
MINUTES

LOCAL PENSION BOARD

DATE	Tuesday, 11 June 2024	TIME	10.00 am
VENUE	US-2-15 - Second Floor, 169 Union Street, London SE1 0LL		

Minutes of the proceedings of the meeting of Local Pension Board held US-2-15 - Second Floor, 169 Union Street, London SE1 0LL on Tuesday, 11 June 2024

Present:

Clair Alcock, Chair

Nick Davis, Deputy Assistant Commissioner, Training and Professional Development

Daniel Kipling, Deputy Assistant Commissioner, Learning and Professional Development

Gareth Beeton, Regional Chair, FBU

Clive Robinson, Fire Officers' Association

Adam Shaw, Regional Treasurer, FBU

In Attendance:

Mostaque Ahmed, Director for Corporate Services

Andrew Cross, Head of Policy, Pay and Reward

John Crowhurst, LPPA

Louise Martin, HR Services Manager

Rory Murphy, Finance Administration Manager

Yvette McEntee, Solicitor, Employment and Litigation

Teresa Young, Senior Governance Manager

1. Apologies

Apologies for absence were received from: Keely Foster, Assistant Commissioner for Learning and Professional Development (employer side) for whom Daniel Kipling, Deputy Assistant Commissioner, Learning and Professional Development attended as a substitute; Frazer Ferguson, Deputy Assistant Commissioner, Learning and Professional Development (employer side); Jon Lambe, Secretary, London Region of the Fire Brigades Union (FBU) (employee side) for whom Adam Shaw, Treasurer, London Region, FBU attended as a substitute; and Dave Shek, Executive Committee member, London Region, FBU (employee side).

2. Declarations of Interest/ Breaches of the Law

There were no declarations of interest or breaches of the law declared.

3. Minutes and Actions arising

The Board discussed the following updates to the actions:

- *Finance and Administration Manager to organise risk training session for all members.* This action had been closed, as discussions had been held with the Transformation team as to whether the pension remedy should be a strategic risk for the organisation.

- *John Crowhurst to liaise with Chair to schedule dates for an LPPA representative to deliver pensions presentations to staff.* Online presentations by the LPPA were being offered to new recruits on the benefits of joining the pension scheme. The FBU also gave in person presentations to new recruits, as they had found this to be more effective than online sessions. The Board was informed that a number of pension sessions on the pension remedy had been presented to staff by the Director of Corporate Services and Assistant Director Finance and were organised around watches to ensure all operational staff had a chance to see them. Deputy Assistant Commissioner Nick Davis stated that feedback from fire stations had been that the presentations were welcomed, and in particular where the LPPA had attended. The Board noted that it would be more challenging to engage with retired members of the pension scheme and as there were over 1,000 of them, it would be hard to provide presentations through face-to-face sessions. Hence, further thought needed to be given to this.
- *A one page communication be sent out as soon as possible following the meeting on 5 December 2023.* This had been completed but the Chair commented that consideration needed to be given to tracking how effective the communication was.
- *A letter to be sent to the Scheme Advisory Board (SAB) outlining the significant effects of the lateness of the legislation.* The Chair stated that this was an ongoing action, as thought needed to be given as to the best time to send the letter.
- *The pensionable status of MTA be confirmed.* This had been confirmed as pensionable.
- *LPPA to provide an update on data quality to the next meeting now that the pension remedy is live.* This had been completed as a monthly reconciliation now took place.
- *Chair to write to the SAB with concerns about the late information to pension schemes re: tax treatment of remedy arrears payments.* The Chair stated that this was in progress whilst it was determined whether it would be better to write to the SAB or HMRC regarding clarifying the technical issues.
- *AD, Finance to ask LPPA for a position statement of the last six months.* This was ongoing and the Chair would take this forward with the LPPA. She stated that this Board needed to know the position for transparency and to understand the challenges in order to mitigate and flag the risk to the SAB for inclusion on their risk register. The Board's purpose was to provide advice and assurance to the Scheme Manager but it was clear that the challenges around the remedy could not be overcome by LFB's mitigation measures alone. The Director for Corporate Services stated that the Home Office had also been in contact with LFB and other fire and rescue services to understand the challenges and impact on resourcing.
- *John Crowhurst to include update on retirees on the performance report.* The Chair stated the Board needed to have the right data to understand whether the position had improved or had become worse and this would be addressed during the LPPA Update.
- *Assistant Director Finance to complete the audit of the LGA remedy self-assessment guidance and present as a paper for LPB at 11 June 2024 meeting.* The Chair commented that this was being considered.

