

# Metropolitan Police Pension Board

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## Minutes of the Board's Meeting

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### Details

**Date:** 6<sup>th</sup> February 2019 (14.00)

**Place:** Empress Building, London

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### Present

### Role

### From

#### Pension Board Members

|                    |                         |                              |
|--------------------|-------------------------|------------------------------|
| Ian Pollitt (IPo)  | Chair                   | Independent                  |
| Paul Oliffe (PO)   | Employer Representative | Finance                      |
| Rahima Ali (RA)    | Employer Representative | MOPAC                        |
| Kate Halpin (KH)   | Member Representative   | Superintendents' Association |
| Paul Deller (PDe)  | Member Representative   | Police Federation            |
| Don Ratcliffe (DR) | Member Representative   | NARPO                        |

#### In Attendance

|                  |              |                     |
|------------------|--------------|---------------------|
| Ken Anthony (KA) | Pensions SME | Metropolitan Police |
| Paul Mudd (PM)   | Secretarial  | XPS Group           |

#### Apologies

|                      |                         |                                       |
|----------------------|-------------------------|---------------------------------------|
| Catherine Roper (CR) | Employer Representative | Operational Policing/Professionalism. |
| Simon Bray (SB)      | Member Representative   | CPOSA                                 |
| Mark Pomroy (MP)     | Employer Representative | HR                                    |

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### Minute

#### Introduction and apologies for absence

### Action

#### 2019-1

IPo opened the meeting and confirmed as quorate, short round the table introduction of names and brief role. KH and PD joined by conference call. DR attends his first Board meeting today and is welcomed by IPo and the Board,

### Minute

#### Conflicts of Interest and Confidentiality

### Action

#### 2019-2

No conflicts were raised and there were no declarations of interest.

### Minute

#### Minutes of Previous Meeting

### Action

#### 2019-3

IPo checked that everyone had seen and read Minutes of the previous meeting (7th November 2018). These were confirmed as a true record.

| Minute | Pension Board Action List                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Action |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 2019-4 | <p>((AL1) – Biography confirmed as having been received for KH. Still awaited from RA, PO and CR, to be sent to IPo and PM once complete. DR has replaced Judy Redford and will provide a short Bio.</p> <p>tPR training Toolkit completion also required. Example biographies available on request.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | All    |
| 2019-5 | <p>(AL2) – Employment Support Allowance (ESA) – The project has been signed off by the MPS and Equiniti, with work expected to commence shortly.</p> <p>All pensioners in receipt of a non-taxable injury pension will be written to asking whether ESA is being received. If so, a value equal to the ESA will be required to be deducted from their pension.</p> <p>(AL3) – Valuation – The Board discussed the latest position regarding the valuation of the Police Pension Scheme with much uncertainty surrounding this item.</p> <p>The Government Actuary Department had valued all of the public service pension schemes and reported breaches in the cost envelope of the 2015 schemes.</p> <p>There appeared to be a consensus coming through from the Scheme Advisory Board, Home Office and other parties that reducing the accrual rate was the most appropriate way to balance the scheme. However the proposed change to the employee accrual rate set out in a paper issued by the Scheme Advisory Board, which would have seen an improvement from 1/55th and a third to 1/47 has been put on hold for the time being. A ministerial statement confirmed that any potential benefit improvement or change to the benefit structure would be placed on hold pending the outcome of the expected appeal against the Judicial and Firefighters pension scheme ruling.</p> | KA     |
| 2019-6 | <p>There are potentially wide-scale scheme (and public sector) implications arising from the court ruling, depending on whether the decision made by the High Court on the discriminatory findings of the transitional arrangements will be upheld or overturned on appeal. It has been confirmed that the planned increases to the Employer contribution rate would be implemented regardless of any appeal and this would rise from 4.2% to 31% of pay. The government has committed to providing a contribution to the increase in the cost but it is unlikely this will cover the entire increase, nor is it clear whether this will extend beyond the 2019/2020 fiscal year. The Board discussed other options, varying from reverting scheme members back to their previous (pre 2015 scheme), scheme, to a completely new pension scheme – potentially for all, with a transfer value of all previous service being calculated and credited to the new scheme. The vast majority of potential options will cause a great deal of</p>                                                                                                                                                                                                                                                                                                                                              |        |

additional work for administrators

2019-7

(AL4) – Opt Outs – A slight increase was noted within the review of scheme statistics.

(AL5) High Court Ruling – IPo informed the Board that he had met with Kevin Courtney (NPCC Pension Advisor) prior to the meeting who had clarified the position in respect of the ruling and the expected appeal. There were limited grounds upon which the high court ruling could be challenged and it was confirmed that the Government was applying to the high court for permission to appeal the ruling. The whole process is unclear with regards to options available for the respective parties, though there will be winners and losers with any remedial scenario.

