



## **LOCAL PENSION BOARD (LPB)**

**15 FEBRUARY 2023 at 10.30 am**

### **Scheme Employer Representatives (Avon Fire Authority):**

Cllr Steve Smith (SS) & Cllr. Andrew Varney (AV)

### **Scheme Members Representatives:**

Steven McGreavy (SM) & Mark Jacobson (MJ)

### **Avon Fire Service:**

Angela Feeney, AF (Director of Corporate Services)

Robin Glaze, RG (Pensions Advisor)

### **Independent Chair:**

Andy Cunningham (AC)

### **Avon Pension Fund (Bath and Northeast Somerset Council):**

Geoff Cleak, GC (Pensions Manager) & Anna Capp, ACa (Member Services Manager)

The Chair welcomed everyone to the meeting. Attendees introduced themselves for the benefit of members of the public watching.

#### **1. APOLOGIES FOR ABSENCE**

None received.

#### **2. EMERGENCY EVACUATION PROCEDURES**

The Director of Corporate Services (DoCS) confirmed the emergency evacuation procedure for the building.

#### **3. PUBLIC ACCESS**

None received.

#### **4. CHAIR'S BUSINESS**

1. The Chair confirmed that this Board meeting is taking place as a face-to-face meeting. The meeting would be recorded for the public to view on the Fire Authority You Tube channel for reference.

2. The Chair reminded Members that the purpose of the LPB is to support AFA in achieving compliance and to deliver efficient and effective administration. The LPB is not a decision-making body. Decision making is the role of Avon Fire Authority (or their authorised officer delegates) as the Scheme Manager.

3. The Chair advised that any voting required will take place as follows:  
any votes against; any abstentions; show of hands for all Members voting 'for'.

## 5. CONFLICT ON INTEREST DECLARATION

The Chair declared a possible interest in the Procurement agenda item 9 due to his recent appointment as the Chair of the Local Pension Board for London Pension Fund Authority (LPFA) which is the parent company of Local Pensions Partnership Administration (LPPA). The LPPA provides administration services on behalf of multiple fire authorities and hence, may bid.

## 6. MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 20 JULY 2022

The Chair invited comments from LPB members.

The Chair noted two outstanding action points from the minutes which will be addressed under agenda item 8.

The Chair requested that in future, the Action Log is included in the published pack, alongside the minutes. AF outlined that at the meeting in July 2022, the practice agreed was that the Action Log is circulated to the Chair and to those who have actions to complete. AF suggested that moving forward, four weeks before a meeting of the LPB, the Action Log would be reviewed and followed up to ensure actions had been completed. Action logs for committees are not published, but actions are recorded in publicly available minutes.

SS proposed and SM seconded that the Minutes be approved as an accurate record of the meeting.

**RESOLVED – that the Minutes of 20 July 2022 be approved as an accurate record of the meeting.**

## 7. LEGISLATIVE UPDATE

The purpose of this report is to update the LPB on the latest position concerning the Firefighters Pension Scheme and any proposed regulatory matters that could affect scheme administration. The Board was asked to note the report.

From his report, GC highlighted the following:

- It is expected that the timings of the release of the guidance for McCloud Remedy previously published could be delayed, which would therefore have administrative implications. It was noted that the regulations come into effect on 1<sup>st</sup> October 2023. However, it was noted that this was anecdotal and not yet officially confirmed.
- There is further consultation, expected in the summer, but the consultation has not yet been issued.
- The software provider has implemented the architectural changes with the current systems and is now in the testing phase, awaiting the regulations, to ensure that the changes are functional.
- Judicial changes on tax law have now been received which affects how the pension tax rules will apply to pension scheme administrators, effective 6<sup>th</sup> April 2023.

- Pension Dashboard becomes effective October 2024. It was noted that APF will no longer be supporting AFA at that time but will ensure that the data passed to the new provider is of excellent quality, prior to handover. APF is currently awaiting a report from its software provider to gain an in depth understanding of the data for firefighters' members.

