

NORTHUMBERLAND COUNTY COUNCIL

Firefighters' Pension Scheme (FPS) Local Pension Board

At a meeting of the FPS Local Pension Board held at County Hall, Morpeth on Thursday, 19 October 2017 at 10.00 a.m.

PRESENT

S Richards
(Chair, in the Chair)

SCHEME MEMBER REPRESENTATIVE

Tiffin, G

**EMPLOYER REPRESENTATIVES
COUNCILLORS**

Robinson, M

Swithenbank, ICF

OFFICERS IN ATTENDANCE

C Gorman

Principal Accountant (Pensions) -
Project Officer
Board Secretary
Pensions Project Manager
Democratic Services Officer

A Lister

D Smith

N Turnbull

1. Consideration (Declaration) of Conflicts of Interest

The Chair informed Board members that they would need to consider whether they had a conflict of interest arising from any of the agenda items to be discussed at each meeting. None were declared.

2. Minutes of the FPS Local Pension Board

It was noted that the minutes of the meeting of the Firefighters' Pension Scheme Local Pension Board, held on Thursday 27 April 2017, had already been adopted and signed by the Chair as a true record (in accordance with the Board's terms of reference), and were received for information.

Ch.'s Initials.....

3. Firefighters' Pensions Administration and Project Action Plan

The Board received a report which considered the the options for the future administration of the Firefighters' Pension Scheme following the decision to share services with Tyne and Wear Pension Fund. (A copy is filed with the minutes as Item 10).

The Principal Accountant (Pensions) - Project Officer introduced Dave Smith, Pensions Project Manager, who was working on the project. A comparison of costs was discussed and the advantages and disadvantages were outlined of the options to provide the most sustainable administration service in the longer term. This was believed to be West Yorkshire Fire Authority and discussions were continuing with a view to transfer of administration taking place on 1 March 2018.

The Board noted the constraints of the current service and were reassured with the positive feedback from other clients of the proposed provider, the provision for regular meetings, roadshows and the opportunity for face to face meetings if this was required.

The impact on membership of the changes of the scheme were discussed including other options such as purchase of property or lifetime ISAs. It was noted that there was no provision within the FPS for additional voluntary contributions.

4. CHAIR'S BRIEFING

The Chair welcomed everyone to the meeting and particularly the new members, Councillors Robinson and Swithenbank. He also introduced Andrew Lister who had replaced Clare Gorman as the Board Secretary.

The Chair wished to record his appreciation to Clare Gorman for her work, particularly with regard to establishing the Board. He also thanked the former councillors, Alan Sambrook and John Woodman for their contribution and support.

The Chair gave an overview of the Firefighters' Pension Scheme Annual Conference which had been held the previous week. Presentations were given on a number of subjects, including:

- the Pension Regulator
- changes to legislation
- the Pension Ombudsman
- Scheme Advisory Board website (www.fpsboard.org)
- A view from Government, changes to schemes and how valued (Peter Spreadbury, Home Office and Chris Mulholland, Government Actuary's Department)

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- Recent Case Law 'Brewster' (nomination of cohabiting partner) and 'Walker' (same sex marriage / civil partner survivors pension). 'McCloud' and 'Sargeant' to be heard at the same time in the Employment Appeals Tribunal.
- Voluntary Scheme Pays
- Data challenges and the General Data Protection Regulations (GDPR)

5. 2016/2017 Annual Report of the NCC FPS Local Pension Board

Members of the Board received a copy of the Chair's 2016/17 Annual Report of the NCC FPS Local Pension Board (a copy of which is filed with the signed minutes as Item 10).

The Chair outlined the report which contained details of membership and attendance at Board meetings, purpose, progress, risks, fund accounts, membership of the scheme and optants out. It was intended that a meeting be arranged with the Scheme Managers (Chief Fire Officer and Interim Chief Executive) to discuss the annual report.

Members discussed the differences in the fund accounts between 2015/16 and 2016/17 which demonstrated a reduction in contributions from members. It was also noted that the figure for commutations and lump sum retirement benefits had been higher in 2015/16 when a number of senior officers with long service had retired.

6. Reports of the NCC FPS Scheme Manager

Members of the FPS Local Pension Board received a copy of the following reports (copies of which are filed with the signed minutes and marked as Item 6):

(a) Breaches in the quarters to 31 March 2016, 30 June 2016 and 30 September 2017

The Board Secretary reported that the annual benefit statements for 19 individuals needed to be calculated manually and were to be issued in the next few weeks. It was noted that the systems for the new administrator were automated which would mean that the breach should not recur.