- *Assistant Director Finance to provide information on the plan in place for added pension refunds and whether any have been made.* The Finance Administration Manager stated that some pension refunds had been made and the data would be included in the next Provision of Information report to the Board.
- *Assistant Director Finance to provide administrative update on contingent decision claims.* The Board was informed that there was a process in place for staff to contact People Services using the HR Help Desk about contingent decisions. It was also planned for the form to be made available on Hotwire.
- *Head of Policy, Pay and Reward to present update at LPB in June of Chair's suggestion that a communications sub-group be created to discuss options available about communications.* The Head of Policy, Pay and Reward stated that a Communications Working Group had been set up and met regularly to improve communications on pensions for staff.

The minutes of the meeting held on 18 March 2024 were approved and the actions log duly updated and noted.

4. Membership and Terms of Reference

The Chair highlighted that there were member and substitute vacancies on both the employer and employee side and asked whether consideration should be given to reviewing the requirements for membership. The Board noted that currently, the terms of reference required employer side representatives to be officers of the Commissioner and to be in the Top Management Group (TMG). However, those very senior officers had responsibilities which made it difficult for them to attend meetings of the Board. The Board also discussed the desirability of having a more diverse membership and whether an option would be to have non-operational staff on the employer side, although it was noted that there should be a balance of understanding regarding the pension issues that affected operational staff. The Chair noted that the Board did not take decisions and, therefore, having staff on the employer side who were not all in TMG could benefit the Board by having a range of understanding and greater diversity.

It was noted that membership of the Board had been revised two years ago, following consultation with the employer and employee sides to reduce membership from five to four representatives on each side. Clive Robertson highlighted that following those changes, Prospect did not have a seat on the Board, but it was noted that Prospect had the right to nominate an observer to attend the meeting with speaking rights. Furthermore, Prospect represented operational staff members in the TMG Group, representatives of whom attended for the employer side and could feedback to Prospect.

The Board also noted that other pension boards included retired members and with the issues around remedy there might be interest in attending meetings of this Board.

The Board agreed that a report setting out proposals for changes to the membership should be submitted to the next meeting of the Board for consideration with a view to taking a report through the governance process.

The current membership was noted.

5. Chair's Update

The Chair gave an update to the Board including:

- Risks – the Chair had conversations with the LFB Risk Team about considering risks related to pensions in a more cohesive way, which was an ongoing conversation.
- Meeting firefighters at Hammersmith fire station in May – the Chair had met with firefighters and heard their views on pensions issues.
- Training session with The Pension Regulator – the training session had discussed the new single code and LFB was taking the appropriate action to meet the Regulator's expectations of governance.
- Contingency Decisions – the Home Office had published guidance for the Scheme Manager and there would be significant processes for the Scheme Manager to put in place.
- The Chair explained that aside from the significant challenges with the implementation of the McCloud/Sergeant pensions remedy, largely caused by delays in the government legislation and the provision of systems (GAD calculator) required to manage remedy, including calculation of contributions and interest adjustments, there were further delays in the process identified. This was in regard to the application of tax and interest applicable to the pension lump sum payment when that payment was made on the member's retirement. The matter affected retired members awaiting remedy under immediate choice. It was in relation to the application of tax and interest applicable to the pension lump sum payment when that payment was made in part upon retirement. Some of the issues had now been resolved. One matter remained that was preventing some retired members from receiving their Immediate Choice Remediable Service Statement (IC-RSS) and, therefore, payment of the remaining part of the lump sum. The issue related to the calculation required for top-up lump sums and the offsetting of previous tax paid to HM Revenue & Customs (HMRC). The issue identified only affected members who had received an unauthorised lump sum, who were members with legacy FPS 1992 membership who when they retired received an unauthorised lump sum and paid a tax charge. This position, if left without a solution, would mean that a member was liable for more tax which was not currently reclaimable either via HMRC or the compensation mechanism in the PSPJOA. The LGA have been liaising with HM Treasury (HMT) and HMRC to resolve this issue and these discussions are progressing well, however, as the pre-election period for the General Election period had started it was unlikely that anything official would materialise before 5 July 2024.
- The Board noted the considerable challenge on achieving the March 2025 deadline for the provision of information to members, as the data gathering in respect of many members was complex.
- HMRC tax calculator – the Board heard that HMRC's online calculator to manage submissions to pay additional pension tax charges had been "shuttered" while an error was corrected and tax liability was being calculated manually. HMRC had created a dedicated team to deal with this. It would be important for LFB to ensure this was communicated to staff as they retired. Also of concern was that when the

pension savings letter was sent to active members on 6 October 2024, they would need to use the calculator to self-assess and it was quite difficult to do that currently.

