

South West Region Police Pension Board – Annual Report 2021

Introduction

The South West Region Police Pension Board (SWRPPB) was established in September 2015 in accordance with the requirements of The Public Service Pension Act 2013.

Unlike other public service pension schemes such as the NHS, teachers and the civil service, the police pension scheme is not a single national scheme and each of the police forces in the United Kingdom operates its own pension scheme. These pension schemes are the responsibility of the scheme manager, who by law is the senior police officer of each force (usually the Chief Constable). The police pension regulations require each scheme manager to establish a pension board, but allow for a pension board to assist more than one scheme manager and the Chief Constables (Scheme Managers) of the Police Forces of the South West Region (Avon & Somerset, Devon & Cornwall, Dorset, Gloucestershire and Wiltshire) have agreed that a single pension board is a cost effective and efficient method of achieving this aim.

The Board represents the relevant bodies interested in the police pension schemes, namely:

Scheme Managers	(Chief Constables)
Employers	(Regional Police Forces)
Active Members	(serving police officers)
Retired Members	(pensioners)
Dependent members	(usually widows/widowers and children of pensioners)
Deferred Members	(police officers who have left service, but who are not yet eligible to draw their benefits)

The annual report is primarily a summary of the Board meetings held throughout the year and covers the main issues that were discussed during the year with comments on the performance of the administrators of the police pension schemes, both at a national and local level. We hope readers will find the report useful and informative.

Purpose of the Board (Terms of Reference)

The purpose of the SWRPPB is to 'assist the Scheme Managers' (the Chief Constables) in administering the police pension schemes; providing advice on matters including compliance with scheme regulations and requirements imposed by the Pensions Regulator; ensure the efficiency and effective administration of the schemes; advise on communications with members; and monitor complaints.

In common with the pension schemes of all other UK police forces, the SW Police Pension Schemes are unfunded 'pay as you go' schemes and the SWRPPB has no responsibility for the funding of the schemes, but rather is primarily focused on the delivery of the various police pension schemes which are administered under contract by two providers: XPS Group for Devon & Cornwall, Dorset, Gloucestershire and Wiltshire Police Forces and by Peninsula for Avon & Somerset Police.

Membership

The membership of the SW Police Pension Schemes @ April 2021 was reported as follows. The numbers vary slightly from month to month and from Force to Force, but overall represent a membership of between 92-95% of eligible police officers.

	Active Members	Pensioners & Dependents	Deferred	Total
Avon & Somerset	2937	4513	1000	8450
Devon & Cornwall	3126	4371	848	8345
Gloucestershire	1200	1751	466	3417
Dorset	1253	1976	421	3650
Wiltshire	1008	1596	481	3085
Totals	9,524	14,207	3,216	26,947

The Pension Board

The Police Pension Scheme Regulations state that police pension boards should have an equal number of representatives from both employers and members. As allowed by the Regulations the Scheme Managers have chosen an independent person to fill the role of Chair.

During 2019 there were eleven members of the SW Region Police Pension Board. The letters following each name indicates meeting attendance (month):

Ian Pollitt CBE	Chair (Independent) M, J, S, D
Sergeant Peter Land	Member (Police Federation) M, J Replaced by Constable Jim Purkiss S, D
Constable Tony Henley	Member (Police Federation) S, D
ACC John Stafford	Member (Chief Police Officers Staff Association) M, S
Supt Antony Hart	Member (Superintendents' Association) M, S
Paul O'Brien	Member (National Association Retired Police Officers) M, J, S, D
Nick Adams	Employer (Avon & Somerset Police) M, J, S
Sandy Goscomb	Employer (Devon & Cornwall Police) M, J D
Steve MacKenzie	Employer (Dorset Police) & Vice-Chair M, Replaced by Tim Newman wef Sep
Peter Skelton	Employer (Gloucestershire Police) M, Replaced by Jane Heppel wef Dec
Clive Barker	Employer (Wiltshire Police)

Members were represented by their deputies as required:

Robin Hobbs	Member (NARPO) M, S
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Sarah Holbrook Employer (Wiltshire Police) M, J, W, D
Lisa Adams Employer (Glos Police) S,

In addition, a number of officials attended the board meetings as required. These included:

Esther Lee Minute Taker (Devon & Cornwall Police) M, J, S, D
Richard Hicks Strategic Pension Lead (Dorset Police) M, J, S, D

Representatives of XPS pensions administration team and Peninsula pension administration team.