GC confirmed that there have been no further announcements to the release of the regulations and guidance. It was noted that numbers impacted by McCloud are known and data collection has been completed and reconciled with information received from the payroll provider, in preparation for the release. The Local Government Association and Scheme Advisory Board are regularly in contact with central Government and have expressed a growing urgency to the release progress.

There is a potential risk that handover to the new Scheme Administrator could impact the administration of Remedy, but AF confirmed that a six-month period has been built into the procurement timetable to minimise risks to AFA of remedy, not only in relation to ID, with the option of extending by a further two months if needed to manage the risk.

## **RESOLVED**

**That the current position regarding the developments that could affect the administration of the Fund be noted.**

### **8. SCHEME ADMINISTRATOR REPORT**

The LPB received a report for noting from the Pensions Manager with the purpose of informing members on the performance of the Fund Administration for the period 01 June 2022 to 31 December 2022.

ACa highlighted the following:

- In October 2022, staff moved into offices in Keynsham and blended working arrangements are in place.
- The Fund met statutory deadlines for both the issuing of Annual Benefit Statements and Pension Savings Statements.
- APF Performance:  
Transfers – Two cases were highlighted in the meeting pack as not being completed within target. One due to the delay in information being received from Blue Light and the other because of internal workloads. However, APF explained in the meeting that, after further investigation, APF hadn't stopped the 'clock' on the estimate completion whilst waiting for information from Blue Light and therefore that case should not have counted as a failure for the purpose of this KPI. ACa confirmed that internal workload still delayed the second estimate, which failed to be completed within target, by five days.

Estimates – Four were not completed in target due to the completion of the year-end process and the migration of all members to the FPS 2015 scheme which was completed on 29 June 2023.

GC confirmed that 98.4% of deferred members addresses were confirmed as being up to date as part of the scrutinising process of common data. B&NES is in the process of implementing an interactive dashboard (Heywood Insights) and

once tested will ease the reporting of common and conditional data. AC requested a high-level breakdown of both the common and conditional/scheme specific data to identify any concerns. GC advised that their SQL Server Reporting Service itemises the type of data and the data will be presented at the next Board meeting.

GC informed Members that a series of internal audits have been commissioned as part of an overall assessment for B&NES. The independent cyber security audit was undertaken in November as part of a rolling audit programme. The opinion is that B&NES has a substantial level of compliance. GC confirmed that scheme members' data is contained within the B&NES server and not held by a third party. The cyber security audit is far reaching (not just pensions) and is ongoing. Once complete, LPB members requested the assurance rating, any actions that may be required and for assurance that B&NES has effective controls in place.

## **RESOLVED**

**That the Fund performance for the seven months to 31 December 2022 be noted.**

### **9. SCRUTINY REVIEW AND TRAINING REPORT**

The Scrutiny and Review report is a standing agenda item for consideration and noting.

AF summarised from her report:

- Key scrutiny areas since the last LPB:
  - No statutory or non-statutory pension discretions have been applied
  - No breaches of law have been identified
  - No IDRPs/complaints have been received
  - APF has confirmed that compliance deadlines have been met.
  - Three scheme members have used the Voluntary Scheme Pays provision in the current financial year

In response to a request from the LPB Chair, assurance was sought from the external pay provider, Bristol City Council (BCC) that correct contributions are paid to the scheme, particularly if there are changes in-year. BCC has provided a written statement for Members. A representative from BCC is available to attend the next meeting of the Board should LPB members have further questions or require additional information. A review of LPB07 (failure to deduct correct contributions from scheme members pay) risk score will be undertaken in due course when LPB members are content with the assurance received.

Risk Register – LPB members noted two high-risk areas; LPB13, the application of Remedy, which contains various difficulties both with compliance and application and LPB15, failure of LPB members to gain and maintain knowledge and understanding to required level. It is anticipated that the risk score for LPB15 will decrease by the next LPB meeting as we are receiving information from new members as they complete the toolkit. Updates on both high-risk areas are contained within the papers.