In answer to a question on breach 2, it was reported that pensions contributions were not payable on temporary promotions. The issue was now resolved.

(b) Scheme administration, complaints, appeals, IDRs

There were none to consider.

(c) Update report on errors identified at 2014/2015 external audit

The Board Secretary provided an update on errors which had been identified by external audit and Employee Services. Advice was being sought from the LGA regarding the approach to be adopted on smaller amounts where the cost of recovery exceeded the cost of the underpayment.

(d) National and regional developments

Information was received from the Firefighters' Pension Adviser on the following:

- The Brewster judgement
- Voluntary scheme pays
- The Scheme Advisory Board levy of £5.67 per active firefighter

The Board also received information on the requirement for Tyne and Wear Fire and Rescue Service to repay a Pensions Top Up Grant which had been incorrectly claimed.

7. Report on membership of FPS in NCC

Members of the Board received information about NCC's membership of the FPS (a copy of which is filed with the signed minutes and marked as Item 7). Figures were provided for the four fire pensions schemes as at 30 September 2017, 31 March 2017 and 31 March 2016. Data was also included regarding optants out.

8. NCC's FPS 2016/17 draft Statement of Accounts and IAS19 FPS liabilities

The Board received a copy of the draft Firefighters' Pension Fund Accounts for 2016/17 and IAS 19 liabilities for the period from 31 March 2013 to 31 March 2017 (a copy of which is filed with the signed minutes and marked as Item 8). It was noted that a grant of £103,000 had been received for 1992 Contributions Holiday. This related to reimbursement of contributions previously paid by firefighters before they were 20 years old.

9. The Pensions Regulator Public service governance and administration survey results

The Board received the Pensions Regulator summary of results and commentary of a survey undertaken in Autumn 2016 (copy filed with the minutes as Item 9). Areas of concern identified were: governance, record keeping, internal controls and member communications.

The Board Secretary referred to the areas highlighted in red on page 9 of the report and confirmed that:

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- Work on risks and a risk register would be commenced in the next few weeks.
- Many of the previously identified data issues, following an earlier review, had been resolved.
- Many schemes had experienced problems in 2016 regarding the issue of annual benefit statements by the statutory deadline. Significant progress had been made by the Pensions Administration section in 2017 although a number of statements had not yet been issued as discussed earlier in the meeting.

In response to a question on Scheme Manager attendance at pension board meetings, it was agreed that the Board secretary would make enquiries with neighbouring schemes to ascertain whether this was normal practice elsewhere.

10. Financial Arrangements for Firefighter Pensions – Logasnet Returns: Pensions Estimates 2017/18 – 2023/24

The Board received information from the Local Government Association Firefighters' Pension Adviser which highlighted the importance of forecasting pension accounting data. Details were also included about the approach taken by Northumberland to ensure the Pensions Estimate return was correctly completed. The return included a projection of possible future retirements given age and length of service of employees.

It was confirmed that the calculations were used to predict the value of the scheme and management of expenditure by the Government.

11. Changes to FPS Regulations

A report was circulated which contained details of changes to FPS Regulations regarding:

- Survivor benefits no longer being lost by widows, widowers and surviving civil partners of firefighters and police officers who have died or die on duty, if they remarry or form a civil partnership.
- Members should not be moved into the 2015 scheme if they were in the sickness retirement process.

12. Update from FPS Scheme Advisory Board

The Board received an update from the Scheme Advisory Board (SAB) Chair which included:

- A link to the Knowledge Hub forums which members were encouraged to join. www.khub.net.
- The membership and remit of the three SAB sub-committees.
- Tax training seminars

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- Requirements of the General Data Protection Regulations (GDRP)

13. Future meeting dates

Members received a list of dates for meetings of the FPS Local Pension Board in 2017/18.

Reference was made to the training offered by the LGA Firefighters' Pension Adviser and it was agreed that a joint training event be held with neighbouring authorities, if a suitable date could be arranged.

14. Any other business

There was no other business.

(The meeting ended at 12.03 p.m.)

CHAIR S. Richards

DATE 28 November 2017

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NORTHUMBERLAND COUNTY COUNCIL

Firefighters' Pension Scheme (FPS) Local Pension Board

At a meeting of the **FPS Local Pension Board** held at County Hall, Morpeth on Thursday, 26 April 2018 at 10.00 a.m.