2019-8

PO had spoken to the National Secretary and informed the Board that from a finance perspective if everyone went into the 2015 scheme, where protections were removed, that this may avert the cost-cap breach.

IPo

The original review of public service pensions in 2012 recommended protections should be put in place for those within 10 years of retirement. On the basis that the 10 years finishes in 2022, this could be an appropriate target date for any major changes to be introduced. The Board noted that there may be compensation payments required for affected members, and more details are awaited as to how any changes may interact with changes to the state pension system.

2019-9

(AL6) Issue SAB Consultation (on future pensions administration) when available – No further progress - To be retained on the action list.

IPo

2019-10

(AL7) Certificate of Entitlement – A change request has been submitted to SSCL and this has now been agreed between the administrator and MPS. It is expected that letters will go out to beneficiaries over the next couple of months to establish continuing eligibility i.e. whether there has been cohabitation / re-marriage. Note as per previous minutes that care will need to be taken with the wording of the letter as these could potentially cause distress / complaints. This exercise is due to be carried out every three years.

KA

2019-11

(AL8) – GMP Reconciliation – The next phase of this project is being discussed with the administrator and a formal change request will need to be formulated. KA confirmed that 31,000 cases had been submitted to HMRC and they have stated that it will take a few months to return these queries and the commercials are being brought in line for this timescale. IPo mentioned for the benefit of the Board, that no Public Service pension scheme had yet completed this exercise and PM confirmed the same for XPS police clients. The general impact was explained for retirees where amendments to pensions will need to be calculated by the administrator. Underpayments will need to be

KA

uplifted with historical arrears calculated and paid to members. Overpayment cases will see the pension be reduced going forward but with a likely write-off of any historical overpayment. The values are not generally expected to be large for the GMP exercise and will look much different to the payments paid to retirees who benefitted from the GAD v Milne exercise, which shared similarities to this project.

|         |                                                                                                                                                                                                                                                                                                                                                                                                           |        |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 2019-12 | (AL9) Data Quality Scores – Change control has not yet been signed off for this item. SSCL have been asked for a price to take this forward, as there is a very strong focus from the Pensions Regulator on data scoring (Common and Scheme Specific (Conditional)) Data. It is expected that this project will be signed off with common data scoring being available for the 2019 Annual Scheme Return. | KA     |
|         | <a href="http://www.thepensionsregulator.gov.uk/measuring-data">http://www.thepensionsregulator.gov.uk/measuring-data</a>                                                                                                                                                                                                                                                                                 |        |
| 2019-13 | (AL10) PSS available on same portal as the ABS – SSCL to confirm whether the PSS will be available online.                                                                                                                                                                                                                                                                                                | KA     |
| 2019-14 | (AL11) Carry forward on Pension Savings Statement – There continues to be a desire from the Board that the Pensions Savings Statement should contain information to allow an officer to see their pension input amount compared to that year's annual allowance and what carry forward remains available.                                                                                                 | KA     |
|         | It was also asked whether it would be possible for any scheme pays debits to be included on the Annual Benefit Statement. KA to ask the question to the administrator and report back to the Board.                                                                                                                                                                                                       |        |
| 2019-15 | (AL12) Distribution of Action List                                                                                                                                                                                                                                                                                                                                                                        | PM     |
|         | To be distributed to the Board as soon as possible.                                                                                                                                                                                                                                                                                                                                                       |        |
| 2019-16 | (AL14) Attendance of The Pensions Ombudsman, at a future Board meeting.                                                                                                                                                                                                                                                                                                                                   | IPo    |
|         | This has been confirmed and tPR will attend the next meeting in September 2019.                                                                                                                                                                                                                                                                                                                           |        |
| 2019-17 | (AL16) Pension Board Membership                                                                                                                                                                                                                                                                                                                                                                           | PM     |
|         | PD confirmed that he intends to continue for another 12 months and this was accepted by the Board.                                                                                                                                                                                                                                                                                                        |        |
|         | DR attended his first MPS Board meeting and replaces JR.                                                                                                                                                                                                                                                                                                                                                  |        |
| Minute  | <b>Knowledge and Understanding</b>                                                                                                                                                                                                                                                                                                                                                                        | Action |
| 2019-18 | The training requirements were explained for DR and reiterated that there were no new training requirements for other Board Members. All Board members should complete the Unfunded Public Sector Schemes toolkit as an absolute minimum and this will usually take between 4 and 8 hours.                                                                                                                | All    |
|         | IPo to provide a training matrix that he has created and will share                                                                                                                                                                                                                                                                                                                                       |        |

with PM to record the training received by individual members.