AF highlighted other specific areas within the Firefighter Pension Scheme Risk Register:

- Matthews Case – a specific update has been provided within the papers
- Cyber security – AF anticipates that the risk score will decrease once assurance confirmation has been received in relation to audits and ‘Controls’ from both B&NES and BCC
- Capacity – multiple key projects arising from national legal cases is a challenge for both AF&RS and B&NES
- Change of pension administrator – the timetable reflects a long handover period to mitigate the risks associated with a transition and at a time of change, to provide assurance to the Board. Preparatory work on the procurement is in progress. Relevant expertise is being sought on the tender process including the exploration of consultancy. The timetable has a six-month provision for handover with a further 2 months if there are additional complexities to transfer. AF is seeking an internal post within AF&RS to project manage the transition and, manage and engage with new ways of working with the new pension administrator and staff members.

It was noted that the Local Government Association (LGA) yesterday commissioned a national survey on the national picture of readiness for ‘Remedy’. All FRS have been requested to complete this survey which will be assessed by the LGA. The LGA will identify gaps where they may need to provide further support and guidance.

- Work Programme – progression has been made but some work strands which are linked to the wider governance review, have been paused. The relevance of the review to the work programme is in part, the consideration of AFA committees and Terms of References and, delegation for decision making, to ensure that Committee Members focus on strategic issues and not on operational.

### **Recommendations**

The Board is asked to:

- a. Note the report and its appendices.
- b. Consider if further information is required to assist their oversight of the five scrutiny areas set out in paragraph 3.4.
- c. Consider whether they recommend any additional actions and controls to ensure compliance in these five areas and/or to minimise the risks in the Risk Register in Appendix A.
- d. As agreed at the previous LPB, advise the LPB Chair of progress with training completion.
- e. Consider and agree the work programme for 2023/2024 in Appendix C and consider if there are further work strands to be added.
- f. Decide whether any LPB members would like to be on the evaluation panel for the new firefighter scheme administrators, subject to a check on any potential conflicts of interest.

Questions were invited from Members.

Payroll contributions - AC would like further assurance from BCC to the methodology used when calculating pension contributions and what checks and

controls are in place. AF suggested that BCC could respond in writing in the interim period and address members at the next LPB meeting. **ACTION**

AF confirmed that she is awaiting information in relation to cyber security audit and outcomes from BCC.

AC noted the updates on Matthew and Age Discrimination Remedy.

SS noted that a risk for not securing a new Pension Administrator for FPS has not been specifically addressed in the Firefighter Pension Scheme Risk Register. AF assured members that as part of the preparatory work, there has been premarket engagement which is positive and therefore believes that the risk is low. SS would like to support the procurement exercise as he has specific skills in this area subject to a check on any potential conflicts of interest. It was noted that he would not respond to the tender in his capacity as Smith Procurement Solutions. AF thanked SS for his support and will make the necessary checks with the Clerk. An update on Procurement will be required at future meetings.

Training – AC encouraged those members who have not completed the online LGA Toolkit to please do so. Should LPB members require other training requirements in addition to the online LGA Toolkit, to let AC know.

SS referred to LPB02 (member data incomplete or inaccurate) in the Firefighter Pension Scheme Risk Register. Pending implementation of new software and checking exercises now in place, it was suggested that the risk score is decreased. AF agreed to review the risk score for the next meeting if LPB members were content that the controls and mitigations in place are acceptable.

## **RESOLVED**

- a. The report and its appendices were noted.
- b. Members considered if further information is required to assist their oversight of the five scrutiny areas set out in paragraph 3.4.
- c. Members considered whether they recommend any additional actions and controls to ensure compliance in these five areas and/or to minimise the risks in the Risk Register in Appendix A.
- d. As agreed at the previous LPB, Members advised the LPB Chair of progress with training completion.
- e. Members considered and agreed the work programme for 2023/2024 in Appendix C and considered if there are further work strands to be added.
- f. Members decided whether any LPB members would like to be on the evaluation panel for the new firefighter scheme administrators (see above), subject to a check on any potential conflicts of interest.

