

Staff & Pensions Committee

Thursday, 12 March 2020

Minutes – For Local Pension Board

Attendance

Committee Members

Councillor Kam Kaur (Chair)
Councillor Bill Gifford
Councillor Bhagwant Singh Pandher
Councillor Bob Stevens

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Liz Firmstone, Service Manager (Transformation)
Sarah McCluskey, HR Business Partner
Isabelle Moorhouse, Trainee Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Keira Rounsley, Senior Equality and Diversity Advisor
Nichola Vine, Strategy and Commissioning Manager (Legal and Democratic)

1. General

(3) Minutes of previous meeting

The minutes of the meeting held on 9 December 2019 were considered and agreed as a true and accurate record for signing by the Chair.

2. Equality, Diversity and Inclusion Developments

3. Staff Benefits

4. Conflicts of Interest Policy

Chris Norton (Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) presented the report. Governance of the Pension Fund had been investigated for the past year to make sure they are up to date. They are currently ensuring that all the policies that are required for the pension management fund are going through a 'revolving door of review'. The report so far has just been reviewed by the Local Pension Board who made no comments. Chris Norton concluded that Staff and Pensions approve and enforce the policy. It was added that there is the issue of ensuring conflicts of interest are covered for the pension scheme, which would encompass the other pension committees.

Councillor Stevens stated that conflicts of interests are an advisory guide for members and their actions in meetings. Councillor Gifford added that they are more relevant for advisors than for members, but it is important that conflicts of interest are transparent.

Resolved:

That the Staff and Pensions Committee review and approve the attached Conflicts of Interest Policy.

5. Pensions Administration Activity and Performance Update

Liz Firmstone (Service Manager (Transformation)) explained the key elements of the report. She stated that they had already undertaken some 'scene setting' with Staff and Pensions committee to ensure the right things were being reported to the right place. The committee was informed that the report will be the first of regular reports to the committee, showing the key work being undertaken within the Pensions Administration Team.

Liz Firmstone continued that 89% of the annual benefit statements have been issued, the shortfall has been reported to the Pensions Regulator as a breach but there is a process in place to resolve this. The remaining 11% could not be issued primarily due to the Pensions Administration service not holding the current addresses for these members but they are engaging with a tracing agency in line with best industry practice. She stated that an independent consultant was brought in to review the Pension Fund governance arrangements. Following this, a comprehensive action plan has been established following the recommendations from the recent audit reports. The committee was informed that half of these actions have been completed and good progress is being made; time activity and actions with the greatest impact on governance compliance requirement impacts are being prioritised to ensure requirements are met.

Liz Firmstone stated that the performance indicators are now being reported on and they are looking to refine these in line with best practice for the financial year. Performance against some targets is low due to the number of staff vacancies in the team at the start of the year, but these have now been filled and performance is expected to improve. Liz Firmstone continued that the format is likely to change in the next financial year to ensure best performance reporting. In February several key performance indicators were on target. Liz Firmstone concluded that there had been two difficult employer issues with delayed contributions, but this is being resolved.

The Committee agreed that it was a good report. It was clarified that the Local Pension Board actively engaged in this report when it was received by them.

Resolved:

That the Staff and Pensions Committee note and comment on the latest developments in pensions administration and note the progress made since the last meeting.

6. Regulatory Update

Neil Buxton (Technical Specialist Pensions Fund Policy and Governance) summarised the report. He stated the only updates are regarding the McCloud and Firefighter's Pension Scheme (FPS). A complaint was upheld by the Employment Tribunal in December 2019 which ruled that the

changes made to the FPS in 2015 discriminated members because of their age and they should be put back into the old scheme. Neil Buxton concluded that they are waiting for guidance from the Home Office and Local Government Association regarding this.

In response to Councillor Stevens, Neil Buxton stated they are not sure what the resolution will be with regards to the firefighters; they could remain in the old scheme and this could be defined as, when that person retires and how cost effective it is. He added that there have got to be the adjustments to the contributions that the employer and employee made. Neil Buxton continued that the Local Government Pension Scheme cost is interminable, and this has been reflected in the evaluations with contingencies put in place.