- Home Affairs Select Committee – In her role as NPCC Head of Police Pensions the Chair had been invited to the Home Affairs Select Committee to talk about the remedy and retired members. She noted that it was very difficult to reach retired members and, hence, it would be useful to reflect on the communications to ensure all appropriate mechanisms were used.

The Chair's report was noted.

6. LPB-070 Local Pension Board Annual Report 2023/24

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7. Local Pension Partnership Update

John Crowhurst, Operations and Commercial Director LPPA provided a verbal update on the work of the LPPA in quarter 4 as set out in Appendix 4 of the Update Report (under item number 9 on the agenda).

Mr Crowhurst referred to page 127 of the agenda pack, which set out the LPPA's casework performance. He reported that performance on Deferred Benefits, Retirements – Deferred and Retirements Active were below the 95% target. He explained that LPPA were working on retirements in date order so that retirees received their pension forecasts as early as possible before their retirement dates.

Turning to Helpdesk Calls Performance, Mr Crowhurst stated that LPPA was not now seeing significant wait times for calls about the remedy, as set out on page 131 of the agenda pack, which had improved on performance from a year ago.

On client specific customer satisfaction scores, there was a very low volume of respondents across the board. Most firefighters who had received the survey had not responded.

Mr Crowhurst informed the Board that registration for Pension Point had increased every month and pension members were being encouraged to gradually join.

In terms of member engagement, some LFC pension remedy sessions had been attended by the LPPA and LPPA had answered firefighters' technical questions. The Head of Policy, Pay and Reward stated that he would email Mr Crowhurst with proposed communications about the remedy which had incorporated the views of LFB's Communications department.

Mr Crowhurst flagged that the data quality score had fallen as this was related to the McCloud process which required LPPA to recalculate Annual Allowance for the remedy period on a legal scheme basis. However, he was not too concerned by this as LPPA would review what measures were in place to deal with the issue.

The Board noted that the customer satisfaction rates were low, albeit it was a low sample. Mr Crowhurst responded that he believed this was related to the impact of the remedy, as two years ago the satisfaction rate was 80%. Examining this further, Mr Crowhurst was asked if the dissatisfaction experienced by members could be the reason for the low response rate to the survey response. Mr Crowhurst acknowledged that could be a factor but he stated that the response rate for the local government pension scheme was less than 20%. Obtaining a better response rate across the piece was an issue for the LPPA. The Board discussed whether the impact of the changes might mean that it might be hard to obtain higher satisfaction rates in the future. The Board was informed that whilst response rates to the survey had been low historically, satisfaction rates had been higher in the past.

In response to a question about the size of the team dealing with the remedy, Mr Crowhurst stated that there was a dedicated helpdesk with specific people trained to direct people to the Police and Fire team, which had increased from seven to over twenty people to deal with the issues. Mr Crowhurst was unable to inform the Board of how many calls were resolved with the first call, but he undertook to share this information with officers. The Board noted that the dissatisfaction rate with calls to the helpdesk had increased from 5.9% in April 2023 to 24.2% in March 2024.

The Board highlighted that there were 76 estimates outstanding as of 31 March 2024 and 104 completed and Mr Crowhurst undertook to check those figures.

Mr Crowhurst stated that there was an expectation from members of the pension scheme that they would be able to use the self-service pensions calculator on Pension Point. It was expected that the calculator would be available in January 2025 but discussions were ongoing with the software provider to try to bring that forward, although the date was not yet known. Mr Crowhurst undertook to confirm the date. He acknowledged that members felt frustrated because they could not obtain the information they needed in order to be able to make their retirement options.

Mr Crowhurst stated that in the initial days of the remedy period in October 2023 LPPA had been receiving some data from LFB two days after someone retired and LPPA had then been sending the options letter seven days later. However, from January to March 2024 LFB had sent the information 28 days before the retirement date and LPPA had sent the options letter four days before retirement. From April 2024 to date, LFB had been sending the data 85 days in advance of the retirement date and in April LPPA had sent the option letters 22 days before retirement. In May and June this had increased to 37 days. Thus, performance was moving in the right direction and lump sums were being set up on average within three days of receiving a retirement option form.

The Board discussed that although Mr Crowhurst had given the average figures, there were outliers which had been drawn to the attention of members of the Board. The Chair commented on the importance of being able to track outliers. Mr Crowhurst explained that LPPA used a tracker and he suggested that as part of a Board meeting he share the tracking information so that the Board could see the processes that were followed when a case was not on track. The Board discussed why some cases took longer and they were informed that some cases were complex and required manual intervention (e.g. around tax issues) or transfer of data from previous employers; although the average time per case was 37 days, some cases did take longer. The team was prioritising cases by retirement date and there was a clear objective to send retirement quotes three to four months in advance, but there would be instances where LPPA did not receive the data from LFB in good time to enable this. The Head of Policy, Pay and Reward stated that it would be useful to have data to support this

explanation as it would help to prepare responses to frequently asked questions and provide communications to explain that LPPA was moving to normalisation on this. Mr Crowhurst responded that if firefighters had not experienced good service, LPPA needed to change the narrative by providing reassurance and by continuing to improve. Mr Crowhurst undertook to check whether all retirees in June had received their figures. The Director for Corporate Services added that LFB were also working to spot non-standard cases and the Finance Administration Manager confirmed that his team contacted staff five to six weeks before they retired to check they had received their information. The Chair stated that it was very helpful to hear that people were being proactively contacted.