Board Meetings

Pension regulations do not set a minimum, or maximum number of meetings required per year. The Pensions Regulator recommends that boards meet 4 times per year and the experience of the SWRPPB is that this is a reasonable frequency for a pension board to meet. Accordingly the SWRPPB meets quarterly and during 2021 met on the following dates:

04 March 2021
01 June 2021
16 September 2021
02 December 2021

Access to the business of the Board

The terms of Reference and detailed minutes of the Board meetings are published on the South West Police Pensions Board site ([Meeting minutes and Reports \(swpolicepb.co.uk\)](http://swpolicepb.co.uk)) with each Force hosting a link via their own web pages.

[Avon and Somerset](#)
[Devon and Cornwall Police](#)
[Dorset Police](#)
[Gloucestershire Police](#)
[Wiltshire Police](#)

Training & Development

All Pension Board members complete the public service pensions on-line training as provided by the Pensions Regulator. Additional training is generally provided by updates from the Chair, meetings attended and technical briefings on an item-by-item basis, supported by external briefings where possible. A Succession plan has been developed to both identify the 'term' for each Board member and allow for continuity, in keeping with best practice.

In December the Board was joined by Clair Alcock, the National Police Chiefs Council Pensions Adviser, who provided an update on the work being undertaken to deliver the Pension Remedy to the McCloud legal judgment on police pensions.

Role of the Board

The role of the Pension Board is to ensure that the schemes are properly run in the interests of both the members of the schemes and the employers, represented on the Board by all the Regional Police Forces. Put simply, the Pension Board's role is to assist the Scheme Managers in ensuring that 'the correct pension is paid to the right person at the right time'.

Accordingly during the reporting period the Board has been briefed on a number of issues relevant to the management of the scheme and the most significant of these are described below:

Issues Discussed

1. Administration: Both pension administrators for the SW Region, XPS and Peninsula, reported that due to Covid concerns and government advice, the majority of their team members had continued to work from home during 2021. The Board was reassured to see that delivery of administration to scheme members had largely been unaffected by the change in working practices. One noticeable consequence had been greater use of email traffic rather than phone correspondence, however this did not appear to be to the detriment of the service provided to members.
2. Online Portals: Members use of the online portals at both Peninsula and XPS continued to increase during the year. By year's end approximately two-thirds of active members and one-third of pensioners had registered online.
3. McCloud Pension Remedy: By the end of 2021 the Supreme Court had ruled that the manner in which transitional protection was implemented for the 2015 Public Service Pension Schemes discriminated on the grounds of age, gender and race. It must be stressed that the ruling does not state that the 2015 schemes are in any way unlawful, but rather that the special protections allowing members to remain with their current schemes, or delay transferring to the 2015 schemes are unlawful. The Government chose not to appeal the decision. The result was the public service schemes including the Police scheme, will be required to:
 - a. Move all members remaining on legacy pension schemes to the 2015 schemes from 1 April 2022.
 - b. Prospectively remove discrimination for future benefits from 1 April 2022.
 - c. Retrospectively remove discrimination for benefits built up during the period of discrimination 1 April 2015 to 31 March 2022 (the remedy period).

Consultation was instigated by the Home Office on the manner in which the above should be achieved and the next step is for the relevant legislation to be enacted, which will offer Remedy to those affected.

The Board received regular updates throughout the year on the McCloud Remedy from Sandy Goscomb in her role as Chair of the Pensions Remedy Board for Dorset,

Devon & Cornwall, Gloucestershire and Wiltshire and Nick Adams, Chair of the Pensions Remedy Board for Avon & Somerset. Both Chairs are members of the SWRPPB. Because of the fast moving nature of this subject separate websites have been established to include the numerous and relevant documents readers may wish to see on this subject. [South West Regional McCloud Pension Remedy Updates and Communication portal](#) Suffice to say that the Board considers this a major element of their role (hence the establishment of separate Remedy Boards) and keeps up to date via regular briefings and discussions at board meetings.

