

## **Local Pension Board**

Virtual meeting held on Monday 27 September 2021

Present: Jon Lacey (JL) (Chair), Tara Atkins (TA), Giles Sparkes (GS), Jon Weir (JW), Paul Mace (PM), Garry Collins (GC), Sreya Gofford (SD) (Note Taker), Jo Weir, Andrew Lowe (AL)

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### **1. Apologies**

Jon Simpson and James Diston.

### **2. Declaration of Interests & Gifts and Hospitality**

N/A

### **3. Urgent Matters**

N/A

### **4. Minutes from the meeting held on 28 June 2021 and Action report**

Approved by members.

**Action to be brought forward to the Dec meeting** – To add 'Communications Review' on to the agenda as a separate item and may need to write an additional report.

### **5. Administration Procedures and Performance**

#### **Appendix A - Membership Numbers**

TA said that the membership numbers have not changed therefore there is nothing new to report. The main purpose of reflecting the membership within the scheme is to ensure that there are not unusual activities, which we have been successfully maintaining.

#### **Compliance with Scheme Regulations**

TA said below are the particular items that the Board needs to be made aware about:

HMT Consultations published: cost control mechanism and discount rate methodology

HMT Treasury (HMT) published two consultations on 24 June 2021. The Consultations sought:

1. Views on proposals to changes to the cost control mechanism, in public service pension schemes and
2. On the appropriate methodology for setting the discount rate used in scheme valuations

### Consultation on changes to the cost control mechanism

The Government has considered the report and is now consulting on three changes to the mechanism, all of which are recommendations of the Government Actuary:

1. Moving to a reformed scheme only design: to remove any allowance for legacy schemes in the cost control mechanism, so the mechanism only considers past and future service in reformed schemes.
2. Widening the corridor: to widen the corridor from 2% to 3% of pensionable pay
3. Introducing an economic check: currently the mechanism does not include changes in long-term economic assumptions and therefore cannot consider the actual cost to the Government of providing pension benefits. The Government proposes introducing an economic check so that a breach of the mechanism would only be implemented if it would still have occurred had the long-term economic assumption been considered.

TA mentioned that the outcome of the consultation will not impact the 2016 cost control valuations.

TA also mentioned consultations on the discount rate (the SCAPE rate) methodology. The Superannuation Contributions Adjustment for Past Experience (SCAPE) discount rate is a discount rate used in the valuation of unfunded public service pension scheme to set employer contribution rates.

TA mentioned that for both of the above, fire authority didn't choose to respond to these consultations.

### Finance Act receives Royal Assent

TA mentioned that on 10 June 2021, The Finance Act received Royal Assent – the act gives legal effect to the Government's decision to freeze the lifetime allowance at £1,73,100 for tax years 2021/22 to 2025/26, as announced at the last budget.

### Public Service Pensions & Judicial Offices Bill (PSP&JO Bill) introduced

HM Treasury introduced the Public Services Pensions & Judicial Officers Bill to the House of Lords in July 2021, this is basically the mechanism that will allow public sectors to implement the McCloud /Sargeant ruling. TA said that it does not necessarily set out at individual scheme level, but what it does do is that it allows for each individual scheme, the ability to change their legislation to bring it in line with what that will require. This has been put through to the House of Lords and this needs to be in place by April next year.

### The Pension Regulator 2020-21 Governance and Administration Survey

On 1 July 2021, the Pensions Regulator (tPR) published the results of its 2020/21 Governance and Administration survey.

TA said that she would bring a specific report on it to the next Board. Every year we have to complete a pension regulator survey and it aims to track governance and administration practices among public service pension schemes. The 2020/21 survey also included new questions on response to the pandemic and pensions dashboards. The LGA have provided sort of a response with regards to the TPR, specifically for fire.

TPR measures annual progress against the following 6 processes:

- Have a documented policy to manage board members' conflicts of interest
- Have access to the knowledge, understanding and skills needed to properly run the scheme
- Have documented procedures for assessing and managing risk
- Have processes to monitor records for accuracy and completeness
- Have a process for resolving contribution payment issues
- Have procedures to identify, assess and report breaches of the law

West Sussex Fire Authority will be completing the new survey soon.

### Administration Strategy

Within the local government scheme, there is a requirement that you should have an admin strategy in place, and this covers the service and the expectations from the employer. All feedback had been considered and a template strategy has now been published. The Fire Authority will consider the template and share the document with the Board at the next meeting or the first meeting next year.