Chris Norton added that the complexity of the scheme was observed over the years regarding the care scheme and McCloud. He concluded that McCloud has the potential to be another layer of complication and when things stack up, the scheme gets more difficult.

Resolved:

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

7. Administration Strategy

Chris Norton summarised that the Administration Strategy attempts to provide a deviation of roles and responsibilities between the Warwickshire Pension Fund's role and what employers must do. There are approximately 50,000 members and 200 employers in the fund; all the employers submit data and pay regular contributions to the fund. Extra requirements have been implemented around options for fining and charging interest; the fund will provide information on what is required, the format process, provide support and training and run annual seminars. The Council will be responsible for making sure the data is accurate, but employers are responsible for carrying this work out.

There is an emphasis on financial charges in the strategy as the Council cannot afford to force an employer to pay the required contributions into the fund. Chris Norton continued that meeting the regulatory requirements is the Council's responsibility. The pensions regulator cannot touch employees, but they can hold the Pension Fund to account; therefore, the Council must be ready to state what they would do if contributions were not received from an employer. Chris Norton raised that they do not intend to use these extra fine levers all the time.

He concluded that this report went to the Local Pension Board for comment and after the Staff and Pensions meeting, there will be an external consultation before returning to the committee for sign off and enforcement.

In response to Councillor Gifford, Chris Norton stated that if one person and a big business were both in the scheme, they would not be dealt in the same way. Therefore, the emphases on employer fines was noted, as big businesses would know if they are in the wrong with pensions schemes.

In response to the Chair, Chris Norton clarified it will be enforced following June's Staff and Pensions meeting, if approved.

Resolved:

That the Staff and Pensions Committee approve the Administration Strategy.

8. Pension Fund Admissions - Academies

Neil Buxton informed the committee of the schools' applications to become academy trusts, if the schools are not converted by June then they must resubmit their application. He added that Heartwood CofE MAT is being transferred to the Birmingham Diocese; therefore, any liabilities will be transferred to them at no risk to the Pension Board.

The committee was informed that as it is still a Warwickshire school it will still be administered by the Pension Board.

Resolved:

That the Staff and Pensions Committee delegates authority to the Strategic Director for Resources to approve applications from schools converting to academy status, subject to the applications meeting the criteria:

Kingsway Primary School (Community Academy Trust; 1 April 2020)

Lillington Primary School (Finham Park MAT; 1 April 2020)

Wootton Wawen Primary School (Arden Forest MAT; 1 April 2020)

Henley Primary Academy (Arden Forest MAT; 1 April 2020)

9. Community Academy Trust Administration Centre

Neil Buxton summarised that the Community Academy Trust Administration Centre is currently in Warwickshire but is moving to Staffordshire. Therefore, they should transfer to Staffordshire's Pension Fund, however, they applied to the Secretary of State to remain in Warwickshire's Pension Fund and this was approved.

It was reiterated that Staffordshire agreed to this arrangement too.

Resolved:

That the Staff and Pensions Committee note the Direction issued by the Secretary of State for Housing, Communities and Local Government (HCLG) for the Community Academy Trust's Administration Centre to remain part of the Warwickshire Pension Fund although it has relocated to Staffordshire.

10. Barnardo's Childrens and Family Centres

Neil Buxton stated that the report informs the committee of the closures of the children's centres; these are being replaced by children and family centres. This has been through the Pension Fund and only the administration function remains to be processed.

The Committee was informed that Barnardo's now have their own pension scheme for new employees, but old employees will remain in the Warwickshire Pension Fund.

Resolved:

That the Staff and Pensions Committee notes the cessation of Barnardo's as a Scheme Employer in respect of the Children Centres contracts and approves the admission of Barnardo's as a Scheme Employer (the Applicant Body) in respect of the Family Centre contract.

11.Next Meeting

The next meeting of the Committee will be held at 2pm 8 June 2020 in committee room 1.

The meeting rose at 14:53

.....
Chair