

**PLEASE NOTE:
THIS MEETING WILL BE PRECEDED BY A
TRAINING SESSION STARTING AT 1.00 PM
(for MEMBERS)**

Agenda



AGENDA for a meeting of the HERTFORDSHIRE FIRE PENSION BOARD to be held in COMMITTEE ROOM B, County Hall, Hertford on WEDNESDAY, 5 JULY 2017 AT 2.00 PM

MEMBERS OF THE BOARD (4) - QUORUM (4)

Employer Representatives – T W Hone, S Hedger

Member Representatives – D Scotchford, S Joiner

STANDING SUBSTITUTE MEMBERS

Employer Representative– J Smith

Member Representative – D Cooper

Meetings of the Board are open to the public (this includes the press) and attendance is welcomed. However, there may be occasions when the public are excluded from the meeting for particular items of business. Any such items would be taken at the end of the public part of the meeting and listed under “Part Two (‘closed’) agenda”.

Committee Room B is fitted with an audio system to assist those with hearing impairment. Anyone who wishes to use this should contact main (front) reception.

Members are reminded that all equalities implications and equalities impact assessments undertaken in relation to any matter on this agenda must be rigorously considered prior to any decision being reached on that matter.

Members are reminded that:

- (1) if they consider that they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting they must declare that interest and must not participate in or vote on that matter unless a dispensation has been granted by the Standards Committee;
- (2) if they consider that they have a Declarable Interest (as defined in paragraph 5.3 of the Code of Conduct for Members) in any matter to be considered at the meeting they must declare the existence and nature of that interest but they can speak and vote on the matter

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AGENDA

1. MINUTES

To confirm the minutes of the meeting of the Board held on 28 February 2017 as a correct record.

2. LOCAL PENSIONS PARTNERSHIP FIREFIGHTERS PENSIONS ADMINISTRATION REPORT

Report of LPP

3. ANNUAL UPDATE REPORT ON FIREFIGHTER PENSION SCHEMES EMPLOYER DISCRETIONS USAGE

Report of the Director of Resources

4. DATES OF FUTURE MEETINGS

The Board is invited to note the dates of future meetings, as follows:

27 September 2017

15 December 2017

23 March 2018

19 July 2018

EXCLUSION OF PRESS AND PUBLIC

There are no items of Part II business on this agenda. If Part II business is notified the Chairman will move:-

“That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph.....of Part 1 of Schedule 12A to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

If you require further information about this agenda please contact Theresa Baker, Democratic Services, on telephone no (01992) 556545 or e-mail theresa.baker@hertfordshire.gov.uk

Agenda documents are also available on the internet at:
www.hertfordshire.gov.uk

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

Minutes



To: All Members of the Fire Pension Board, Chief Executive, Chief Officers, All officers named for 'actions' From: Legal, Democratic & Statutory Services
Ask for: Theresa Baker
Ext: 26545

HERTFORDSHIRE FIRE PENSION BOARD 28 FEBRUARY 2017

ATTENDANCE

MEMBERS OF THE BOARD

Employer Representatives: R Thake, S Hedger
Member Representatives: D Scotchford, S Joiner,

STANDING SUBSTITUTE MEMBERS

Employer Representatives: J Smith
Member Representatives: D Cooper

Note: For this meeting only the usual order of business was varied such that the chairman's announcements followed Items 1, 2 & 3: Introduction and election of the chairman and vice chairman for 2017 – 2018.

Upon consideration of the agenda for the Hertfordshire Fire Pension Board meeting on 28 February 2017 as circulated, copy annexed, conclusions were reached and are recorded below:

PART I ('OPEN') BUSINESS

1. INTRODUCTION

- 1.1 The Assistant Director Finance called the meeting to order and introduced the Democratic Services Officer.

2. APPOINTMENT OF CHAIRMAN

- 2.1 The Democratic Services Officer invited Board members to propose a nomination for the position of Chairman. R Thake was nominated by S Joiner and seconded by D Scotchford. There were no other nominations. R Thake was duly appointed as Chairman for the Hertfordshire Fire Pension Board.

