



LOCAL PENSION BOARD (LPB)

10 JULY 2023 at 10.30 am

Scheme Employer Representatives (Avon Fire Authority):

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

Scheme Members Representative:

Mark Jacobson (MJ)

Avon Fire & Rescue Service:

Angela Feeney, AF (Director of Corporate Services)

Richard Welch, RW (Assistant Chief Fire Officer)

Steve Imrie, SI (Assistant Chief Fire Officer)

Amanda Brown, AB (Clerk and Monitoring Officer, AFA)

Independent Chair:

Andy Cunningham (AC)

Avon Pension Fund (Bath and Northeast Somerset Council):

Anna Capp, ACa (Member Services Manager)

Nicky Russell, NR (Technical and Compliance Manager)

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

1. APOLOGIES FOR ABSENCE

Apologies received from Steven McGreavy

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

No conflicts of interest were declared.

6. MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 15 FEBRUARY 2023

The Chair invited comments from LPB members.

AV proposed and MJ seconded that the Minutes be approved as an accurate record of the meeting.

RESOLVED – that the Minutes of 15 February 2023 be approved as an accurate record of the meeting.

7. IMPACT OF INDEPENDENT GOVERNANCE REVIEW AND CONSEQUENTIAL CHANGES

It was noted that the report of the Clerk sets out the impact following the recent independent governance review, which in part impacts the Local Pension Board. This report was presented to Avon Fire Authority in April 2023.

The Clerk explained the rationale for the review which was undertaken by Vale Consulting Solutions. Their report contained 12 recommendations all of which have been accepted by AFA, to be implemented in two stages.

The first recommendation was to change the governance structure from three to two sub-committees. The new Policy & Resources Committee (PRC) will now discharge the Authority's responsibilities as Scheme Manager and Scheme Employer for the relevant Firefighters' and Local Government pension schemes. The PRC will also consider the Local Pension Board's Annual Report and any strategic decision making relating to pension matters. As part of the changes, the new Lead Director for the Local Pension Board is ACFO Richard Welch.

The new Audit, Governance and Oversight Committee (AGOC) will now receive reports from the Local Pension Board in relation to assurance matters.

Under the revised Scheme of Delegation, the CFO now determines Stage 1 of the Internal Dispute Resolution Procedure (IDRP) for pension cases. Members were reminded that this change was agreed at the Local Pension Board meeting in February 2023. The PRC will appoint a sub-committee (minimum of 3 Members) to consider cases at Stage 2.

The governance review noted that there is no requirement to hold meetings of the Local Pension Board in public, giving the Authority the opportunity of reducing the administration burden associated with supporting the Local Pension Board. The Local Pension Board is a non-decision making, advisory role of the Board in supporting the Fire Authority to fulfil its obligations regarding administration of

former employees' pensions, there is no material 'public interest' argument in favour of operating the Board with the same levels of transparency as the Fire Authority and its sub-committees. However, there is still a requirement for an appropriate degree of transparency concerning the Board's activities to demonstrate the scheme is being run effectively and efficiently, details of which can be located on The Pension Regulator's website. It was confirmed that these requirements are published on the Avon Fire & Rescue website and accessible to the public.

The Clerk explained the options for future operation of the Board, recommending Option 3 as this option maintains some transparency, by publishing both the minutes of all meetings and Local Pension Board Annual Reports. Where there is an important pension matter which is considered by the PRC, papers for these meetings are published, meetings are recorded and are accessible to the public.

The governance review has provided an opportunity to improve the current Terms of Reference for the Local Pension Board. The tracked changes on pages 49 – 57 of the papers circulated highlight where changes have been necessitated as a result of the PRC now discharging the Authority's responsibilities and, the language has been simplified and clarity has been added regarding appointment processes.

The Local Pension Board is asked to:

- a. Note the report of Vale Consulting Solutions 'Review of Avon Fire Authority's governance arrangements' dated March 2023
- b. Note Avon Fire Authority's new governance arrangements in relation to pension matters which are delegated to the new Policy and Resources Committee
- c. Note the updated Avon Fire & Rescue Service Internal Dispute Resolution Procedure to align with the new governance arrangements.
- d. Consider and adopt the recommendations of that governance review in relation to the work of the Local Pension Board and in future: publish the minutes of Local Pension Board meetings and the Local Pension Board's annual report outlining the work of the Board and hold meetings in private.
- e. Recommend to the Fire Authority via the Policy and Resources Committee the adoption of new Terms of Reference for the Local Pension Board to i) align to the new governance arrangements and ii) add clarity to those Terms of Reference.

