

CUMBRIA FIRE LOCAL PENSION BOARD

Minutes of a Meeting of the Cumbria Fire Local Pension Board held on Tuesday, 3 May 2022 at 2.00 pm at Furness Peninsula Blue Light Hub, Beehive Business Park, Thomas Way, Ulverston, LA12 7TU

PRESENT:

Mr D Harrison (Chair)

Mr M Nicholson

Mrs J Willis (Vice-Chair)

Also in Attendance:-

Mr A Farrar	- Democratic Services Officer
Ms L Taylor	- Finance Manager - Pensions Investments and Governance
Ms S Sedgwick	- Senior Advisor Pensions
Mr B Steadman	- Deputy Chief Fire Officer
Ms R Blundell	- Operations Director - Local Pension Partnership Administration (LPPA)

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PUBLIC AND PRESS

1 APOLOGIES FOR ABSENCE

Apologies were received from Mr Lamb.

2 MEMBERSHIP AND TERMS OF REFERENCE

The Terms of Reference were noted.

3 DISCLOSURES OF INTEREST

Mr D Harrison declared a non-pecuniary interest. Sellafield and Cumbria County Council have a contract for which Mr Harrison is the Contract Manager.

4 EXCLUSION OF PRESS AND PUBLIC

RESOLVED, that the press and public be excluded from the meeting during consideration of Agenda Item No 10 – Update on Sargeant Remedy and Immediate Detriment, and Agenda Item No 11 – Verbal Update on Emerging Issues by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as the reports contain information relating to the financial or

business affairs of any particular person (including the Authority holding that information).

5 MINUTES

RESOLVED, that the minutes of the previous meeting held on 1 February 2022 be agreed as a true and accurate record.

6 SCHEDULE OF FUTURE MEETINGS

Members noted that the next scheduled meeting of the Cumbria Fire Local Pension Board would take place as follows:-

- 26 July 2022 at 2pm
- 20 October 2022 at 2pm
- 1 February 2023 at 2pm

The Democratic Services Officer will circulate meeting venues.

7 MONITORING REPORT FOR THE PERIOD ENDING 31 DECEMBER 2021

Members considered a report from the Chief Fire Officer which advised them of any material risk management, policy or governance issues and national regulatory changes to 31 March 2022 and any performance monitoring issues of the Scheme to 31 December 2021.

The Senior Advisor – Pensions took members through the report, highlighting the following:

- **Risk** - The current risk register had 14 risks comprising 3 red risks (information security arrangements, Sargeant Judgement and Fire Governance Transition), 2 amber risks and 9 green risks. One risk had been added (Fire Governance Transition) and one risk removed (Covid 19's impact on Pensions Administration) from the register. The Fire Governance Transition score was, a likelihood score of 4 "likely" and the impact of occurrence score, was 4 "Major". The overall target score was 16.
- **LPPA Performance** - In the quarter to 31 December 2021, performance against the KPIs had been 96.5%, against the SLA target of 95%.
- **Legal breaches**– members noted there were no legal breaches reported to the Pensions Regulator for the quarter to 31 December 2021.
- **Scheme Discretions** – members noted that no scheme discretions had been exercised during the quarter.

- **Pensions Ombudsman** – there had been no cases referred to the Pensions Ombudsman during the period.
- **IDRP** – The Board were updated that two Stage Two Appeals which had concluded during the previous quarter, have now accepted amounts offered in respect of below standard service and these cases are now settled.
- **Data Quality** – The Scheme had benefited from the work undertaken before the pandemic, and data held by the Scheme continued to be of a good quality. Using the scoring mechanism as set out by the Pensions Regulator, the Scheme reported that 98.5% of its common data was present and accurate.
- **Remedy to Sargeant Age Discrimination Case** – There was a separate paper at Item 10 which provided an update on the Sargeant Remedy and Immediate Detriment.
- **Matthews Second Options exercise** – On the 9 March following an extended period of negotiation a MOU was agreed by Home Office, Local Government Association (LGA), Fire Brigade Union (FBU) and Fire and Rescue Services Association (FRSA). The remedy for retained Fire Fighters affected by the O'Brien judgment would be provided by way of a second options exercise allowing those in scope the opportunity to purchase pension entitlement as a special member of the FPS 2006. The regulations are yet to be drafted by the Home Office, following this they will go out to consultation before being finalised and laid before Parliament. The Home Office had 18 months to draft, consult and introduce this secondary legislation. The expectation was that Fire and Rescue Authorities (FRA's) would start the second options exercise as soon as possible after legislation came into force. The exercise would run for 18 months. Officers had begun work on gathering relevant data. A separate report providing an update would be brought to the next Board meeting
- **Pensions Dashboards** – The LGA and SAB submitted their response to the DWP Consultation on the draft Pension Dashboard Regulations 2022. Although supportive, they have strong concerns around meeting the timelines, with administrators already being under pressure due to competing demands of the Sargeant and Matthews cases, the required data may not be ready. Their response to the DWP was to request that the staging be delayed 12 months until April 2025.
- **Abatement** – There was a recent Ombudsman ruling PO25374 where a reemployed pensioner, who, due to their pension not being abated when it should have been, was deemed to be in receipt of an overpayment of pension. The FRA sought to recover the overpayment, and the member challenged it on the basis that the FRA had a duty of care to alert them from the outset. The outcome was that the FRA did not have an additional duty of care to the member

other than provide factually correct info. A review of abatement policies had been undertaken in Cumbria, which concluded that proper consideration is taken on a case-by-case basis in respect of re-engagement of members, as to whether abatement should apply.