ACTION

3 APPOINTMENT OF VICE CHAIRMAN

- 3.1 The Chairman invited Board members to propose a nomination for the position of Vice Chairman. D Scotchford was nominated by S Joiner and seconded by R Thake. There were no other nominations. D Scotchford was duly appointed as Vice Chairman for the Hertfordshire Fire Pension Board.

CHAIRMAN'S ANNOUNCEMENTS

- (i) The chairman welcomed the new members to the Board,
- (ii) The chairman highlighted the need for any outstanding Declaration of Interest forms to be completed and submitted and gave examples of issues that should be considered.

Note: No conflicts of interest were declared by any member of the Board in relation to the matters on which conclusions were reached at this meeting.

4. TRAINING SESSION

- 4.1 In view of the fact that the majority of the members of the Board were new, The Assistant Director Finance led a training session on the nature of the pension scheme, its governance structure, the Board's roles and responsibilities and its terms of reference which can be viewed at:
[Hertfordshire Fire Pension Board-28 February 2017-Training slides](#)
- 4.2 The Board heard that the Fire Pension Scheme had 3 iterations, was an unfunded, occupational scheme with benefits defined in law.
- 4.3 Members noted the relationship between the Board and the responsible authority (the Home Office), the scheme manager (Hertfordshire County Council with authority delegated to the Pensions Committee) and the scheme administrator (currently the London Pensions Fund Authority).
- 4.4 The Board were referred to slide 8 for the detail of the role of the Fire Pension Board. It was highlighted that the role of the Fire Pension Board was assistive rather than decision making. Its purpose was to review the actions and decisions of the Pensions Committee and ensure compliance with policies, rules and related processes via oversight gained by knowledge of problems at ground level.
- 4.5 A copy of the Fire Pension Board's Terms of Reference was tabled and can be viewed at:
[Hertfordshire Fire Pension Board - 28 February 2017 - Hertfordshire County Council Constitution, Annex 24.](#)

**CHAIRMAN'S
INITIALS**

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	Attention was drawn to sections 3 and 3.2. Members noted that there would be an opportunity to review the constitution of the Board.	J Adam
4.6	The Board heard that members were required to acquire and develop their knowledge of pensions in order to carry out their role and the training session in progress counted towards this. To ensure that competency was achieved officers would maintain a register of member attendance; where possible training sessions would be run as part of meetings.	J Adam
4.7	As decided at the last meeting of the Board, members were requested to undertake online training via the Pensions Regulator Toolkit which could be completed in manageable sections. Any queries arising from this training should be addressed to the Chairman who would direct them to the appropriate officer.	R Thake J Adam
4.8	The Board noted that, at the request of the last meeting of the Board, the number of meetings had risen from the minimum of 2 to 4 per annum, and that this would be reviewed in the future.	J Adam
4.9	To ensure that meetings were quorate and could proceed it was agreed that officers would send out meeting dates, including potential ones, for the whole year ahead and Board members were requested to give notice in advance if they could not attend.	T A Baker
4.10	Officers were requested to update Board members' details on the LPFA and County Council websites.	T A Baker (T Mutter)
4.11	Officers were requested to email the Board a copy of the training slides and corrected links to the Calendar of Meetings and Information about the Board.	T A Baker
4.12	The Board heard that N Lewin (LPFA) would lead the next training session at the meeting on 14 June 2017 and would cover the detail of the three Schemes and discretion policies. It was noted that future training could also evolve from gaps in knowledge identified from members' questions.	
5	MINUTES	
5.1	The Minutes of the Hertfordshire Fire Pension Board meeting held on 20 July 2016 were confirmed as a correct record and signed by the Chairman.	
6.	FIREFIGHTER'S PENSION FUND STATEMENT OF ACCOUNTS 2015/16	
	[[Officer Contact: Jolyon Adam, Finance Manager, Specialist Accounting (Telephone: 01992 555078)]	

- 6.1 Members received a report and associated audited Firefighter's Pension Fund Statement of Accounts for 2015/2016.
- 6.2 Members were referred to Appendix A to the report for the audited Statement of Accounts. The findings of the audit were published within the Audit Results Report (ARR) of the main Hertfordshire County Council audit (Appendix B to the report) and had been signed off by Audit Committee on 23 September 2016.
- 6.3 The Board noted that there were no investment assets to meet pension liabilities in such unfunded, defined benefits schemes. Consequently employee and employer contributions met the full cost of pension liabilities accrued for current employees, whilst central Government grant met any gap in the cost of retirement pensions in payment, equating to £8,360k in 2015/16.
- 6.4 Members noted that the AAR had issued an unqualified opinion on the Hertfordshire County Council and Firefighter's Pension Fund financial statements, with no recommendations made.

