of security systems.

Staff and Pensions Committee

14.12.20

Resolved:
The Staff and Pensions Committee comment on and approve the draft Cyber Security Policy in Appendix 1 and the associated Action Plan in Appendix 2.

5. The Local Government Pension Scheme (Amendment) (No 2) Regulations 2020

Neil Buxton introduced the report and stated the amended regulations were implemented in September 2020 and were focused on greater flexibility for employers leaving the pension fund and for the fund to revisit employer contribution rates between valuations. The regulations enable the fund to spread out the exit payments for unfunded liabilities over a longer period. The regulations also allowed an employer to become an '83rd employer', which meant that they could continue contributing to the fund even if they no longer have any active members. The revisiting of employer contributions focused on changes, for example if an employer is having difficulties through the Covid-19 pandemic they could approach the fund and request a change to the amount that the employer pays into the fund. Statutory guidance from central government will be needed to implement this. Once this has been received and assessed along with the guidance from the Scheme Advisory Board, the funding strategy statements, admissions and termination policy will be amended and presented to the March 2021 meeting.

Resolved:
The Staff and Pensions Committee notes and comments on the report.

6. Fire Pension Schemes McCloud-Age Discrimination remedy and immediate detriment guidance

Vicky Jenks (Pensions Admin Delivery Lead) introduced the report and confirmed that the Home Office had released guidance documents for fire authorities. Members of fire schemes who had not transferred into the care scheme from the 1st April 2015 would have been able to retire from their final salary scheme. The instruction from the Home Office was to calculate the benefits based on their legacy schemes and ignore that they moved across the care scheme and calculated the benefits so that they are not detrimentally affected by having to wait for the change in regulations on the 1st April 2022. Legal advice was sought from Warwickshire County Council and the Scheme Advisory Board. The approach will be to follow the guidance where possible for individuals and set out clear instructions for members to show what had been done and why. If this guidance could not be applied to a specific case, then that member will be informed.

Following Councillor Dirveiks' concerns with the workload, Vicky Jenks noted that there were not a lot of members in the fire pension schemes but there was a concern that the change in the scheme could influence fire officers to retire now. There was an ongoing McCloud project with additional resources that could be used to help with the fire schemes.

In response to the Chair, Vicky Jenks clarified that no additional staff will be brought in to help with this scheme, but the Pensions Administration team reshuffled so more officers were available to help with fire queries; 27 cases affected by the guidance have been identified.

Following a query from Councillor Gifford, Vicky Jenks replied that there are different elements included in calculating the benefits, so the payroll team will collect the data needed to calculate this. However, the pension team had a system to work out the benefits calculation which reduced the manual time needed for each calculation. It will take about a day to get the information from the pension and payroll teams for each case.

Staff and Pensions Committee

14.12.20

In response to Councillor Horner, Vicky Jenks stated that the guidance received was just one element of the McCloud work. There will be a separate project to manage this and additional resources will be available throughout.

Resolved:
That the Staff and Pensions Committee note and comment on the report.

7. Assessing Employer Covenant in the Pension Fund

Chris Norton (Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) introduced the report and stated that the report focused on the fund proactively looking at risks around employer financial viability, i.e. their contributions to the pension fund. Policies were already in place to address these risks, so the funding strategy statement was already in place which set out how to deal with employer contributions regarding their risk level. A document which set out roles and responsibilities between the fund and employers was in place, but the report set out the outcome of the review which had been undertaken in response to Covid-19 and the risk it presented. These actions will allow officers to take a risk-based approach to individual employers where necessary, and review contribution rates between valuations. Steps that will need following up after this include reviewing the admission agreements to ensure they are fit for purpose, undertaking a risk base set of actions with at risk employers and reviewing security arrangements.

In response to Councillor Gifford, Chris Norton confirmed that the fund remains in frequent contact with at risk employers and despite the pandemic there was nothing systematic expressing itself in the activity.

Resolved:
The Staff and Pensions Committee comment on and approve the pension fund's policy and approach to assessing the covenant of employers in the Pension Fund.

