

**MINUTES OF PENSION BOARD MEETING
23 July 2024**

Present:

Mark Rist (MR)	KFRS (Employer Representative) Chair
Matthew Deadman (MD)	KFRS (Employer Representative) Vice Chair
Leanne McMahon (LMc)	KFRS (Employer Representative)
Alison Hartley (AH)	Director Finance and Corporate Services
Barrie Fullbrook (BF)	Head of Finance, Treasury and Pensions
Marie Curry (MC)	Customer Support Manager/Clerk to the Authority
Danny Barrett (DB)	FBU (Employee Representative)
Lawrence Pater (LP)	FOA (Employee Representative)
Tim Green (TG)	FBU (Deputy Employee Representative)
Jordan McEvoy (JM)	FRSA Representative (Deputy Employee Representative)

Also in Attendance:

Jason Bardell	FF Pension Scheme Member
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Apologies:

Dylan McEvoy (DM)	FRSA Representative (Employee Representative)
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NEXT MEETING	Date: 19 September 2024
	Venue: MS Teams
	Time: 11am

1. Declarations of Interests on Items on this Agenda

None

2. Changes to the Board Membership

MR confirmed his retirement from the service in September 2024. MD will take over as Chair of the Board from that point.

MD to seek nominations for Vice- Chair to the Board and let MC know. **(Action: MD)**

LP informed the Board that Lee Abel has stepped down from the Board. As such LP will confirm who will be the Deputy Employee representative from FOA to MC before the next meeting in September. **(Action: LP)**

3. Minutes of the Pension Board Meeting held on 18 March 2024

The minutes of the meeting held on 18 March 2024 were agreed as a true record.

4. Pension Board Action Log - Update on Progress

BF ran through the outstanding actions on the log and provided updates. The action log can be viewed here [Current Pension Board Action Log.xlsx](#).

BF confirmed that outstanding actions are being processed. He asked that any comments the Board had on the log should be directed to him.

BF ran through the training log for the Board. BF asked Board members to either register their interest in the training that is being provided or to confirm they have already undertaken the training so that this can be recorded. Please review the training schedule and comment. **(Action: ALL)**

5. LPP Quarterly Report

BF ran through the key highlights on the latest LPPA report for May. The detailed report can be found on the Pension Board SharePoint site along with monthly reports for Feb, March and April. Board members are recommended to review these and submit any queries to BF. For the May reporting period BF covered stats on the following:

Operational Performance

Case work in relation to McCloud is given a RAG rating, 2 areas within the report are currently sitting at red and these are retirements from active performance vs SLA and retirements from deferred performance vs SLA. BF confirmed that these two areas were raised as a concern with LPPA at their meeting held on 17th July. It appears that there are some reasons beyond the control of LPPA as to why these ratings are as they are. One reason he said was that there are issues currently with the HMRC calculator which has had a knock-on effect and something that is out of LPPA's control. BF said that he has asked for a list of issues from LPPA in order to review. He should receive that data very soon and will share with the Board **(Action: BF)**

Helpdesk

BF said that it was pleasing to see that call wait times have now come down considerably under the 4-minute target and that calls are being facilitated quicker.

Complaints

BF reported that there is a stage one complaint open but doesn't know the detail behind this so will be picking this up with LPPA and will provide further details to the Board. **(Action: BF)**

There are no IDRPs cases open.

Breaches

No breaches were reported for May.

Monthly Returns

BF reported that all of the information that has been requested by LPPA to produce the Annual Benefit Statements (ABS) has been submitted to them in good time. This means that LPPA should be able to provide the ABSs within the statutory deadline of end of August.