- **Other regulatory changes** – There had been no further regulatory changes of note that affected the Fire Pension Scheme since the last meeting of the Board in February 2022.

The Chair asked whether there was a contractual risk to Cumbria Fire & Rescue Service in respect of Fire Governance Transition and when the approved model will be known.

The Finance Manager - Pensions Investments & Governance remarked that in the case of the creation of 2 unitary authorities for Cumbria, the legislation often allows for contracts to novate to the succeeding authorities. However, as Cumbria Fire & Rescue Service would not transfer to a new unitary it is a more complex situation. It is expected that confirmation of the model would not be known until later in 2022.

The Deputy Chief Fire Officer explained the process which was undertaken and that by 1 April 2023 the new model would need to be in place.

The Deputy Chief Fire Officer remarked that the wording on Risk 2.4 of the Risk Register, Loss of Key Personnel should be reviewed to consider FRS Governance transition and also, the potential loss of key staff at LPPA during this period; Senior Advisor – Pensions noted this action and will take this forward to be reviewed.

The Chair queried the abatement policy and requested that it should be sent to all Board members. Senior Advisor – Pensions noted this action and will send out relevant policies before the next meeting. It was also recommended that increased Pension information should be included in the Regular & Retained Induction Training and be made easily available on the CFRS SharePoint site.

A member commented that it would be useful to have a pack of 'Pensions Information' that could be provided to all new starters and leavers to ensure benefits of the 2015 scheme are communicated. A member remarked that it would be useful to receive narrative where spikes in performance were apparent in the LPPA Administration Report. The Chair also commented that it would be useful if information could be included on the rules around when the abatement of pensions may apply.

RESOLVED, that the Cumbria Fire Local Pension Board received and noted the performance of the Cumbria Firefighters' Pension Scheme (FPS) to 31 December 2021 and any material policy or governance issues and national regulatory changes to 31 March 2022.

8 LPPA - VIRTUAL UPDATE ON PROJECT PACE

The Operations Director - Local Pension Partnership Administration gave an update on Project PACE. The following areas were covered including:-

- Procurement Process
- Phase 1
- Helpdesk Performance given increased call volumes
- Concurrently running two systems
- Staff Turnover

The Chair remarked following the update on Project Pace it would be appropriate to review Risk 1.2 of the Risk Register - Pensions Administration Processes. Members agreed that the wording and possibly the scoring of risk 1.2 should reflect what is happening with project PACE. Senior Advisor – Pensions noted this action.

A member queried if the new online software would contain a pensions calculator.

The Operations Director - Local Pension Partnership Administration confirmed that the new software would have that functionality.

The Finance Manager - Pensions Investments & Governance reiterated the earlier comment by a member, that it would be helpful to receive narrative where spikes in performance were apparent in the LPPA Administration Report.

The Operations Director - Local Pension Partnership Administration noted that it would not be possible to include them in the report but that she was happy to attend future meetings to provide a verbal update, this option was welcomed by Board Members.

9 DATE AND TIME OF NEXT MEETING

The next meeting will be held on 26 July 2022 at 2pm.

10 UPDATE ON SARGEANT REMEDY AND IMMEDIATE DETRIMENT

Members considered a report from the Chief Fire Officer which provided the Cumbria Fire Local Pensions Board with an update on the remedy to the unlawful Age Discrimination found by the Court of Appeal, in December 2018. This case related to the transitional protection arrangements offered to some older members of the 1992 and 2006 Fire pensions schemes, when the 2015 Fire Pension Scheme was introduced.

The Government consulted on the various options to remove the discrimination and published their response in February 2021. The Deferred Choice Underpin (DCU) had been confirmed as the remedy, meaning those in scope would have the choice between CARE (reformed) or final salary (legacy) benefits for the remedy period, at the point at which the scheme member retired. The remedy is complex; and currently the main concern relates to how to deal with those who under the legacy scheme would have an immediate entitlement to pension benefits, prior to the detailed guidance of how to process such benefits being available.

Members were advised that the informal and non-statutory guidance on processing certain kinds of claims that was originally published in August 2020, was withdrawn

by the Home Office with immediate effect on 29 November 2021, and the Government advises against processing any cases related to immediate entitlement under the remedy, before the legislation is in place, given the risks and uncertainty involved.

The Chair asked that Members be advised at the next meeting of the number of cases that are expected to fall into the time period between now and when the final guidance is expected to be available.

RESOLVED, that the Cumbria Fire Local Pensions Board noted the contents of this report.

11 VERBAL UPDATE ON EMERGING ISSUES

The Deputy Chief Fire Officer updated the Board on current emerging issues, including:-

- Local Government Reorganisation
- Staff Retention
- SharePoint
- Abatement

The meeting ended at 3.54 pm