PRESENT

S Richards
(Chair, in the Chair)

SCHEME MEMBER REPRESENTATIVE

Tiffin, G

**EMPLOYER REPRESENTATIVES
COUNCILLOR**

Swithenbank, ICF

OFFICERS IN ATTENDANCE

Y Gajra	Business Development Manager West Yorkshire Pension Fund (WYPF)
C Gorman	Principal Accountant (Pensions) - Project Officer
A Lister	Board Secretary
N Turnbull	Democratic Services Officer

1. Apologies

Apologies for absence were received from Councillor M Robinson.

2. Consideration (Declaration) of Conflicts of Interest

The Chair informed Board members that they would need to consider whether they had a conflict of interest arising from any of the agenda items to be discussed at each meeting. None were declared.

3. Minutes of the FPS Local Pension Board

It was noted that the minutes of the meeting of the Firefighters' Pension Scheme Local Pension Board, held on Thursday 19 October 2017, had already been adopted and signed by the Chair as a true record (in accordance with the Board's terms of reference), and were received for information.

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4. Chair's briefing

The Chair highlighted the following:

- The 2016/17 Annual Report of the NCC FPS Local Pension Board had been received by the Audit Committee in 2017 without comment.
- He met with Alison Elsdon (Section 151 Officer) and Paul Hedley (Chief Fire Officer) on 22 February 2018 to discuss the work of the Board, including the membership, frequency of meetings, and whether there was merit in Alison and/or Paul attending Board meetings.
- Under the FPS Regulations, the Scheme Manager for the FPS is the appropriate Fire and Rescue Authority, and therefore Northumberland County Council is the Scheme Manager. NCC has delegated the exercise of this function to the Section 151 Officer in consultation with the Chief Fire Officer, though the NCC Constitution currently states "*the Chief Executive in consultation with the Chief Fire Officer*". In practice, the Chief Executive is currently delegating the function to the Section 151 Officer, and the intention is that the Constitution will be updated at the next opportunity to correct the stated delegation to the Section 151 Officer rather than the Chief Executive.
- A risk register for the FPS administration in NCC is in the process of being compiled.

The Board discussed the Scheme Advisory Board's recommendation that local pension boards should consider the "good practice" recommendation of holding four meetings per annum. It was agreed, however, that two meetings per annum worked well at NCC and in any event extra meetings could be called by the Chair if necessary, and urgent business could (in exceptional circumstances) be considered by the Board by email between scheduled meetings.

The WYPF Business Development Manager commented that in his experience there was no correlation between the size of a Fire and Rescue Authority and number of Board meetings held at that Authority each year.

5. Reports of the NCC FPS Scheme Manager

Members of the FPS Local Pension Board received a copy of the following reports (copies of which are filed with the signed minutes and marked as Item 5):

(a) Breaches in the quarters to 31 December 2017 and 31 March 2018

It was noted that no new breaches had been identified in the quarters to 31 December 2017 and 31 March 2018 and all previously identified breaches had been completed or superseded.

(b) Scheme administration, complaints, appeals, IDRs

There were none to consider.

(c) National and regional developments

The Board Secretary highlighted the following items included in the Firefighters' Pensions Scheme Advisory Bulletins received between November 2017 and March 2018:

- Additional pension purchase limit for 2018/19
- Abatement
- Requirements of GDPR; what, how and where pension data is held
- Continuation of the current interim arrangements for indexation of Guaranteed Minimum Pension (GMP) in public service pension schemes until 5 April 2021, to allow further consideration of implementing GMP conversion as a long-term solution
- Dispute resolution services transfer from the Pensions Advisory Service (TPAS) to the Pensions Ombudsman (TPO)
- Lifetime allowance for 2018/19
- Re-engagement of senior fire officers post-retirement
- Contribution holiday unauthorised payments to HMRC
- Backdated elections to the modified 2006 scheme
- Annual allowance pensions savings statements 2016/17
- Pension sharing on divorce
- Pensions Expert article on the firefighters' age discrimination case being referred back to the Employment Tribunal.

The Board Secretary confirmed that none of the information provided to Board members in the past had contained personal data, as defined by the GDPR, and if it was necessary in the future for Board members to consider information which contained personal data, appropriate steps would be taken to ensure the security of data (and protection of the Board members) such as providing and collecting it back at the meeting.

6. Decisions made by the NCC FPS Scheme Manager

Members of the FPS Local Pension Board received a copy of the following reports (copies of which are filed with the signed minutes and marked as Item 6):

(a) NCC FPS Statement of Discretionary Policies and Delegated Authority adopted on 19 March 2018

The Principal Accountant (Pensions) - Project Officer reported that the Statement of Discretionary Policies and Delegated Authority captured all FPS policies adopted by NCC in the past, through formal policies, custom and practice. The Statement had been completed and formally adopted by the Scheme Manager prior to the transfer of the administration service to West

Yorkshire Pension Fund, and prior to NCC's former FPS administrator leaving the employment of NCC in February 2018.