Conclusion:

- 6.6 The Fire Pension Board noted the accounts of the Firefighter's Pension Scheme 2015/16.

7. THE PENSIONS REGULATOR BENCHMARKING

[Officer Contact: Jolyon Adam, Finance Manager, Specialist Accounting (Telephone: 01992 555078)]

- 7.1 The Board considered a report on a benchmarking exercise carried out by The Pensions Regulator (TPR) in their survey of governance and administration of public service pension schemes, with a view to:
 - i. recommending the actions to further improve governance and administration of the Firefighter's pension fund,
 - ii. reviewing and approving the Policy for Reporting Breaches of the Law to the Pensions Regulator set out in Appendix B.
- 7.2 Members noted the low response to the September 2015 benchmarking questionnaire to baseline governance and administration standards for public service pension schemes, which focused on internal controls, record keeping and provision of accurate and high quality communications to scheme members, but not financial benchmarking. The results of a similar exercise in December 2016, to gauge progress in improving performance of the schemes, were not yet published.

- 7.3 The Board heard that although the Firefighter’s Pension Fund had scored well (c.f. Appendix A to the report for the details), a number of areas for development had been identified and a Development and Improvement Action Plan (section 5 to the report) undertaken, progress on which would be provided via Quarterly Performance Reports.
- 7.4 Members heard that, as part of the Action Plan, a draft policy had already been drawn up on Reporting Breaches of the Law to The Pensions Regulator (Appendix B to the report) and if approved would be published and effective from March 2017. It was highlighted that this policy enabled any stakeholder to report such breaches, also that the traffic light framework should be used to decide whether a breach warranted reporting and that all breaches should be recorded even if not reported.
- 7.5 During discussion on raising engagement with The Pensions Regulator benchmarking surveys, members requested that J Smith highlight the issue of low participation with the Chief Fire Officer for communication to other Fire Authority chairmen in their capacity as scheme managers for their locally administered fire scheme.
- 7.6 Members were advised that a rolling forward plan of the work of the Board would be prepared for its meeting on 14 June 2017.

J Smith

J Adam

Conclusion:

- 7.7 1. The Fire Pension Board noted the content of the report and considered the actions to further improve governance and management of the Firefighters’ Pension Fund.
2. The Fire Pension Board reviewed and approved the Policy for Reporting Breaches of the Law to The Pension Regulator as set out in Appendix B to the report.

**8. LONDON PENSIONS FUND AUTHORITY
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT**

[Contact: Mike Allen – Director of Pensions (LPFA)]

- 8.1 The Board considered a report from the London Pensions Fund Authority (LPFA) to update it on the delivery of the pensions fund administration services with respect to:
- statistics and key performance indicators;
 - an update on regulatory changes, including the latest information on potential scheme changes.
- 8.2 Members heard that membership of the scheme between Q4 2015/16 and Q3 2016/17 had remained approximately level and

that performance against Service Level Agreement was 97% over the period April 2016 to December 2016. There had been no LPFA or Fire Authority complaints and 1 ongoing Internal Dispute Resolution Procedure (IDRP), an update on which would be provided at the next meeting of the board.

- 8.2 It was noted that any unresolved complaints were further reviewed by the Assistant Director Finance, and if the complainant was still not satisfied the issue was escalated to the Chief Legal Officer and if necessary on to the ombudsman.
- 8.3 In respect of the contribution holiday for members of the 1992 Firefighters Pension scheme, of the 63 people who had been identified in the Hertfordshire scheme for a refund of 2 years of contributions 62 had replied.
- 8.4 The Board noted ongoing discussions between the Fire Brigade Union and its legal advisors, on the ability of Fire Pension Schemes to bear the financial strain of the Tribunal decision to reject the age discrimination claims relating to 'protection' arrangements for firefighters in the 1992 scheme.
- 8.5 The new August deadline for issuing the Annual Benefits Statements was noted.
- 8.6 The need for education of Scheme members to understand their pension benefits was highlighted, including the effect of promotions and potential significant additional income on their tax status. Clair Alcock's recommendation that the Annual Allowance figure be included within the 2017 Annual Benefit Statements was noted, and also that the Board would have early sight of the statement to ensure it was understandable.
- 8.7 The Board noted the Supreme Court decision to allow extension of pension benefits to unmarried partners via nomination, and that this was communicated to members of the 2016 Firefighters Pension Scheme (FFPS) via fire brigade payslips (it was noted that the authority would still pay without a nomination). Nominations were not an option of the 1992 FFPS, and in view of the difficulties associated with establishing the length of cohabitation of a deceased fireman where the burden of proof would lie with the claimant, there were no possible claims from this scheme.

