

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

Monday 12 February 2024

Minutes

Attendance

Committee Members

Martin Reohorn (Chair)
Caroline Jones
Sally Waldron

Officers

Liz Firmstone, Head of Finance Transformation and Transactions
Jan Cumming, Senior Solicitor and Team Leader
Andy Carswell, Democratic Services Officer
Lisa Eglesfield, Team Lead Benefits
Martin Griffiths, Technical Specialist Pensions Fund Policy and Governance

Others Present

Jon Laight, Area Manager – Protection (Warwickshire Fire and Rescue Service)
Helen Scargill – Client Relationship Manager, West Yorkshire Pension Fund

1. General

(1) Apologies

Apologies were received from Councillor Brian Hammersley, David Velazquez, Sian Marsh and Paul Morley.

(2) Board Members' Disclosures of Interest

None.

(3) Public Minutes of the Previous Meeting

The minutes of the meeting held on 6 November 2023 were approved as an accurate record. There were no matters arising.

2. Risk Register

The item was introduced by Lisa Eglesfield (Pension Administration Delivery Manager). The risk register had been reviewed as per usual practice, with the section relating to the Matthews project being the only one to receive an update. This was to reflect the availability of a revised calculator from the government's actuarial department and historic pay information, meaning it was now possible for retained officers who were active at a set time to be able to buy into their service pension. Calculations were now taking place, although Lisa Eglesfield said in response to a question from the Chair that some of these would need to be done on a manual basis as some retained officers were still in scope and there were limitations on the new calculator's ability to calculate payments for certain people. Issues relating to this were being reported back to the LGA.

Members noted the contents of the risk register.

3. Governance and Policy Update

The item was introduced by Lisa Eglesfield. She said there had been a revised valuation of employer contribution rates of pensionable pay, which had risen by 8.5% to 37.6%. This would take effect from 1 April 2024 and last until 31 March 2027. Lisa Eglesfield said the increase in contribution rates was due to the age discrimination remedy and the Matthews project, both of which would increase pension liability for all Funds. This had been taken into account when setting the Council's Medium Term Financial Strategy. It had been confirmed there would be a top up grant issued by the Treasury.

Lisa Eglesfield said the pension increase figures had been released after the report had been written. It had been confirmed these would rise by 6.7% from the first Monday of the new tax year. Additionally, care pension pots would rise by 7.7% from April 1, in line with the Treasury order.

Members were told the lifetime allowance limit had now been removed. Previously there had been a limit on the amount of pension benefits someone could own without incurring extra tax liability. Lisa Eglesfield said the removal of this limit would allow greater freedoms regarding pension savings for members. However, there would still be a limit of £268,275 on the amount of tax free lump sum that a member could choose. Members wishing to access a lump sum over this amount would have it taxed as income using the appropriate tax code. Communications on this to make members aware was being worked on by the LGA and would be circulated nearer the end of the tax year.

Lisa Eglesfield said the terms of reference and the contract conflicts of interest policy had been reviewed by Legal and were now being combined into one policy. The wording of the policy was included in the papers for members to view.

Members were told the next meeting of the Staff and Pensions Committee would consider a recommendation that Warwickshire County Council's functions as the scheme manager of the Fire Pension Scheme should be delegated to the Section 151 officer, in line with the Local Government Pension Scheme and other finance-related functions of the Council. Currently it is delegated to the Chief Fire Officer. Administration of the scheme would remain with the West Yorkshire Pension Fund.

Responding to a question from the Chair, Liz Firmstone (Head of Finance Transformation and Transactions) said there was likely to be a funding gap of £88,000 caused by the increase in employer contribution rates. This was being managed as part of the Medium Term Financial Plan. The Chair noted there appeared to be a national disparity between estimated additional costs and the grant that Funds would receive.

Members noted the contents of the updates.

4. Forward Plan

Lisa Eglesfield said training for new Board members had been arranged through the LGA, who had said refresher sessions could also be booked for existing members. Lisa Eglesfield said any members wishing to take part in training should contact her. Links to the available training programmes would be circulated to members along with the minutes of the meeting. It was confirmed a training log for members was maintained.

Members noted the updated Forward Plan.