## **10. DRAFT INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)**

The Board is asked to approve the draft AFA IDRP Procedure at Appendix B for Firefighter Pension Scheme members for the consideration of AFA (as the Scheme Manager) at their next ordinary meeting.

Currently AFA applies the processing principles in the Scheme Advisory Board and Local Government Association Factsheet to administer complaints. It is a requirement for all Fire Authorities to have a process in place which determines how an IDRP will be managed.

RG highlighted that the new procedure exceeds legal provisions and aligns to the AFA Constitution. A two-stage process has been considered, which is subject to amendment following a review of the Constitution. A panel of the People and Culture Committee, as decision maker at stage 1 and AFA, as decision maker at Stage 2. FAs with formal processes in place will be well received by the Pension Ombudsman should any case be escalated.

Concern was raised that both stages require committee and member participation and therefore prompt decisions could be delayed, however, it was noted that legislation does require a timely response. It was suggested that the CFO adjudicates at stage one, providing there has been no previous engagement and, if resolution is unsuccessful, the full AFA adjudicates at stage two. AF confirmed that the process must mirror what is currently in the Constitution but, it was noted that the two-stage process will be further reviewed following the outcome of the governance review, and any subsequent amendment to the Constitution.

### **RESOLVED**

Members of the Board recommended the policy but requested that AFA considers revising stage 1 to CFO or delegate, as part of the current work on the Constitution.

**Member voted in favour of the policy.**

## **11. IMMEDIATE DETRIMENT UPDATE (Verbal)**

AF provided a verbal summary to LPB Members:

- At the LPB meeting in July 2022, AF updated Members that Immediate Detriment processing for forthcoming retirees was temporarily paused by AFA so that the potential financial liability of continuing ID processing could be calculated.
- Government information was received on the potential tax issues and liabilities and, the ongoing position of the Home Office that costs incurred by continuing to process ID will be unfunded and must be met by local budgets.
- The decision to pause was communicated to scheme members with the provision for those already in the pipeline to continue to progress.
- AFA received the costings on 5<sup>th</sup> October 2022 for the potential financial liability which were calculated by using the LGA Ready Reckoner.
- Risks and issues were highlighted to AFA and, after considerable debate, a decision to continue to pause was made. This decision would be reviewed again should any further information become available, legislatively or otherwise, which would reduce the potential financial risk.
- AFA agreed a provision for individuals to make representations for consideration by the CFO and AF, on a case-by-case basis. Individuals have a mechanism to complain about decisions made through IDPR should they not be agreed to progress under ID. This was again communicated to scheme members.
- At the meeting on 14<sup>th</sup> December, AFA considered the position with reference to retirees which is linked to the adoption of the LGA/FBU Framework. After considerable debate the decision was to continue to defer the adoption of the

Framework but AFA agreed to mirror the case-by-case basis provision for forthcoming retirees to retirees. Retirees were informed of this decision.

AF confirmed that four representations have been made to CFO and herself, all of which are forthcoming retirees:

- one case was agreed and retired under ID
- one case is under consideration pending further information
- Two complicated cases (impacted by both Remedy and Matthews) have not been agreed. Both have an option to provide more information and recourse to IDRPP

AF agreed to confirm what the four cases meant in percentage terms, compared to those in the relevant ID category.

### **RESOLVED**

That the information received verbally be noted.

#### **12. ANY OTHER BUSINESS**

There was no other business.

#### **13. DATE OF NEXT MEETING**

Confirmed as 18<sup>th</sup> July 2023.

The meeting will be held at Severn Park Training Centre.

The meeting closed at 11.45am

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Chair