Conclusion:

- 8.8 The Fire Pension Board commented as above on information and content that should be included in future reports on Firefighters Pension Scheme administration.

DATES OF FUTURE MEETINGS

14 June 2017

9. OTHER PART I BUSINESS

There was no other PART I business.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

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HERTFORDSHIRE COUNTY COUNCIL

HERTFORDSHIRE FIRE PENSION BOARD

5 JULY 2017 AT 2:00PM

Agenda Item No:

2

**LOCAL PENSIONS PARTNERSHIP
FIREFIGHTERS PENSIONS ADMINISTRATION REPORT**

Author: Taryn Mutter – Head of Client Delivery (LPP)

Purpose of the report

This report is provided by the Local Pensions Partnership (LPP) to give a quarterly update on the delivery of the pensions fund administration services in the following sections:

Section 1: Statistics and key performance indicators

Section 2: An update on regulatory changes, including the latest news on the
Potential scheme changes

Recommendations

Comments are welcome as to additional information or content that should be included in future reports.

SECTION 1 STATISTICS AND KEY PERFORMANCE INDICATORS

1.1 Pensions Fund Statistics

Scheme Membership:

Membership of the Firefighter Pension Arrangements over the past year are summarised below:

	Q1 2016/7	Q2 2016/7	Q3 2016/7	Q4 2016/7
Active Members	614	617	605	602
Deferred Members	209	220	229	243
Pensioners/Dependants	639	639	643	643

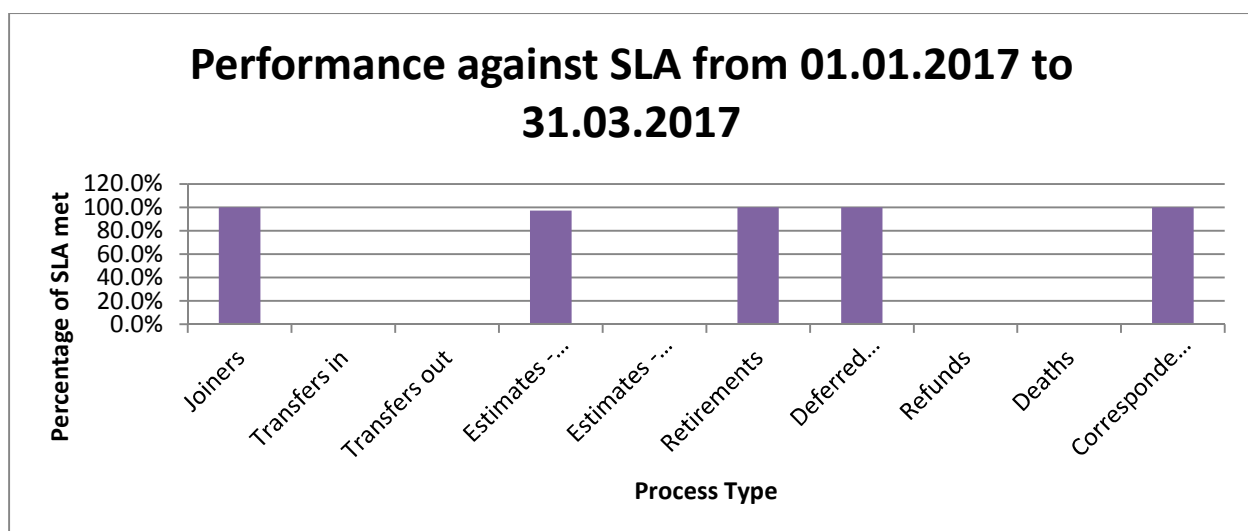
1.2 Performance Indicators

Performance of the Pension Fund is measured in the following key areas:

- The LPP Pensions Administration Services is measured against key performance indicators that measure compliance, efficiency and effectiveness of the service. See Section 1.3.

