

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.

Ch.'s Initials.....

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 (GDRP)

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

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 Tuesday, 23 October 2018 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

A Lister
H Scargill

Board Secretary
Client Relationship Manager - West
Yorkshire Pension Fund (WYPF)
Democratic Services Officer

N Turnbull

1. Apologies

There were no apologies.

2. Consideration (Declaration) of Conflicts of Interest

The Chair informed Board members that they must 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 26 April 2018, 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.....

4. Chairs' Briefing

The Chair outlined the programme at the Local Government Association Fire Pensions Annual Conference which had been held on 18 September 2018. Presentations included:

- A view from Government - including an update on the scheme valuation.

The Client Relationship Manager (WYPF) provided an update on meetings with the FPS Scheme Advisory Board (SAB) and the options being considered to address the lower than anticipated value of the 2015 FPS which had breached the cost cap floor by more than the permitted 2%. The Board discussed mortality rates and the elements which would have a bearing on future pension liabilities and employers' contributions.

Guy Tiffin expressed concern due to the reduction in whole time firefighters in recent years and also that recent recruits were older, previously retained firefighters, who were choosing not to join the 2015 CARE scheme. Contributions had therefore reduced which was placing more pressure on the scheme.

- Public Service Pensions Tax - more public sector employees (fire, police, NHS, military, teachers, civil servants) were being affected by reductions by HMRC on lifetime and annual allowances. The Fire Leaders Association intended to approach the Treasury regarding the impact as it was affecting recruitment to senior posts.
- Case Law Update - An update had been received on the impact of the judges' case which had been referred back to the Employment Tribunal by the Court of Appeal. The case related to age discrimination on eligibility for retirement which had been successful unlike the similar firefighters case.

The Chair confirmed that he would be holding his annual meeting with the Scheme Manager (represented by NCC's S151 Officer and Chief Fire Officer) before the next scheduled meeting of the Board.

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 30 June 2018 and 30 September 2018

It was noted that there had been three new breaches within the identified period. Two related to the production of annual benefit statements delayed due to data conversion issues following the transfer of the administration of the FPS administration service from NCC to WYPF in March 2018.

The Client Relationship Manager (WYPF) reported that only 2 statements were outstanding in relation to Breach 11. Work to issue the annual benefit statements for RDS Modified Members would be resumed in the next few weeks following completion of other deadlines including HMRC's deadline of 31 October 2018 for submitting queries where HMRC and NCC's GMP records differ. It was anticipated that these breaches relating to Annual Benefit Statements would not recur in the future as the delay and additional work was due to the transfer of the scheme administration to WYPF and involvement in the process by NCC payroll personnel who had not previously been involved.

In answer to a question, the Client Relationship Manager (WYPF) also provided clarification regarding the criteria for calculation of salary for the different schemes.

(b) Scheme administration, complaints, appeals, IDRPCs

It was noted that there was currently a case relating to an NCC FPS member under consideration by the Medical Board and the Board Secretary agreed to check why no cases were listed in the last six months.

(c) National and regional developments

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

- Valuation data
- Internal Dispute Resolution Procedure
- FPS 2006 special member tax relief claims
- Factsheet - Eligibility to join FPS

The Board **agreed** that the Board Secretary should check that NCC staff involved in firefighter recruitment were aware of the scheme rules and request assurance that internal processes are in place to determine the eligibility of employees to join the scheme.

- Deferred Benefit Statements (DBS)

The Board **noted** that WYPF had completed the LGA Survey on behalf of NCC FPS and that the statutory requirements were being met.

- TPR data requirements - 2017/18 Scheme Return
- TPO determination PO-12763 - the Police Pension Scheme
- FPS 2016 valuation
- 2018 amendment order - SI 2018/997

The Board **noted** that action was suggested by FPS SAB on the following points:

1. Ensure they were aware of the indexation to two pensions and that this is properly applied.
2. Ensure a policy is in place for exercising Voluntary Scheme Pays (VSP) and that firefighters are aware of how they would request the Fire Authority to pay any tax charge arising under the VSP policy.
3. Ensure that members in the 2006 scheme are communicated to, to let them know the scheme has been changed to remove the requirement to nominate. Consider whether as an authority / administrator nominations will still be encouraged as good practice, albeit not required under legislation.

The Client Relationship Manager (WYPF) confirmed that they would issue all relevant communications to NCC's scheme members and provide assurance that the points had been actioned.

- FPS benchmarking exercise
- TPR - new approach to workplace pensions regulation
- Contracting-out reconciliation update
- Pensions tax support

The Board Secretary confirmed that training had been offered by the LGA which Board members would be invited to attend.

The Client Relationship Manager (WYPF) highlighted the need to raise awareness about potential tax liabilities in internal communications with officers and candidates seeking promotion. The Board **agreed** that the matter be brought to the attention of HR and the Chief Fire Officer by the Board Secretary.

6. 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 6). Standard headings within the reports included: Regulations, Member Issues, Administration Update including Member Web registrations, Key Performance Indicators (KPIs) and Membership Numbers.

An additional report for May 2018 was circulated at the meeting. A copy is filed with the signed minutes.

(a) June / July 2018

The Client Relationship Manager (WYPF) reported that a number of users had been experiencing difficulties registering on 'MyPension' the WYPF FPS member interactive web service. An upgrade was in the process of being procured and should be available for use within three months which will improve the user experience. Promotion of the service would recommence when the portal was operational. Existing users would be migrated to the new service.