LP asked for communications to be sent out to colleagues reminding them to check whether they have received their ABS either through the post or on via the online portal if members have signed up to receive them electronically. If they don't receive their ABS they should then report this in to the Finance team. AH echoed this and said it would be really useful to know if members don't receive their statements or if it has not been provided within the required timeframe so we can monitor this and report back to LPPA. In addition, AH added that the Remedial Service Statements (RSS) will also be issued this time around alongside the ABSs so some members will receive both. This will be the same every year going forward that members will receive both statements. BF explained the detail of the RSS which will provide information on what contributions have been accrued. He added that there will be a window of opportunity for members to pay the required contributions. AH said that we have not seen the template for the RSS as yet so unsure how this is set up. It will probably raise more questions from members about what they need to do so we need to be prepared for that. AH said that her team will support members in any way they can to help them understand the RSS. BF did emphasize that individual advice cannot be given, it's down to members to make their own decisions, but we can support them understand what the statement means.

Key Projects

BF said that on the quarterly report there is nothing listed for the Matthews/O'Brien Case under key projects. There is for McCloud, the Pensions Dashboard and ESIP which have all been discussed recently. BF said that he was going to check this with LPPA as it may just be an error. **(Action: BF)**

6. Update on Cases (standing item)

McCloud vs Sargent Case

BF provided an update on the current issues surrounding tax and interest payments. BF explained that under the current regulations when a member retires with benefits in the 1992 Scheme they are given 3 options regarding their lump sum. These are

- (1) No lump sum
- (2) Maximum tax-free lump sum (within HMRC rules)
- (3) Maximum lump sum within the pension scheme rules

If that member chooses option 3 and takes their maximum lump sum within the pension scheme rules, they will acquire a tax charge as this generally exceeds the maximum tax free lump sum under the rules of HMRC. Any payment above this threshold is classed as an 'unauthorised payment'. The member would then be required to pay a 40% tax charge on that 'unauthorised payment'.

The issue that needs to be addressed is that when a member's pension benefits are recalculated under remedy, the individual is currently unable to offset the tax charge that they have previously paid to HMRC.

As an example:

- if someone had an 'unauthorised' payment of £10k when they retired, they would have paid a tax charge of £4k (40%) to HMRC.
- if, when their pensions benefits are recalculated under remedy, their 'unauthorised' payment is now £20k, they will have a tax charge of £8k (40%) to pay to HMRC.
- Currently, HMRC regulations do not allow for the original £4k to be offset against the £8k. So, the member will end up paying £12k in tax when only £8k is due.

BF said that to address these issues it requires new legislation so we are waiting for LGA to issue guidance on the best approach.

DB said that the term 'unauthorised' comes across as members have done something wrong which is clearly not the case. He also asked whether members were made aware of this risk beforehand and if not, who foots the bill for this.

BF responded by saying that at the time the Authority was not made aware either, it has only come to light recently. Either way, the tax issue does need to be resolved and he has had assurance that this is being looked at by Central Government with a response on guidance imminent. He added the question for the Board to consider is how you wish to proceed with this

in order to process the payments under this case. Legislation will not be available in the short term so it may be something that needs to be considered by the Authority at its next meeting in October following recommendations of this Board. If we receive Central Government guidance in the interim, then the Board could consider that they are happy for payments to be processed under that guidance.

MR thanked BF for the update and said that as soon as the guidance is available if it is shared with the Board so that the next steps could then be considered. **(Action: BF)**

Matthews/O'Brien Case

BF gave an update on the work in relation to this case. The figures were outlined as follows:

1300 letters went out in December 2023

900 went out again in April 2024

535 expressions of interest forms received

218 annual benefit statements issued

18 confirmed that they want to proceed

1 has expressed that they don't want to proceed. BF said that he will be following this up as to the reasons why.

32 more statements to send before the end of this month.

55 statements to go out in August

35 statements scheduled to go out in September

MD thanked BF for the update and asked whether this should be recorded on our corporate risk register. AH confirmed that the register was updated.

IDRP Cases Update

There have been no IDRP cases since the last meeting.

7. AOB

DB wanted to provide some personal feedback on his recent interactions with LPPA. He said that he had a positive experience with them. Their response was quick, they owned the query he raised and kept him updated until it was resolved. Overall, he was extremely happy with the service he received. He said that it was important to also recognise good service when it is given, not just the negatives.

MD thanked BF, AH and the pensions team for all their hard work and dedication in supporting the complex work involved in pensions. This is very much appreciated, and this was echoed by the Board.