1.3 Performance for the LPP Pensions Administration Service

Service Level Agreement (SLA) and Volumes: The following graphs provide a quarterly review of key areas and performance achieved with performance overall during the period at over 98.4%.



1 member estimate was not completed within SLA but was completed within the agreed rectification period of 24 hours.

Key Processes Completed	01.04.2016 to 30.06.2016	01.07.2016 to 30.09.2016	01.10.2016 to 31.12.2016	01.01.2017 to 31.03.2017
Admissions	3	4	0	2
Transfers in	2	2	0	0
Transfers out	2	1	1	0
Estimates - member	26	9	21	37
Estimates - employer	1	0	0	0
Retirements	1	1	1	1
Deferred benefits	4	3	2	5
Refunds	2	3	0	0
Deaths	4	1	0	0
Correspondence	46	49	29	16
Total Key Processes Completed	91	73	54	61

LPP Service Complaints

- None

Fire Authority Complaints

- Contribution Holiday for members of the 1992 Firefighters Pension Scheme – during the final payment stage of this exercise, 55 payments were made to incorrect bank accounts. This was due to the bank account data being extracted from ALTAIR (the pension’s administration and payroll system) and automatically input into the SAP payment forms. ALTAIR holds 10 digit account numbers by adding to zeroes to the beginning of the account number and SAP uses 8 digit account numbers. This meant that the last two digits of each bank account number were removed. All payments were either rejected or the receiving bank redirected to the correct account. All late payments were recalculated to include interest which LPP have agreed to cover along with any tracing fees payable to Barclays. LPP have also removed the cost of this exercise by way of an apology for any inconvenience caused.

Internal Dispute Resolution Procedure (IDRP’s)

- One IDRP has been received regarding admittance to the Retained Modified Fire Fighters Pension Scheme. The correspondence provided to the member allowed three months to response and the member replied within timescales. Unfortunately the member was a retained firefighter and was picked up later than the original group, and consequently the letter sent did not reflect the statutory deadline for response. Discussions with Hertfordshire County Council continue regarding this matter.

SECTION 2 FIREFIGHTERS PENSION SCHEME REGULATIONS AND SCHEME CHANGES

Legal challenge over pension protection arrangements.

Following the legal challenge to the protection arrangements for firefighters in the 1992 scheme which was judged to be justified by the Central London Employment Tribunal, The Fire Brigade Union has announced that they intend to appeal the ruling; no dates or details of the appeal have been announced.

Amendment Regulations

The Fire Amendment Regulations were expected before Christmas. It is also expected that, following the recent court case in Northern Ireland relating to the use of nomination forms, the 2006 scheme will also require retrospective amendment regulations. Neither of these amendment regulations has been released and LPP have been advised informally by officers from the Department of Communities and Local Government that, due to elections and Brexit talks, pensions legislation will be limited to essential legislation only.

Annual and Lifetime Allowance

The LPP will be contacting all scheme members who are close to either the Annual Allowance or Lifetime Allowance triggers in the Autumn following the issuing of the 2017 Annual Benefit statements. The LPP appreciate that any information which mentions HMRC is likely to be of serious concern, so in those letters LPP will advertise a drop in day where the LPP will explain the figures and their implications, this would also cover the introduction of the Tapered Annual Allowance which would only affect members if they have other significant taxable earnings. The timetable below shows the plans and how it ties in with the HMRC requirements.

Date	Event
31 August	Annual Benefit statements issued
6 October	Individual letters to members affected by Annual Allowance issued
17 October	Drop in day
31 January 2018	Self-assessment (including notification of any Annual Allowance excess)
31 July 2018	Member must notify LPP if they intend to use scheme pays

SECTION 3 – ADDITIONAL PROJECTS

Guaranteed Minimum Pension (GMP) Reconciliation

Contracting out status for all UK defined benefit schemes ended in April 2016. From January 2019, HMRC will no longer provide relevant information to Schemes and statements will be issued to individuals based on the final position recorded at the end of 2018. Before this happens all schemes will need to reconcile their GMP data against that held by HMRC, to ensure that correct liabilities are recorded and to avoid pensions being over/under paid or being faced with the burden of paying a GMP for members who are no longer in their Scheme. Work is underway between Hertfordshire County Council and LPP to ensure all relevant data is up to date and reconciled within the appropriate timescales.