8. Schedule of Pension Fund Policies

Chris Norton stated that the report attempted to raise profile of all fund policies which were due to be reviewed. The schedule covered investment, administration and governance related policies and was designed to keep all policies up to date. The capacity was increased in teams to support the pension fund. This had allowed more work to be done but if more significant policy changes were required the resourcing of this work would be reviewed.

Resolved:
That the Staff and Pensions Committee review and comment on the attached schedule of Pension Fund policies.

9. Pensions Administration - Preparations for McCloud

Liz Firmstone (Service Manager (Transformation) informed the committee of the government consultation which took place in 2020 which focused on McCloud and Sargant and the proposals to remedy the discrimination issues following various legal challenges. Final details from government are yet to be received but should be available early 2021. Preparations need to be

Staff and Pensions Committee

14.12.20

started for both the local government pension scheme (LGPS) and the fire pension scheme. The schemes require things to be done differently; the consultation circulated for the fire schemes asked for views on whether members should make an immediate choice following implementation of the remedy, or a deferred choice at the point of retirement, about which scheme they want their benefits to be calculated on to give them least detriment. It was unknown which option central government would opt for. The LGPS was a slightly different proposal as members will be protected by an underpin. The approach states that all scheme membership benefits need to be reviewed. This will affect 25-30% of members and require a lot of resources from the pension and payroll teams. It will also affect all 190 employers in the LGPS. The Pension Fund will need to pay for costs relating to the LGPS. The extra resources needed to deal with the fire pension schemes had been obtained and governance arrangements will be implemented for data to start being collected in January 2021.

In response to Councillor Dirveiks, it was clarified that Corporate Board have approved the business case and funding and that a procurement process is being progressed. Liz Firmstone added that final resource requirements can only be confirmed once all the data is collected.

Following a question from Councillor Gifford, Liz Firmstone replied that seven extra staff members in pension team and four in the payroll are estimated be needed over a 12-month period to review the LGPS cases.

Resolved:
That the Staff and Pensions Committee note and comment on the report.

10. Administration Activity and Performance update
Vicky Jenks stated that the pension administration team had made good progress on the Governance Action Plan and the I-Connect project's first phase went live to the correct employee numbers and timescales. Warwickshire County Council's payroll was moved from phase four to phase two because of the good progress it was making. All payrolls will be live on the system in January 2021. Phase three employers have been contacted to ensure their extracts are ready to go live in February-March 2021. The GMP (good manufacturing practice) reconciliation work will be complete by 31st January 2021 however KPIs (key performance indictors) had been affected by staff absence. The team completed 32,000 tasks since the 1st March 2020, averaging 2774 task per month but they were still working through backlogs; however, training provided in March 2020 has helped with this. The breaches process was updated on the website, so a RAG was available for employers. The team started a tracing service with a tracing company to find members of the fund who cannot be contacted. The internal dispute resolution procedures were being updated by legal and a new Chair of the Fire Pension Board would be appointed by full Council in December 2020.

Resolved:
That the Staff and Pensions Committee notes this report

11. Briefing note for £95K exit cap regulation change
Sarah Duxbury (Assistant Director – Governance & Policy) stated that the note was an update of the situation and little had changed. The exit cap regulations had already come into force and there had been a consultation on the technical formula for working out people's

Staff and Pensions Committee

14.12.20

entitlement in the event of an exit situation where the cap was exceeded by the virtue of the redundancy payment along with the pension actuarial payment. Further consideration will be given to this as the guidance emerges and individual matters dealt with on a case-by-case basis.

Andrew Felton (Assistant Director – Finance) added that the Council will adopt early advice from government about how the pension regulations will change for employers. It will also create a risk awareness with the two conflicting sets of legislation.

Resolved
That the Staff and Pensions Committee notes the briefing note.

12. Reports Containing Confidential or Exempt Information
Resolved
That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

13. Exempt Minutes
The exempt minutes of the 14th September 2020 were agreed to be a correct record.
The exempt minutes of the 13th October 2020 were agreed to be a correct record.

The meeting rose at 15:09

…………………………
Chair

Staff and Pensions Committee

14.12.20

This page is intentionally left blank