The Statement would help ensure transparency, fairness and consistency of future decisions, and facilitate an efficient shared service with WYPF.

(b) For FPS shared service contract with West Yorkshire Pension Fund (WYPF), exemption from NCC's Finance and Contracting Rules

The Principal Accountant (Pensions) - Project Officer explained that a waiver from the Finance and Contract rules had been required as the shared service arrangement for the administration of the Firefighters' Pension Scheme was with West Yorkshire Pension Fund, which contracts with third parties in the name of the legal entity City of Bradford Metropolitan Borough Council (i.e. WYPF's LGPS administering authority), and not in the name of West Yorkshire Fire Authority, as initially believed. Therefore, technically the agreement between NCC and WYPF cannot be a shared service; it is a contract and NCC's Contracting Rules apply. The exemption from Contracting Rules was granted in acknowledgement of the fact that the agreement between NCC and WYPF had all of the salient features of a shared service including risk and cost sharing.

7. Transfer of FPS administration service from 1 March 2018

Members of the FPS Local Pension Board received a copy of the following reports (copies of which are filed with the signed minutes and marked as Item 7):

(a) Summary of the transfer including 'who does what' post-transfer

The Board received a summary which explained the background for the decision to transfer the administration of the FPS services to WYPF and an outline of the responsibilities of WYPF and NCC, post-transfer.

It was noted that the contract between NCC and WYPF would be finalised in the near future. The Board discussed the length of the agreements between WYPF with other Fire and Rescue Authorities, which varied between three and seven years. The Principal Accountant (Pensions) - Project Officer commented that she was still in discussion with NCC's Procurement Team. She hoped to be able to incorporate a long initial term in the agreement, when finalised, to establish a long term working relationship with WYPF, provide stability for NCC's Scheme members, and recognise the true cost and potential risk of changing administrator. Board members were supportive of incorporating a longer term in the agreement.

In answer to a question, the WYPF Business Development Manager confirmed that members would be notified if they were approaching the lifetime annual allowance limit as part of the information supplied in the Annual Benefit Statement.

- (b) Q and As provided to active members in February 2018
- (c) Letters to all NCC FPS members sent February 2018
- (d) Welcome letter from West Yorkshire Pension Fund sent March 2018
- (e) Pension Newsletter from West Yorkshire Pension Fund

The Chair and Guy Tiffin confirmed they had received the correspondence to members issued in February and March 2018 regarding the start of the shared administration service with WYPF.

8. Example FPS risk register

Members of the Board considered the first draft of the NCC risk register for the FPS, which was partially completed. (A copy is filed with the minutes as Item 8).

The Board Secretary explained the process which considered the likelihood and impact of a risk before and after the implementation of controls, to provide a 'grading' of the severity of the risk. It was recommended that an explanation of the scoring be included as a key to the risk register in the future.

The Board recognised that the Scheme Manager would adopt and change the FPS risk register in the future, and the Board's role would be to offer advice and assistance in the process. The next step would be to split the risks between those primarily owned by WYPF and those owned by NCC, and the shared risks.

The Board was asked to consider whether they were aware of any omissions from the risks shown in the example FPS risk register, and none were noted.

A Board member suggested that officers obtain FPS risk registers from other Fire and Rescue Authority clients of WYPF to learn from any good practice available. The WYPF Business Development Manager agreed to add risk registers as an item for discussion at the next (June 2018) quarterly client meeting.

The Chair requested a meeting with officers prior to the next Board meeting for a detailed discussion of the next draft of the FPS risk register.

It was agreed that review of the risk register would become a standing item on each future agenda.

9. Monthly Client Report for NCC from WYPF

Members of the FPS Local Pension Board received a copy of the following reports (copies of which are filed with the signed minutes and marked as Item 9):

(a) for March 2018

The Business Development Manager (WYPF) explained that as part of the shared service arrangement, monthly client reports would be issued which would refer to:

- Regulations / Fire Scheme Updates (and identify any actions required by NCC)
- Members Issues
- Administration Update
- GDPR Update
- Key Performance Indicators
- Membership Numbers.

He provided a summary of the preparation and work being undertaken to comply with the General Data Protection Regulation (GDPR) and the action plan of City of Bradford Metropolitan Borough Council which reviewed policies and training for employees. Assurances were being sought, currently, from service providers such as printers, actuaries, data cleansing and tracing bureaus regarding the security and timely deletion of personal data provided in the past. All future contracts entered into by WYPF with service providers would be GDPR compliant.