4. Audit: During the year the NARPO representative for South Devon had reported a number of cases of pensioners who were concerned that their pension payments were incorrect. As a result an audit of 50 cases was commissioned. The audit found some historical incorrect calculations of pensions, mostly very small amounts, but of concern nonetheless; accordingly a larger audit was commissioned (a further 200 cases across all categories) to see if the problem was more widespread. (at the time of writing, the audit report has not yet been completed with key findings shared)

Cost of the Board

The primary costs of the board are the expenses related to the Independent Chair (fees), training, travel expenses for members and administrative resource support e.g. preparation, minute taking etc.; a budget was set and observed for 2021 with all 5 SW Forces sharing costs. The budget/costs have been reduced over recent years, including 2021, due to efficiencies such as online meetings/training (during the unique circumstances prevailing regards covid). Typically the budget/costs per year are c.£18k.

Governance & Compliance

As recommended by the Pensions Regulator, the Board maintains a Risk Register as an effective internal control to assist the Scheme Managers. The risks are those potential threats to the schemes that the Board considers require regular scrutiny and action plans. The Register is a standing item on the Board's agenda and risks are reviewed, added, removed or adjusted, as the Board considers appropriate.

During 2021 the number one risk was once again considered to be the ramifications of the McCloud judgment on members of the Police Pension Scheme. Although the Home Office has published details of the Remedy for the McCloud judgment, there remain a number of unanswered questions and concerns surrounding the delivery of the Remedy and for this reason the Board considers this risk to remain high.

Following the Pensions Regulator recommendation that pension boards consider the risks surrounding potential cyber attacks on scheme records and payment delivery systems, the Board duly requested the pension administrators (XPS & Peninsula) provide details of their system safeguards and contingency plans. Both administrators reported that they have security systems in place that comply with nationally approved standards of safeguarding and were examined and considered both appropriate and proportionate to the threat of cyber attack. The specific risk of cyber attacks was kept at a high level pending further assurance by the relevant police IT experts that the risk is being managed appropriately.

The related, but separate risk of Business Continuity, was also examined by the Board and downgraded following successful implementation by XPS and Peninsula in response to the Covid Pandemic. Both administrators were able to demonstrate that their plans were both robust and effective.

Referrals to the Pensions Regulator

The Public Service pensions Act 2013 requires Police Pension Scheme Managers to reported breaches of regulations to the Pensions Regulator. Examples include failure to collect contributions within the prescribed timeframes; failure to issue Annual Benefit Statements and Pension Savings Statements by the due date and failure to maintain correct records of scheme members. Whilst there were administrative matters brought to the attention of the Board during 2021, the Board is pleased to report that none were considered appropriate to report to the Pensions Regulator.

Complaints

In common with all other public service pension schemes, the SW Police Pension Schemes operates a formal complaints procedure known as the Internal Dispute Resolution Procedure (IDRP). Every Board meeting includes 'Complaints' as a standing item on the agenda and any IDRP complaints are brought to the attention of the Board. The Board does not have access to personal complainants details and focuses its interest on ensuring that cases are handled correctly and in a timely manner. It is also interested in any developing trends, concerns, or lessons to be learned.

The Board is pleased to note that formal complaints regarding the administration of the pension service continue to be very few and are undertaken by each Force with numbers/trends reported in broad terms to the Board each quarter; pleasingly the numbers are very low. The Board is of the opinion that such complaints have been handled correctly and conscientiously.

Priorities for 2022

The McCloud Pension Remedy will continue to be a significant element of the Board's activities and as focus moves to delivery of the Remedy, administration will necessarily become critical to a successful resolution of the issue. The Board remains committed to ensuring members are kept informed of developments and that communications are as effective as possible.

One area of concern to the Board that continues to frustrate, is the number of police officers opting out of the pension scheme, worryingly at the early stages of their career. Whilst the numbers have remained broadly in line with the national average, this is still considered to be too high. Efforts will continue to be made to provide good communications that show officers the benefits of joining and importantly, remaining, members of the police pension scheme.

Finally, despite expectations that the adjustments to the Guaranteed Minimum Pensions would be concluded during 2021 this did not occur, primarily due to Covid staffing issues and other priorities for HMRC. The Board will continue to monitor this subject during 2022, in particular any relevant correspondence that will need to be distributed to affected scheme members.

Ian Pollitt CBE
Chair
South West Police Pension Board

May 2021