5. Pension Administration Update

Lisa Eglesfield said 118 people who were believed to be in scope for the Matthews project had been identified and written to in December. Of those, 43 had replied asking for more information, six had been returned as no longer at the address, and the remainder had received no response. The figures for the 43 respondees were now being calculated and it was hoped these could be distributed by late March with the view to make funding available to make payments from the start of the new tax year. Further reminders would be sent to the 69 people who had not yet responded. Lisa Eglesfield said a signed-for letter would be sent; if these were signed for and no response was received then this would be taken as an indication the recipient was not interested and there would be no further communications sent to that person. Attempts would be made to trace the six people no longer at the address held on the database through the Department of Work and Pensions' tracing service. Lisa Eglesfield said there were regular check-in meetings to ensure appropriate progress was being made as there were strict deadlines. Responding to a question from the Chair, Lisa Eglesfield said around 15 of the people yet to respond were serving firefighters. Sally Waldron said WFRS could help by sending out reminders through station managers to encourage more responses. Pay data existed as far back as 2006; anything prior to this was calculated using averages.

Regarding the McCloud age discrimination remedy, Lisa Eglesfield said the Warwickshire Pension Fund had supplied the West Yorkshire Pension Fund with the data needed for pension calculations for the remedy period, but further work needed to be done regarding contributions. The calculations were then being worked out through a calculator tool released through the government's actuarial department, which took into account different contribution rates and adjustments for tax and interest. Members within scope, and retirement cases, had been identified and payroll were working to get all the information needed for the West Yorkshire Pension Fund to calculate the annual benefit statements.

Lisa Eglesfield said the time the report was written, there had been a breach in relation to the non disclosure relating to the six Matthews cases, where the disclosure letter was returned gone away.

She said this did not qualify as a material breach so would not be reported to the Pensions Regulator.

Helen Scargill (West Yorkshire Pension Fund) introduced the December monthly report to members. There had been one case of a death in retirement where there had been a delay in the length of time taken to get the managed certificate from the beneficiary, meaning there had been a KPI that had not met its timeframe. The Chair asked if some of the KPIs could be refined and gave this as an example. He said it was unclear if the delay had been caused by the individual not supplying the information, or if there had been a fault caused by the Pension Fund. Helen Scargill said issues were generally caused by a process being recorded within the system as being pending but was then taken out of pending and not properly recorded.

Helen Scargill said the annual scheme returns were in the process of being completed and returned, and the first remediable service statements for businesses were released on 22 December. A new calculation process had been used to create all of the statements. However, following instructions from the LGA and FBU there had been a pause on handling immediate choice cases. This would not be recommenced until notice was given to proceed, and concerns had been raised that it may not be possible to go on and complete the work within the timeframes. Helen Scargill said the LGA had received a guidance note from the Treasury about this, but it was unclear when work could begin again. It had been anticipated this would take up to 18 months to complete. Helen Scargill added there was an additional GAD interest calculator for tax above commercial rates that was due to be introduced, which was creating further delays as it was unclear what the commercial rates would be and when they would change. It was hoped this could be clarified by the end of February, although the initial start date was meant to be 1 October 2023. Helen Scargill said the West Yorkshire Pension Fund had been tasked with 150 immediate choice cases, although not all of these were Warwickshire cases. Lisa Eglesfield said the number of active and deferred Warwickshire cases was 225, but did not know how many of these related to immediate choice.

Since the last update there had been no data breaches reported. Training courses were available for members and these were outlined in the report. The Chair asked if this could be publicised to members, and for an update in a future report on how this had been done.

The Chair asked if the results of the Pensions Regulator survey could be mentioned at a future meeting once the outcomes were known, and any areas Warwickshire could improve on had been highlighted.

Helen Scargill said anyone receiving benefits through the compensation scheme due to having to retire through injury would have their benefits calculated as though they were a whole time member of the 92 scheme and would not be in scope for Matthews. The LGA had provided further details on how pension rates would be calculated for anyone who started as a firefighter after 6 April 2006 before retiring due to an injury. Many administrators had been calculating the injury pension payment rates using the part time rates. Helen Scargill said the previous calculations were therefore being reviewed and recalculated, as there may be some substantial underpayments made. There had been 88 cases that had been identified. The West Yorkshire Pension Fund were looking at cases affected by the 2015 final salary scheme – although none of these related to Warwickshire – and deferred membership cases.

Members were told the latest valuation would be taking place later in the year. It was likely the request for data would come in September, with an expectation to complete the valuation by late November or early December. Helen Scargill said this would be difficult to achieve, although updates would be provided to the Board when available.

Responding to a point raised by the Chair, Helen Scargill said the Home Office were potentially changing tax and employee contribution bandings and this was being looked at by a working group.

Members noted the contents of the report and thanked Helen Scargill for providing the update.

6. Any Other Business

There were no additional items of business.

7. Future Meeting Dates

Members noted the dates of future meetings.

The meeting rose at 3.03pm

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Chair