

# Staff & Pensions Committee

Monday, 14 September 2020

## Minutes

### 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.

### 2. Annual Workforce and Gender Pay Gap Report

Keira Rounsley, Equality, Diversity and Inclusion Practitioner, presented the report, which was an annual requirement, for consideration.

In response to comments that the figures being used in the report for the ethnic mix of Warwickshire were from the 2011 Census and therefore unlikely to be representative of current diversity, Keira Rounsley noted that although it would be interesting to see how the demographic changed at the next Census, it was equally important to ensure that disclosure rates were as high as possible to ensure an accurate comparison. The disclosure rate for ethnicity currently stood at around 70% and work was ongoing to increase this. She highlighted the impact that flexible working could have on diversity as this may draw employees from outside the County. In response to queries about why employees left the Council, Members were advised that as part of the People Strategy, the Council had reviewed the leaver's process in order to better develop an understanding of why employees decided to leave. This had only been in place for a few months so there was no hard data available at the time of the meeting although the new processes would enable better data capture for the future.

Additionally, as part of the Council's Equality Diversity and Inclusion Project, one of the high level actions was to get the infrastructure in place to measure progress and identify key issues and barriers. An officer task and finish group had been set up to explore the avenues further, including retention of apprenticeships and an understanding of the increase in zero hours contracts to better understand these emerging patterns.

The Chair invited Barnaby Briggs, the Assistant Chief Fire Officer to comment on the work being undertaken within the Fire & Rescue Service to increase BAME recruitment. Mr Briggs lamented the fact that Covid-19 had derailed recruitment processes. Whilst a recruitment course had not taken place for 6 months, community engagement work continued to raise awareness and engagement with the ethnic population. The Fire and Rescue Service also continue to highlight the benefits of a more diverse workforce to the existing workforce.

### **Resolved**

1. That the Council's Equality and Diversity Workforce and Gender Pay Gap Report at Appendix A to the report is published on the Council's website, to meet the statutory requirement to publish annually equality information relating to employees, including gender pay gap information.
2. That the Council's gender pay gap figures, based on 31 March 2020, are published on the government's gender pay gap website, as required by the gender pay gap regulations.
3. That Staff and Pensions Committee notes the previous work undertaken and endorses the next steps outlined in section 6 of the report.

### **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)

#### **4. Fire Cars**

Paul Morley, Area Commander, presented the report which noted that the Committee had approved the provision of vehicles for Station Managers and Group Managers in 2018 and, following structural changes, the report sought to formalise vehicle provision for Brigade Manager and Area Manager roles. The proposal involved the provision of a Skoda 4x4 vehicle for those most senior fire officers who, in addition to their day job, could be required to attend an operational incident, particularly those classed as serious or significant incidents, and be required to take 'command' of the situation. This could be during the day from work, or from home at night and weekends. If officers responded in their own vehicles, the Fire and Rescue Service had little control over the type, age, condition or appropriateness of the vehicle which raised several concerns. Mr Morley pointed out that the use of the vehicles was for operational response and daily worktime activity which amounted to non-personal use however there were some tax exemptions in place which allowed a low level of personal use without being subject to taxation. The proposal before the Committee would result in slightly higher costs than the previous position but it was confirmed that this could be covered within the WFRS transport budget. The legislative and financial details were set out in full in the report.

In response to a question seeking clarity that officers were protected against malicious claims about personal use, Mr Morley noted that the existing scheme had been running for over two years without issue. Awareness among officers of what vehicles could be used for was high and monthly activity was managed through sample auditing so that it was clear if the vehicles – which were fitted with tacking devices – were being used when not on duty.

In response to questions about mileage expectations, it was confirmed that because some Officers lived around the county borders, 9,000 miles per annum was a reasonable figure.

#### **Resolved**

That the Staff and Pensions Committee confirms the existing arrangements for vehicle provision and approves the additional provision of vehicles to include all Brigade Managers and Area Managers responding to operational incidents and for daily worktime activity, on terms and conditions acceptable to the Strategic Director for Resources

#### **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.

## **6. Employee Sickness Absence Management Report**

Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance presented this report which covered information on sickness absence for the financial year April 2019 – March 2020 and comparison data with previous years. The figures included short and long-term sickness absence but did not include absences for non-sickness reasons such as annual leave, maternity, paternity, or adoption leave, unpaid leave and leave for compassionate reasons. The data showed that the position for 2019/20 was that 10.90 days had been lost per employee FTE (compared to 2018/19 when it was 9.51 days). In comparison, the public service sector average for 2019 was 8.0 days per employee per year (a decrease from the 8.4 days reported in 2018).

An analysis of the specific reasons for sickness absence had shown that the top two reasons for sickness absence remained consistent with previous years - Mental Health at 29.1% (an increase from 25.7% in 2018/19) and Musculoskeletal disorders at 17.0% (a decrease from 19.6% in 2018/19). These main causes of sickness absence also correlated with the top referral reasons to Occupation Health. A number of actions had been taken to address Mental Health related absences as a priority in accordance with the Health, Safety and Wellbeing Annual Report (presented to the previous meeting of the Committee).

The Chair noted that it had been an unusual year due to the circumstances of the pandemic but that the increasing levels of mental health related absence were of concern. Whilst efforts to provide support for employees were welcomed and acknowledged, it was felt that further work needed to take place, perhaps by seeking best practice ideas from other areas and targeting those who were self-identifying as struggling at an early stage. It was noted that a specific project has been included in the Change Portfolio (Sustainable and Resilient Workforce) to take this work forward. Members reflected on the staff check in surveys to monitor wellbeing but lamented the fact that those who were suffering were often least likely to respond. It was important to create the right culture so that employees were confident to seek help when it was needed. It was suggested that advice could be sought from Springfield Mind.

In response to questions from Members, it was confirmed that the presented data was for the period up to the end of March 2020 and did not include the period of lockdown. It was also not possible to separate out work-related mental health issues and it was often the case that work and home related issues were intertwined. It was also noted that sickness and mental health was often linked to staff morale and this was a topic for inclusion in the next staff check-in survey.

## **Resolved**

1. That the Committee notes the performance information in relation to the management of employee sickness absence during 2019/20, and endorses an overall target reduction of 7% for 2020/21, with service level target reductions ranging between 5% and 10% to be applied, in managing sickness absence levels.
2. That the Committee supports a proactive approach to the health and wellbeing of employees in developing a sustainable and resilient workforce.

## **7. Employee Recognition Report**

This report was presented by Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance who outlined the proposals to recognise and to thank all Warwickshire County Council employees for their exceptional response and contribution during the COVID-19 pandemic by awarding an additional day's leave for all employees and a financial adjustment for those staff where this was not practicable.

The Committee welcomed the proposal and noted that the additional day would be added to annual leave allowances.

## **Resolved**

That the Committee agrees to granting all Warwickshire County Council employees (excluding schools) an additional day off as recognition and appreciation for their exceptional response to the COVID-19 pandemic, with a financial adjustment for staff for whom this is not a practical option.

## **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 fund pension scheme 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 the 17<sup>th</sup> 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 target 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 (ie 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.

**13. 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 5 of Part 1 of Schedule 12A of the Local Government Act 1972

The meeting rose at 3.35pm

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Chair