### Increase in Normal Minimum Pension Age (NMPA)

TA mentioned that there has been a consultation with regards to Normal minimum pension age, which they are looking to increase from 55 to 57 in April 2028. So far what's been reported out is that this measure of changing wouldn't impact the fire scheme, so there will still be that protection in place for those who are retiring before the minimum pension age. Therefore, we shouldn't see any change however processes are in place with regards to those who are leave before that.

The measures will not affect members who:

- Are retiring due to ill health
- Have a protected pension age
- Are members of the firefighters, police, and armed forces pension schemes

### Scheme Pays

On 20 July 2021, HMRC published a policy paper and draft regulations proposing to extend the mandatory scheme pays deadline for members whose input amount is retrospectively changed. It is mainly been put in place to reflect that when we come to do the McCloud and Sergeant, we are potentially going to have people where they are affected for their annual allowance and this will therefore give them a mechanism to allow to have those tax charges repaid through the scheme pays route.

## **Appendix B - Performance**

TA mentioned that for over twelve months, the Pensions Team have been performing at 100% in all areas, including Andrew's team in Hampshire.

### Breach Reporting

TA said there hasn't been any breaches that have taken place in the last quarter since we last met, which is really good.

## **Appendix C – Communications**

There have been relevant communications which have been sent within the period are shown in Appendix C (in the Fire Report), the only communication that's gone

out with regards to Immediate Detriment Decision Paper.

### Member Portal Access

With regards to the Member Portal access, TA mentioned that there has been an issue in the way that the reporting was bringing out membership registration, so the issue was it was bringing out everybody that was registered on the portal rather than by bringing out what their current status was in the portal.

### Annual Benefit Statements

TA was pleased to share the fantastic news re the Annual Benefit Statements, as we are at 100% for both active and deferred, which is great. We have seen an increase in the percentage that has been sent out last year, therefore we met the statutory deadline and no breach occurred. TA said from the data perspective, that from the fire side of things, that our data is looking really good and when we will provide data to the pension's regulator in the coming months, as part of the Scheme return, this will reflect how well we are doing.

### Scheme Advisory Board

TA confirmed that no meetings have taken place with the Pensions Advisory Board since we last met.

### Pension Awareness Session

TA informed the Board there a Pensions Awareness Session has been scheduled on 19 October for all fire fighters to attend – this will be a brief presentation to go through the scheme and how the pensions calculated, but one of the things that this session will particularly cover is where firefighters have serviced in both 92 scheme or the 2006 scheme and then 2015 scheme, so that it can give those people information at a high level with regards to how that will look.

## **Scheme Year Cycle**

Within the cycle July to September, we had the following:

1. Employer Data Deadline
2. Mandatory Scheme Pays Deadline
3. Annual Benefit Statement Production

Employer Data Deadline – The Fire Authority's end of year data was submitted by the deadline, and any queries resolved in a timely manner.

Mandatory Scheme Pays Deadline – Hampshire Pensions Team have processed any cases where mandatory scheme pays elections have been made. The Fire Authority have reported, as appropriate to HMRC.

Annual Benefit Statement Production – As detailed above in the report, 100% of all statements have been produced and made available on the member portal, where a hard copy hasn't been requested.

## **Risks and Mitigations**

TA talked about two types of risks:

**Insufficient resources to comply with regulatory responsibilities** – Mitigation action is to work closely with the administration team and Fire Service on the response to the Scheme Changes and the recourse impact.

TA said that we are aware that we have a major piece of work coming forward with regards to McCloud/Sergeant and the risk that there is insufficient resource to be able to comply with that. That's more from the fire authority side of things. This is a risk for Hampshire as well, but Hampshire have been working towards to recruit additional members within the team to be able to mitigate this risk.

**Cybercrime resulting in personal data for members being accessed fraudulently-** Mitigation action includes strong IT environment for administration system and web-based Portals.

TA said this is something specifically in the form of Pensions Regulator's Survey, one of TA's colleagues are liaising with Hampshire with regards to cybercrime side of things.

#### **6. Confidential Items for discussion**

None to be reported.

#### **7. Training Schedule Review**

#### **8. Date of Next Meeting and Agenda Inclusions**

The next meeting of the Board will be held on Monday, 27 December 2021 at 11.30 am.