It was noted that data held and processed to administer the FPS was required for the lifetime of the member and beyond in order to pay pensions and respond to queries from members and their families. FPS data therefore needed to be retained for a long time and a retention period of 75 years was likely to be adopted.

(b) for April 2018

The WYPF Business Development Manager commented on recent discussions between WYPF officers and HMRC to clarify the treatment of certain transferred data (from NCC to WYPF) to ensure NCC's pensioner members' tax position was correctly stated.

He confirmed that WYPF had met the 31 August deadline for issuing Annual Benefits Statements (ABS) in previous years and work had commenced on the ABSs due to be issued by 31 August 2018. He explained that, following the 19 April 2018 deadline for the submission of FPS membership data from clients, the ABSs would be issued in phases starting from the end of April. This meant that the workload was spread over as long a period as possible and the calls received by the Pensions Helpline staff were also spaced out so that operators were not inundated at one time.

A Board member recommended that information regarding WYPF's 'MyPension' web services and a link be included in the NCC weekly 'Routine Notice' bulletin for FPS active members, to encourage participation.

In response to a query regarding deferred membership numbers, it was confirmed that retained firefighters were included. The WYPF Business Development Manager agreed to check the accuracy of the membership numbers provided.

10. Draft minutes of quarterly client meeting held on 15 March 2018

The Board received the draft minutes of the quarterly client meeting held on 15 March 2018. Minutes of the quarterly client meetings would be considered as a standing item at each future meeting of the Board. (A copy is filed with the minutes as Item 10).

The Principal Accountant (Pensions) - Project Officer commented on the benefits, for NCC, of attendance at the quarterly client meetings with other representatives of the WYPF client group. NCC hoped to send representatives from the Finance Directorate and the Fire and Rescue Service to attend all future meetings. Clients could participate via conference call if unable to attend the meetings in person.

The forum provided a platform to share best practice, discuss technical issues and interpret rules, and better understand the service provided by WYPF. The WYPF Business Development Manager stated that the meetings were also useful to WYPF for understanding the needs of clients. It was noted that Helen Scargill, Client Relationship Manager at WYPF, was a member of the Scheme Advisory Board Technical Group and able to share her knowledge with the client group.

11. Local Government Association: Report on survey of FRA Local Pension Boards 2017

The Board discussed the results of the Firefighters' Pensions (England) Scheme Advisory Board survey which had been undertaken to assess the effectiveness and operational efficiency of the new governance arrangements, and the role and function of local pension boards and interaction with scheme managers. (A copy is filed with the minutes as Item 11).

The Board noted the recommendations contained on page 25 of the report with regard to:

- Number of meetings
- Board membership
- Key documents / processes
- Scheme governance
- Board communications.

Board members discussed the composition of the NCC FPS Board, frequency of meetings and production of the Board's Annual Report.

12. Pensions Ombudsman Service: 2016/17 statistics and enquiries

The Board received a report from the Pensions Ombudsman Service which provided data on the number and type of complaints received by the Ombudsman for the FPS across England between 1 January 2014 and 31 July 2017.

The small number of FPS investigations accepted by the Ombudsman each year was noted, and the fact that many were resolved by the informal, rather than the formal route.

13. Process for 2017/18 Annual Report of the NCC FPS Local Pension Board

The Board agreed that the 2017/18 Annual Report of the Board be drafted by the Chair and officers for consideration by the Audit Committee later in 2018. A copy would be circulated electronically to Board members prior to finalisation.

The Chair proposed that the format of the report remain similar to that used in previous years with the addition of graphs to depict the changes in membership numbers of the various FPS schemes, now that data had been collected for a few years.

14. Future processes for deferred members

The Board noted that Annual Benefit Statements for deferred members would be provided online from 2018, as part of the WYPF commitment to reduce pension administration costs.

15. Example privacy notice to be used by WYPF to comply with the General Data Protection Regulation (GDPR)

The privacy notice to be included in the Annual Benefit Statements for deferred members for 2018, to comply with GDPR, was provided. The WYPF Business Development Manager confirmed that more detailed information was available on the WYPF website.

16. Future meeting dates

It was agreed that future meetings future would be held on Tuesdays in order to maximise attendance. The dates for meetings in 2018/19 would therefore be:

Tuesday 23 October 2018
Tuesday 16 April 2019

17. Any other business

There was no other business.

(The meeting ended at 12.20 p.m.)

CHAIR S. Richards

DATE 8 May 2018