IPo

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

## Minute

## Report by Senior Pensions Contract Manager

## Action

### Auto Enrolment

2019-19

KA confirmed that the auto enrolment exercise was due this year and that this will be the 3rd tranche of enrolment under this initiative. The auto-enrolment date will be the 1st May 2019 and anyone who has been opted out for over 12 months will be re-enrolled into the Police Pension Scheme. There are around 2000 officers expected to be enrolled in May 2019. An e-mail will be sent to any officers to whom auto enrolment applies introducing the exercise and providing important information about scheme benefits and cost.

Medical declarations will be required to be completed by prospective members for them to be eligible for the full benefits of the scheme. All officers opted out for over 5 years will be enrolled into the PPS 2015, unless they have opted out within 5 years of the re-enrolment date and retain protection to one of the old schemes, they will be placed in the PPS 2006.

KA

The outcome of this exercise should be known by late September 2019, when a clearer picture of the number of officers who have decided to remain in the scheme will be known.

### Scheme Statistics

2019-20

KA reported the latest scheme statistics to the Board as well as an overview of 4 IDRP cases which have been received since the previous meeting. There were no trends emerging, however PD and KH did mention a complaint that had been raised with them whereby a widow was repeatedly asked if her deceased husband could be spoken to in order to achieve data protection assurances. Whilst it was understood best intentions were meant by this, it shouldn't happen. KA will advise the administrators accordingly.

KA

In terms of the Key Performance Indicators, it had been reported in the previous meeting of the Board that the administrator's move from London to Crawley had adversely impacted on the team due to there being a number of staff leavers. Following a successful recruitment campaign, service levels were beginning to improve. However, whilst there has been an improvement, the Board would like to see further improvement in the KPIs, especially in relation to Correspondence and Estimates

| Minute  | Communications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Action |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 2019-21 | <p>It was confirmed that a note would be sent to pensioners informing them of the annual increase to their benefits in payment. Recent confirmation has been received advising schemes of the rate of increase to be applied from the 8th April 2019 of 2.4%. Members will be advised in their April pension advice slip.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | KA     |
| Minute  | Risk Register                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Action |
| 2019-22 | <p>It was agreed to keep the risk register as is, other than making some changes to the risk owners.</p> <p>The Risk Register will be updated with these amendments but for the purposes of recording these decisions, the changes can be seen below:</p> <p>Risk 2 – Rules and Handbooks – Change the Principal Owner / Manager of Risk from the Pension Board to the Scheme Manager</p> <p>Risk 3 Reporting / Disclosure – Add the Pensions Manager to be jointly responsible with the Scheme Manager as the Principal Owner / Manager of Risk.</p> <p>Risk 4 –Administration – Remove SSCL as the Principal Owner / Manager of Risk and add the Pensions Board and the Scheme Manager.</p> <p>Risk 10 – Remove the Pensions Board as the Principal Owner / Manager of Risk and add SSCL and the Scheme Manager.</p> <p>Given the volatility of certain Key Performance numbers, and the complaint issues heard during the meeting, the Board agreed to have a closer look at Risk 8 and 10 for the next meeting.</p> <p>With Auto Enrolment and the GMP Reconciliation exercise, the Board will also take a closer look at risks; 1, 4, 7 and 9 as these will all potentially need a more thorough review following movement with these 2 significant projects.</p> | IPo    |
| Minute  | Current Issues – Update from the Chair                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Action |
| 2019-23 | <p>IPo reported that he had met with the Commissioner's delegated Scheme Manager – Mr Robin Wilkinson. This had been a productive meeting with an open discussion regarding the state of the Scheme generally, and more specifically, Auto Enrolment, Pensions Tax Implications and the Annual Report.</p> <p>IPo attended a meeting at the Department for Works and Pensions on the 11<sup>th</sup> January 2019 regarding the Pensions Dashboard and his briefing note is attached to these minutes. A DWP consultation paper has been produced and this was discussed, along with other related items, chiefly security and</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | KA     |

cost.

There is widespread support for this project whereby an individual will be able to see all their pension details in an easy to find secure environment– the dashboard. The private sector is leading the development and will probably find it easier to load their data onto the system than the public services, which have historically suffered from poor data quality associated with their defined benefit schemes.. It is therefore expected that the private sector schemes will go live before the public services.

| Minute  | Any Other Business                                                                                                                                                                | Action |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 2019-24 | There was no other business other than to agree the dates for subsequent meetings as previously proposed: 8th May 2019, 4th September 2019 and 4th December 2019.                 | All    |
|         | PD alerted the Board that he is currently unable to attend the next meeting but will provide an update to the Board of any points of interest or queries he would like to raise.  | All    |
|         | KA and PO informed the Board that the MPS Pensions and Finance teams will be moving away from Empress State Building in October and will be relocating to Kilburn Police Station. | KA     |
|         | With no further items raised, IPo closed the meeting.                                                                                                                             | IPo    |
| Minute  | Date of Next meeting                                                                                                                                                              | Action |
| 2019-25 | 8 <sup>th</sup> May 2019                                                                                                                                                          | All    |