Questions were invited.

The Clerk noted that Option 3 was presented for recommendation following discussion with the Chair of the Board. They agreed that Option 3 strikes the right balance to our current position of publishing all Board papers to publishing nothing (Option 2), which is the recommended option following the governance review. AC sought advice from the Local Governance Association who were satisfied with our decision to recommend Option 3.

The benefits of virtual meetings moving forward was raised. The Clerk acknowledged the advantages but would need to check the legal status for holding virtual meetings. AC believed that this was a possibility but would need consideration.

There were no comments to the draft Terms of Reference.

All Members agreed and it was resolved that:

- a. The Governance Report was noted.
- b. The new governance arrangements were noted.
- c. The updated IDRPs were noted.
- d. The Board considered and adopted the recommendations of that governance review in relation to the work of the Local Pension Board and in future, publish the minutes of the Local Pension Board meetings and the Local Pension Board's Annual Report outlining the work of the Board and hold meetings in private.
- e. The Board recommended to the Fire Authority via the Policy and Resources Committee the adoption of new Terms of Reference for the Local Pension Board to i) align to the new governance arrangements and ii) add clarity to those Terms of Reference.

8. REGULATORY AND LEGISLATIVE UPDATE

Pages 59 -66 are for noting.

NR highlighted the following which will impact the administration service and members:

- Changes to the SCAPE discount rate with effect from 30 March 2023 has impacted the Government Actuary Department factors that are used in the calculation of members benefits. Following the release and publication of the new factors on 25 May, the administration team is waiting for the release of the new CETV factors by the software provider which is currently in progress.
- Changes in pension taxation with effect from 06 April 2023 include the removal of the lifetime allowance and, increasing the annual allowance from £40K to £60K.
- Delay in the Pension Dashboard connection to a latest date of 31 October 2026. It is still unknown when public sector schemes will have to connect.

NR confirmed that the SCAPE rate changes has impacted members, and this has meant delays in the processing of CETV calculations. Further factors have been released for early retirements, effective from 03 July 2023, but again, they are yet to be implemented on the system. When asked how many members are affected by the new factors and implementation, NR advised she would confirm outside of the meeting.

NR also confirmed that there is no impact/risk of these calculations not being actioned before the handover to new Scheme operator.

Post meeting note: NR has confirmed that there are four members awaiting divorce quotes and two members awaiting transfer quotes due to the new factors awaiting implementation.

RESOLVED

The Board noted the Regulatory and Legislative Update.

9. SCHEME ADMINISTRATOR REPORT INCLUDING KPIS

ACa highlighted the following from her report:

- End of year contribution posting has been completed and Annual Benefit Statements are in progress, to be issued by the statutory deadline of 31 August 2023.
- 404 Deferred member statements are being issued this week ahead of the statutory deadline of 31 August 2023.
- A slight decline in the processing of three retirement cases within target due to a number of complexities which include, manual calculation, tax charge and changes within the management team.

The team remains under resourced bearing a number of vacancies; recruitment is in progress. The Pension Payroll Team Leader retired in March and existing Team Leaders received extensive training to ensure continuity of the Pension Payroll function. The successful appointment of the Pension Payroll Team Leader using the services of an external agency, is now in post. The Pension Operations Manager is also new in post following the retirement of the Pensions Manager.

Questions were invited:

In response, ACa confirmed that one retirement case failed by three weeks; the second case delayed was awaiting a member's decision in relation to tax. ACa to confirm delay in the third case. It was requested that future reports include context and explanations of any failures meeting target.

AC requested that conditional and common data is reported in future Scheme Administrator reports. ACa explained that due to lack of resource there has been no further development in the implementation of an interactive dashboard (Heywood Insights) but confirmed there were five cases awaiting missing addresses from AFA. It was agreed that ACa will submit additional information in October 2023.

RESOLVED

Members noted the Scheme Administrator Report including KPIS.