HMRC have responded to all 391 queries raised via the Shared Workspace portal and a review of the responses has been completed.

Of the 391 responses:

- HMRC agree with the information LPP sent for 32 of the cases. These are mainly “Not in Scheme” queries, where LPP informed HMRC of the members that do not hold a liability with Herts Fire Authority and HMRC have accepted the information LPP provided and amended their records.
- Another 32 of the responses were HMRC providing details of the dependant pensions that they believe Herts Fire Authority are responsible for. The work required to reconcile and carry out any further actions appropriate to these members will be carried out in the next phase of the GMP reconciliation process.
- LPP still have a dispute with HMRC in respect of 2 “Not in Scheme” queries and 29 “Orphan Record” queries. Resolving these issues will also fall into the next phase of the GMP reconciliation process. LPP can confirm that 11 of the 29 “Orphan Record” queries have been identified as being members of the Hertfordshire County Council Local Government Pension Scheme and not members of the Fire Scheme.
- The remaining 296 records are all “Was in Scheme” queries that have had to be re-submitted to HMRC due to an error on LPP’s part which resulted in the NI Numbers for members not being included in the query list.

LPP have also now received HMRC’s “Closure Scan” information which gives the details required to reconcile Herts Fire Authority’s active scheme membership. This data was originally supposed to have been made available by HMRC in December 2016, but a series of issues at HMRC led to the information not being added to the Shared Workspace for LPP to download until 31 March 2017.

The reconciliation of the active membership and the resulting action that is required will form the greater part of the next stage of the reconciliation project. This delay in the completion of the Closure Scan has meant that LPP have been unable to complete a cost model and a plan for the next phase of the project.

**ANNUAL UPDATE REPORT ON FIREFIGHTER PENSION SCHEMES
EMPLOYER DISCRETIONS USAGE**

Report of the Director of Resources

Author: Rachel Wilson, Senior HR Officer, Strategy, Policy & Reward
(Tel: 01992 588142)

1. Purpose of report

- 1.1 To provide an annual update on the use of the Firefighters Pension Scheme (FPS) employer discretions policies.

2. Summary

- 2.1 The County Council continues to operate the FPS employer discretion policies approved by Full Council. There is one discretion that has been used this year under the FPS discretions policy; election to purchase additional pension benefits in the 1992 scheme.

3. Recommendations

- 3.1 That the Hertfordshire Fire Pension Board notes the content of the report.

4. FPS Discretions

- 4.1 As part of the 2015 changes, new pension discretions were developed. These were approved by Full Council on 23 February 2016.
- 4.2 The FPS Policy on Exercise of Employer Discretions can be found on the HFRS FPS website and the Intranet. The power to exercise and to take any decision in relation to the each of the discretions is delegated by Hertfordshire County Council to its Director of Resources who may sub-delegate the power to another Officer. A summary of the discretions exercised from 1 April 2016 to 31 March 2017 is as follows;
- 4.3 **1992 Scheme Discretion 17- Election to Purchase Increased Benefits**
Firefighters are able to purchase increased benefits in the 1992 scheme and the Council will usually require the firefighter to undergo a medical at their own expense to check they are in good health before agreeing the request. The Council received 2 requests to purchase increased benefits; both cases were agreed without requesting a medical as the firefighters had a recent service medical assessment on file confirming their good health. These were agreed with the Deputy Assistant Chief Officer.

5. Financial Implications

- 5.1 A number of the discretions above will have an impact on the pension fund. Each decision is made on a case by case basis including an assessment of cost.

6. Equalities Implications

- 6.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 6.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 6.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.
- 6.4 No EqIA was undertaken for this report because the report does not impact on equalities or affect any of the protected characteristics which would require an EqIA to be completed. There are no equality implications of the changes to the pension schemes. Each decision is made on a case by case basis as part of the individual assessment for the use of the discretion.