

MINUTES of the meeting of the **SURREY LOCAL FIREFIGHTERS' PENSION BOARD** held at 10.00 am on 9 February 2017 at Surrey Fire and Rescue Service Headquarters, Croydon Road, Reigate, Surrey, RH2 0EJ.

These minutes are subject to confirmation by the Board at its meeting in October 2017.

Board Members:

- * Mr Nick Harrison (Chairman)
- * Richard Jones
- * Mr John Orrick (Vice-Chairman)
- * Glynn Parry-Jones

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies and no substitutions.

The Board welcomed John Orrick who had been appointed as an employer representative.

2 MINUTES FROM THE PREVIOUS MEETING: 26 JULY 2016 [Item 2]

The minutes were agreed as an accurate record of the meeting.

3 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest.

4 QUESTIONS AND PETITIONS [Item 4]

There were none.

5 GOVERNANCE SELF-ASSESSMENT AND FORWARD PLAN [Item 5]

Declarations of interest:

None

Witnesses:

Jason Bailey, Pensions Lead Manager, Shared Services
Neil Mason, Senior Advisor (Pension Fund), Finance
Eric Jameson, Senior Pensions Administrator
Lindsey Shaw, Workforce Information Officer

Key points raised during the discussion:

1. The Board was informed that the self-assessment format had been produced by the Pension Regulator, and was intended to assist Local Firefighter Pension Boards identify gaps in the governance of the scheme. It was highlighted that the Board members had all reviewed and completed training on the code of practice relevant to the administration of public sector pension schemes.

2. The Board was informed that the self assessment had identified a number of areas that needed addressing in respect to managing risks and issues, and administration. The papers set out a forward plan that would prioritise these actions.
3. The Board discussed the support provided by the Local Government Association (LGA), and proposed it would be useful to see what other Boards had done since their establishment.
4. The Board was told that pension administration was provided by Orbis. It was highlighted that there was an opportunity to put a formalised service level agreement in place to support the proposed improvements in governance. The Board noted that this would potentially see an additional increase in the cost of administering the scheme.
5. The Board queried the work pensions administration were undertaking to validate membership records. It was highlighted that this was being undertaken in the next financial quarter and efforts were focussed on tracing deferred members without a current address on their record. It was noted that the Fund had 100 deferred member records and it was estimated 20% of these had no current address. The Board expressed the view that any activity to trace these members should focus on key cohorts, for example those about to retire. Officers explained that the preference was to conduct a blanket screening of addresses, as this had benefits in terms of economies of scale and in demonstrating to the regulator that sufficient steps were being taken to trace members. The Board commented that the Fire Brigades' Union may be able to assist with updating member records.
6. The Board expressed interest in understanding the process for deducting contributions from Surrey Fire and Rescue Service and from members. It was requested that a colleague from Finance attended the next meeting to provide more detail in this regard.
7. The Board agreed to review progress against the forward plan in six months, the Chairman commented that the expectation was that the majority of actions identified would be addressed by that time.

Actions/ further information to be provided:

Board to review progress against the forward plan in six months time.

Board to invite a representative from the Finance team to outline the process for making contribution deductions.

Recommendations:

That the Pension Administration team co-ordinate efforts with the Fire Brigade Union in order to update deferred member records where required.

6 BREACHES POLICY [Item 6]

Declarations of interest:

None

Witnesses:

Jason Bailey, Pensions Lead Manager, Shared Services
Neil Mason, Senior Advisor (Pension Fund), Finance
Eric Jameson, Senior Pensions Administrator
Lindsey Shaw, Workforce Information Officer

Key points raised during the discussion:

1. The Board was informed that the breaches policy mirrored that for the local government pension scheme. It was noted that the draft policy would need to have a named responsible officer. The Board expressed a preference that this should be a representative from Surrey Fire and Rescue Service, as they would have an improved degree of visibility for members of the Fund.
2. The Board requested that training opportunities were offered to staff, and the information made available on the Fund website, in order to assist them in understanding what qualified as a breach and the process for reporting this.

Actions/ further information to be provided:

Officers to explore training opportunities for Surrey Fire and Rescue Services staff on the breaches policy.

Officers to update website once the breaches policy is approved.

Recommendations:

That, following the identification of a responsible officer, the breaches policy is submitted for final approval by the Audit and Governance Committee.

7 ADMINISTRATIONS STATISTICS [Item 7]

Declarations of interest:

None

Witnesses:

Jason Bailey, Pensions Lead Manager, Shared Services
Neil Mason, Senior Advisor (Pension Fund), Finance
Eric Jameson, Senior Pensions Administrator
Lindsey Shaw, Workforce Information Officer

Key points raised during the discussion:

1. The Board noted that the most significant changes in the statistics were the number of retirements, and those that had re-enrolled who had chosen to opt-out. The Board was informed that the support offer around retirement was considered exemplary in terms of advice.

2. It was noted that the delay in providing annual benefits statements had been caused by an internal administrative issue that the Pension Service was seeking to resolve.
3. Officers highlighted that expertise in the administration of firefighters pensions was not sufficiently widespread across the Pension Service, and that this had a potential to impact on resilience. It was noted that training was being delivered across the team to ensure these concerns were being addressed.
4. It was noted that Orbis also provided pension administration for East Sussex Fire and Rescue Service. The Board was informed that sovereignty for the governance of each fund remained with the administering authority, though there were areas where the funds could seek to work together, for example in developing service level agreements around pension administration.
5. The Board discussed the number of re-enrollments that subsequently opted out. It was noted that officers had concerns that members were choosing to opt out without recognising the value of the scheme benefits. The Board discussed a number of factors that influenced this, including the perceived high level of contributions and the decision by some to pursue other investment opportunities.
6. It was noted by the Board that some union members had reported feeling concerned about the long term security of their pension benefits, given the number of changes to the scheme in recent years. It was noted that the tapered protection arrangements would come to an end in 2022. Board members questioned whether the general trends around opt-outs could be monitored and reported to the relevant national bodies.
7. The Board discussed how communications could be tailored to explain the key benefits of the scheme to non-members. It was highlighted that the death-in-service grant would be an impactful aspect to focus on in this regard. The Board asked whether an additional section on pensions could be included on the staff intranet.
8. The Board was informed that calculating the contribution holidays would have a significant resource implication for the Pension Service. It was noted that the guideline completion date of 31 March 2017 had no statutory basis, and must be set in the context of the requirements for the modified retained options exercise. It was commented that both exercises required additional resource, and cases were being prioritised where appropriate.
9. The Board was informed that a similar modified retained options exercise had been conducted in East Sussex. On the basis of the response rate, the Pensions Service anticipated approximately 20% would take up the option to backdate their membership.
10. The Board was informed that the Pension Regulator had been informed of the delay in issuing annual benefits statements, and had advised that the expectation was that all funds would meet the 31 August deadline for 2016/17 statements. It was confirmed that the

annual benefit statements for 2015/16 would be issued by mid-February 2017. The Board proposed that the target date for issuing 2016/17 statements could be set as the end of July in order to give the Pensions Service a contingency buffer.

Actions/ further information to be provided:

The Board to be advised of progress in issuing the annual benefits statements for 31 July 2017.

The Board to receive an update on the completion of the contributions holidays exercise and the modified retained options exercise at its next meeting.

The Board to continue to monitor the number of members opting-out of the scheme and reasons for doing so.

Officers to update staff intranet with additional information about pensions benefits.

Resolved:

That the Board **note** the report.

8 DATE OF THE NEXT MEETING [Item 8]

The Board noted that it would meet in October 2017, dependent on Board member availability.

Meeting ended at: 11.45 am

Chairman

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