10. SCRUTINY REVIEW AND TRAINING REPORT INCLUDING RISK REGISTER AND WORK PROGRAMME

The Scrutiny and Review report is a standing agenda item for consideration and noting. AF presented the paper on behalf of the Pension Advisor for AF&RS who is currently on leave. This is a routine report to ensure good governance.

AF summarised from her report:

- Since the last LPB meeting there have been no breaches of law and compliance deadlines have been met or on track.
- One case has been received and considered in respect of the application of immediate detriment (ID) via the Internal Disputes Resolution Procedure (IDPR). The decision was not to apply ID at Stage 1. Stage 2 was not activated by the individual.
- Appendix A – Risk Register: The amendments include:

- LPB 02 on page 87 has been reduced from 17 to 15 (probable and moderate) and this is reflective of information received in relation to assurances.
- LPB03 on page 88: the content has been amended to reflect that the auto enrolment has been achieved.
- LPB09 and LPB15: LPB09 has reduced from 17 to 15 (probable and moderate) and LPB15 from 21 to 20. The reason for the slight reduction is that whilst we have received more information from Members in relation to training and completion of the tPR toolkit, we do not as yet have a full picture. There is also a change in Lead Director for the Local Pensions Board who will undertake the required training.
- Appendix B - Work Programme: some actions have been completed whilst other actions are dependent on the wider governance review and alignment with revisions to the Corporate Risk Management Strategy.
- Project Updates pages 75 – 78: McCloud – The Government is progressing with the legislation and following approval, guidance will be issued. Software development continues to progress nationally. There are working groups, (tactical and strategic) within the Service preparing for remedy, once the legislation, guidance and software is in place. It was noted that the Service updates impacted staff when information is available.
- The Service continues to pause the processing of ID except in exceptional circumstances. Four cases under the provision of the IDRPs have been received and considered.
- The LGA has recently provided a remedy self- assessment tool. Following completion, it was noted that the Service is 83% ready for implementation of Remedy.
- Matthews: There are working groups, (tactical and strategic) within the Service preparing for remedy to ensure that On Call firefighters are treated on a comparative basis to wholetime counterparts. Government is progressing with the legislation. Data collection and validation is a focus for the Service.
- The timetable to procure a new Pension Administrator is on track. AF announced that the contract has been awarded to West Yorkshire Pension Fund. There is a significant handover period to ensure a smooth transition. AC confirmed that he had no concerns with the transition arrangements.
- AC welcomed comments on the formatting of the Risk Register.

Questions were invited.

- AF confirmed there is provision within the IDRPs for the CFO to escalate to PRC.
- Training is collated centrally. Members will be informed if further training is required to discharge their duties effectively and represent the best interests of the scheme employer and scheme members.
- AC confirmed that he had now received assurance from Bristol City Council that correct contributions have been paid.
- AC suggested using a tracing service to validate addresses for the Matthews second options exercise. It was noted that B&NES uses a tracing agency as part of the tPR process which could prove helpful for AF&RS.

RESOLVED that the Board:

- a. Noted the report and its appendices

- b. Considered if further information is required to assist their oversight of the six key scrutiny areas set out in paragraph 3.4
- c. Considered whether additional actions and controls are required to ensure compliance in the six areas and/or to minimise the risks in the risk register in Appendix A
- d. Advise the Chair of progress with training completion
- e. Considered and agreed the work programme for 2023/2024 in Appendix B and considered if further work strands to be added

11. DRAFT ANNUAL REPORT

AC confirmed that the format mirrors that of previous editions and provides transparency to ensure effective governance. There have been two key areas of focus over the last year. McCloud remedy and implementation and, procurement of a replacement administrator of the schemes.

The report also includes information on the work of the LPB during 2022/ 2023.

AC confirmed that all Members should receive regular LGA Bulletins. LGA will be requested to add Members to the circulation list. The link to past editions will also be circulated to Members.

RESOLVED that

- a. The Board considered the report.
- b. The Board approved its presentation to PRC subject to the forward work plan for 2023/24.

12. ANY OTHER BUSINESS

AC thanked AF for her support of the Local Pension Board as she steps down as Lead Director.

13. DATE OF NEXT MEETING

25 January 2024 (Severn Park Fire and Rescue Training Centre)

There being no further business, the meeting was closed at 11.40am