

Metropolitan Police Pension Board

Minutes of the Board's Meeting

Details

Date: 25th July 2018

Place: Empress Building, London

Present

Role

From

Pension Board Members

Ian Pollitt (IPo)	Chair	Independent
Rahima Ali (RA)	Employer Representative	MOPAC
Ian Percival (IPr)	Employer Representative	Finance
Mark Pomroy (MP)	Employer Representative	HR
Richard Martin (RM)	Employer Representative	Operational Policing/Professionalism.
Simon Bray (SB)	Member Representative	CPOSA (via telephone)
Kate Halpin (KH)	Member Representative	Superintendents' Association
Paul Deller (PDe)	Member Representative	Police Federation
Judy Redford (JR)	Member Representative	NARPO

In Attendance

Graeme Hall (GH)	Secretarial	Kier Group
Ray Henry (RH)		Metropolitan Police

Apologies

Catherine Roper (CR)		Metropolitan Police
Ken Anthony (KA)		Metropolitan Police

Minute	Introduction and apologies for absence	Action
2018-26	IPo opened the meeting and confirmed as quorate..	

Minute	Conflicts of Interest and Confidentiality	Action
2018-27	No conflicts were raised.	

Minute	Minutes of Previous Meeting	Action
2018-28	Minutes for the previous meeting held on 23 rd May 2018 were agreed by the Board as a true record.	

Minute	Pension Board Action List	Action
2018-29	<p>(AL1) – Biographies still awaited from KH and RA, to be sent to IPo and PM once complete.</p> <p>(AL2) – ESA - Change request initiated, awaiting IT costs and information on methodology. Letters are to be sent out ASAP but there is no formal date for this work to be complete as yet. Continuing.</p> <p>(AL3) – Valuation – Nothing further to report – e-mail received from Elizabeth Francis (chair of SAB) informed Boards that the Government’s Actuary Department has yet to finalise its report which was originally expected before the Parliamentary Summer recess.</p> <p>SB – Had attended a meeting where it was made clear that the valuation report and subsequent meetings will take place in the Autumn. There will potentially be new rates from April 2019. IPo added that there is a +/- 2% variance allowed for scheme costs before any adjustment to benefits/contributions are looked at.</p> <p>(* subsequent to the meeting, HMT papers and associated GAD brief has been received indicating a reduction in the discount rate leading to potentially higher employer costs and, conversely potential benefit improvements for members from April 2019. GAD to share with the SAB and others re the cost share mechanism and quadrennial valuation.</p> <p>There is no formal information re costs at the moment however. Continuing.</p> <p>(AL4) – Opt Outs – It was noted that an auto re-enrolment exercise was due to be completed in early 2019, which will include notes to opted-out members reminding them of the benefits of the scheme. Care will need to be taken with those officers who have 30+ years, or who have opted out due to lifetime allowance implications, regarding the letters they may receive as they have made an informed choice, whereas for others, the circumstances surrounding the opt-out will not be known. There are approximately 2000 opt outs who will receive a letter, which will include guidance issued by the Pensions Regulator. If an officer has opted out within 12 months of the auto enrolment date, they will not be brought back in to the scheme.</p> <p>The opt out rate for new recruits is increasing and the overall scheme participation rate is in the low 90% region. Interestingly,</p>	KH / RA

it was noted that the Home Office have stopped asking for opt out rates.

MP looking at communications in respect of the 30 year opt outs and the schemes available to them. A brief discussion followed with regards to the peculiarities of the police pension scheme(s), where opt outs could find themselves auto enrolled into one scheme at one auto enrolment event and a different scheme the next. Views were also sought from Kier on their interpretation of this item.

MP

(AL5) High Court Ruling – both the firefighters and Judiciary appeals against the introduction of their respective 2015 pension schemes continues; the Judiciary appeal had been successful at the latest stage of the proceedings and MoJ had in turn appealed the latest verdict. It was too early to predict the likely outcome and significantly, what effect such rulings will have on the Police Pension Scheme 2015 and members who have transferred to this scheme. The Board will continue to monitor developments.

(AL6) Issue SAB Consultation (on future pensions administration) when available – No further progress.

(AL7) Certificate of Entitlement – A change request has been submitted for this exercise to take place. It is expected that letters will go out to beneficiaries late 2018 / early 2019 to establish whether widows and widowers are still alive and also whether there has been cohabitation / re-marriage. Care will need to be taken with the wording of the letter as these could potentially cause distress / complaints.

It was noted at this point that the Government's National Fraud Initiative exercise identified approx. £145m in pension fraud (for all UK pension schemes) and that a member of the NFI Team would be invited to a future meeting to speak about their work and highlight significant cases. There was also brief mention with regards to the potential scrapping of the abatement rules which we await to hear more about.

(AL8) – GMP Reconciliation – A preliminary paper has been completed by Equiniti with regards to GMP Reconciliation. A change request is being submitted and the Metropolitan Police will consider whether the contract is of sufficient scale to warrant a formal tendering procedure. Whilst the green-light is awaited on these elements, the formulation of communications and approach to the treatment of over / underpayments needs to be considered.

Confirmation was given that no stage 2 calculations have yet been completed. There are thousands of cases to process and the scale of the project shouldn't be underestimated.