Mr Crowhurst stated that at the last meeting he had referred to the need to put a tracker in place as there were 4,700 members for whom it was necessary to collect data. LPPA had received data for 1,000 people and 70% of that had been inputted and assessed. In terms of risk, there was a hard deadline of March 2025 and Remedial Service Statements (RSSs) had not yet been issued. These were required for 1,600 members. The Local Government Association (LGA) had issued some guidance in late May. Mr Crowhurst suggested that at the next meeting he demonstrate the tracker to show progress on the RSSs and the supplementary information that was required. The Chair agreed that it would also be useful for the Board to understand how many people were in the immediate choice category and how many in the deferred choice, together with the authorised and non-authorised statement.

The Chair asked about LPPA's plan for reaching out to vulnerable members, such as those with ill health and beneficiaries. Mr Crowhurst responded that this was a matter that LPPA needed to start looking at. The Board was informed that LFB had identified ill health members.

The Local Pension Board then noted the report.

8. LPB-068 Firefighters' Local Pension Board - Provision of Information

The Head of Policy, Pay and Reward presented the report by highlighting the key points as set out in the report as at April 2024. This included the breakdown of the 4,165 firefighters who were in the 2015 Firefighters' Pension Scheme by gender and ethnicity. 11% (523) were not in the scheme, which was an increase. Females comprised 10% of the membership and ethnicity 14%. There had been 192 joiners to the scheme and 83 had opted out. This was a trend that was increasing over time and the primary reason given for opting out was other financial commitments. The data did not show where people had opted back in. The Board was informed that staff were automatically enrolled every three years on a rolling basis. The report set out the figures for retirees and the Board was informed that staff were giving a lot of notice of retiring. The most frequent age of retirement was 55. There were no new discretion cases and the report provided an update on the 23 cases where a decision was awaited. Finally, there was a new section on contingent decision cases from February to April 2024.

The Local Pension Board then noted the contents of the report, together with Appendix 1 to the report.

9. LPB - 069 Firefighters' Local Pension Board - Update Report

The Finance Administration Manager presented the report, which provided an overview and an update on the position relating to a number of current issues affecting firefighter pensions, including the abolition of the pensions lifetime allowance from 6 April 2024 pursuant to the

Finance Act 2024. He stated that the extension of the Pensions Dashboard Programme (PDP), which was a national project (and different to the work LPPA was undertaking on Pension Point) had been delayed until summer 2025. The report also highlighted forthcoming training provided by the LGA.

In relation to the remedy and providing data to the LPPA, LFB had recruited new temporary staff to help with the manual processes and a specialist data company had been contracted to progress the majority of LFC's data. The data would then be sent to the LPPA who would check it and process it. The Finance Administration Manager thanked LPPA for the way in which they had prioritised some cases.

The Finance Administration Manager stated that a series of drop-in sessions providing information on the pension remedy had been advertised on Hotwire. He was working with the Communications department to arrange other sessions for retired members.

The Local Pension Board then noted the report together with the appendices.

10. Board working group updates

The Chair invited updates from Board members in relation to their working groups.

The Chair of the Equality Group was unable to attend the meeting. The Chair of the Board suggested that it would be helpful to have more knowledge about the protected characteristics of staff who were opting out of the pension scheme.

DAC Nick Davis, Chair of the Communications Working Group stated that the Communications Group now met every two weeks and had an actions log. The Group had asked for a deputy from the Communications department to attend meetings when the member was not available which was being progressed. The next meeting of the Group would take place on 12 June 2024.

The Pay and Reward Manager thanked the LPPA for attending the information sessions on the pension remedy to members.

The Local Pension Board noted the update.

11. Any Other Business

The Chair noted that this was the last meeting that Andrew Cross, Head of Pay and Reward would attend and that he was being replaced as an advisor to the Board by Louise Martin, HR Services Manager. She thanked the Head of Pay and Reward for his work supporting the Board.

12. Date of Next Meeting

The next meeting of the Board was scheduled for 13 September 2024.

Teresa Young,
Clerk to Local Pension Board