There was a strong indication that any overpayments would be written off as had been the case in the past, but it was stressed

that no decisions have yet been made and that this would be at the direction from the Home Office / Treasury.

(AL9) Data Quality Scores

A report is anticipated covering common and conditional data quality.

Equiniti has been asked what data is available, as criteria has been published (July 2018) by the Pensions Regulator covering what data constitutes an accurate record.

<http://www.thepensionsregulator.gov.uk/measuring-data>

(AL10) ABS and PSS – See minute 2018-33 below

(AL11) Carry forward on Pension Savings Statement

Discussion took place with regards to the effectiveness of the pension savings statement and there was a consensus from the Board that it would be useful to have the carry forward figures included in the statement. RH stated that pressure would be applied to ensure that this can happen, although it was noted that the template for this year may have already been agreed and that the October 2019 statement may not be able to include the carry forward.

IPO agreed that the carry forward should be included in the statements as it was unfair to expect a Scheme Member to understand how to calculate this figure accurately.

(AL12) Distribution of Action List

It was requested that the action list should be distributed to the Board prior to future meetings to allow time for the actions to be updated.

PM

(AL13) Provide Tax Training

IPO provided a session following the main Board meeting which participants found very useful.

IPO

(AL14) Attendance of The Pensions Ombudsman, at the November Board

It was agreed that this would be useful and that an invitation would be extended for the November meeting to provide an overview of the Ombudsman's role.

IPO

(AL15) Terms of Reference

The Terms of Reference had been updated following input from Board Members. Item closed.

(AL16) Pension Board Membership

Confirmed that John Ratcliffe would replace Judy Redford as the NARPO rep and that Simon Bray (CPOSA rep) would be leaving the Board next year due to retirement.

(AL17) KPIs

KA / RH

It was confirmed by RH that the KPIs had all been met at levels of 100% apart from one. The details were not to hand regarding this but it was agreed that these would be sent with these minutes.

(AL18) Risk Score on Admin (potential risk to administration following change of pensions contractor)

It was agreed that this risk was now redundant and would be replaced by a new risk 'potential failure of risk recovery plan' IPo to provide new wording for next meeting.

IPo

Minute Knowledge and Understanding Action

2018-30 It was confirmed that there were no new training requirements amendments but that all Board members should complete the public sector schemes toolkit as an absolute minimum. Between 4 and 8 hours is typically required to research and complete the modules within the toolkit :

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

Minute Report by Senior Pensions Contract Manager Action

2018-31 It was noted that the statistics from the monthly service review meeting would be issued with these minutes and these are attached as schedule xxx.

An IDR complaint had been received from a retired Officer about the effect of divorce on their pension calculations and the information provided prior to their retirement. This was currently being considered before a response was provided within the required two-month timescale.

KA / RH

Minute Communications Action

2018-32 Annual Benefit Statements will be sent out in the 2nd half of August. There are 7 different scenarios/variations of the Annual Benefit Statements and Officers will receive statements bespoke to their circumstances.

To improve the accuracy and 'hit rate' for ABS delivery, a communication was sent to Officers asking them to update their home address information – Officers were given until the 23rd July to complete any updates and the production of statements would commence once these records were updated.

There were security concerns received from 550 Officers with regards to police related communications being delivered to home addresses. These will now be distributed internally.

It is hoped that Annual Benefit Statements will be available on the Equiniti 'Memberweb' system in 2019.

The Pensions Savings Statements for 2018 will be posted within the statutory timescales. Next year (2019) statements may also be available online. There are approximately 700 Pensions Savings Statements due to be sent out to officers this year.

Officers have been using the Home Office website which has a pension calculator included on it. This calculator is useful to give Officers approximate pension forecasts and has inflationary and pay increase measures built in to it.

Please also see AL11 covering carry forward and the action arising from this.

Minute	Risk Register	Action
---------------	----------------------	---------------

2018-33	Risk 5 – Agreed to the closure of this risk Risk 6 – Business continuity plan to be included on the risk register	
----------------	--	--

Minute	Current Issues	Action
---------------	-----------------------	---------------

2018-34	IPO reported that there had been an e-mail from Kevin Courtney regarding amendment regulations. There will be action required from administrators covering:	
----------------	---	--

- AVCs
- Voluntary Exit Scheme
- Retrospective exercise in respect of unpaid family leave

JR reported that Equitable Life (EL) has apparently sold their order book and policyholders may find themselves in a predicament, as there is an expected windfall for members with investments due at some point in 2019. These may be lost if benefits were taken before the time the payout was due.

Currently it is unclear how members will be able to access their cash in the future if they wish to utilise Freedom and Choice flexibilities and whether members would need (at their own expense) to find a provider to transfer funds to that would allow drawdown. More information is expected.

Minute	Terms of Reference	Action
---------------	---------------------------	---------------

2018-35	The Board considered the guidance recently issued by the Pensions Regulator regarding Pension Boards for example that TPR expects Boards to meet 4 times per year (current Met Police Pension Board policy). TPR has issued six key priorities for Boards and these will be discussed at future Board meetings.	
----------------	---	--

Minute	Any Other Business	Action
2018-36	There was no other business. Accordingly IPo closed the meeting.	

Minute	Date of Next meeting	Action
2018-37	7 th November 2018	