Board members noted that the upgraded service now incorporated a sort code checker for bank accounts changed through self service but did not include verification of account number and name of account holder. Responsibility for ensuring that accurate data was input remained with the member although they were still able to notify changes to records manually via paper forms.

(b) August 2018

The Client Relationship Manager (WYPF) referred to the update on Deferred Benefit Statements earlier in the meeting. She also confirmed that WYPF would provide NCC with TPR's data scores both common and scheme specific for each scheme.

(c) September 2018

The Client Relationship Manager (WYPF) reported that due to a recent spike in requests for pension estimates following the issue of Annual Benefit Statements (ABS), the KPI target was unlikely to be met for the next 2 - 3 months. Requests from all WYPF FPS clients had increased from an average of 75-90 to 370-390.

It was believed that the increase in requests were due to a number of factors, including: increase in number of WYPF clients, provision of different information in ABS than supplied previously by administrators using Heywood software. It was confirmed that WYPF included all of the information recommended by the LGA.

Discussions were to be held regarding the provision of estimates five or more years in the future due to the difficulty of forecasting, particularly if accrual rates changed as a result of GAD scheme valuations.

7. Annual Benefits Statements, Pension Savings Statements and GMP reconciliations

Updates were provided as follows:

Annual Benefit Statements

The Client Relationship Manager (WYPF) confirmed that two Annual Benefit Statements were now outstanding and that none of the RDS Modified Statements had yet been issued due to other deadlines over the last few months. She confirmed that the work would be prioritised and recommence following the 6 November 2018 deadline; this was likely to be a breach for this year only.

The 31 August deadline had not been met in 2018 due to the data conversion issues following the transfer of the administration of the service from NCC to WYPF in March 2018 and manual input of some data.

The Board **noted** the assurance provided by WYPF that the breach on provision of ABS was due to teething troubles and should be for this year only. It was caused by the labour intensive nature of data conversion at the start of the shared service.

Pension Savings Statements

It was confirmed that Pension Savings Statements had been sent to all affected members prior to the statutory deadline of 6 October 2018.

GMP Reconciliation

The Client Relationship Manager (WYPF) reported that there were differences in three NCC FPS member GMP records from HMRC records and queries would be referred back to HMRC before the 31 October 2018 deadline.

8. Minutes of quarterly client meeting held on 28 June 2018

The Board received the minutes of the quarterly client meeting held on 28 June 2018 attended by representatives from NCC and other WYPF clients. Minutes of the quarterly client meetings would be considered as a standing item at future meetings of the Board. (A copy is filed with the minutes as Item 10).

The Client Relationship Manager (WYPF) stated that the SAB might enforce a minimum of three Local Pension Board meetings per year. SAB believed that this would give a better spread of meetings to allow Boards to carry out proactive monitoring of important deadlines.

The Board discussed the number of meetings per year. It was understood that SAB had concerns as some Boards cancelled meetings without rescheduling resulting in only one meeting being held per year.

The Chair confirmed that this was not the case at Northumberland. Some dates had been moved to ensure members could attend the Board meetings and that due to the small number of members involved, it was relatively simple to change dates to ensure that members could attend and for the meeting be quorate.

The Client Relationship Manager (WYPF) commented that there was unlikely to be any change for at least 18 months as the SAB was focusing on other issues. SAB was not undertaking a survey of LPB's this year due to the number of other surveys for FPS Scheme Managers to complete.

Reference was made to Item 15 on Split Pensions and awareness of members. The Client Relationship Manager discussed the necessity of ensuring notification to members if the possibility for this occurred due to a change in their circumstances and how this would impact on pension calculations. A leaflet on the matter was expected to be included in the next

SAB Bulletin which would give FRAs a clear steer on their responsibilities.

The Board Secretary agreed to investigate the processes for split pensions at NCC and whether a review of cases would be required. This review may need to include cases back to 1 April 2007 when the relevant legislation came into effect.

9. Update from NERFPOG meeting held on 27 September 2018

The Board Secretary highlighted a number of points from the above meeting, including:

- Appointment of SAB legal advisor.
- SAB was to provide a newsletter with standard wording following the Brewster Case as FRAs were required to communicate with relevant FPS members by 8 January 2019. This would be issued by WYPF.
- Enquiries were to be made to ensure that NCC Employee Services were informing WYPF, as pension administrator, when firefighters' pay was reduced.
- Discussions were continuing regarding the inclusion of rank in Annual Benefit Statements. The Client Relationship Manager (WYPF) confirmed that the format needed to be correct for inclusion in the Civica software and that a single decision on inclusion would be made for all clients. She stressed that it did not affect the accuracy of data.

10. 2017/2018 Annual Report of the NCC FPS Local Pension Board presented to Audit Committee 25 July 2018

Members of the Board received a copy of the 2017/18 Annual Report of the Firefighters Pension Scheme 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, risks, fund accounts, FPS membership numbers in NCC and optants out. He commented that the Scheme Managers did not regularly attend meetings given their other roles but he would meet them to discuss the annual report.

Concern was expressed regarding the increasing number of whole-time firefighters opting out of the pension scheme as they were making alternative provision. The Client Relationship Manager (WYPF) suggested that 10% of the workforce was average and that this was something that the LGA / Scheme Advisory Board was going to look at.

The Board Secretary confirmed that the report had been considered by the Audit Committee on 25 July 2018.

11. LGA Conference

The presentations from the LGA conference had been circulated electronically prior to the meeting and the programme had been outlined by the Chair in Item 3.

12. Board to formally consider Scheme Advisory Board recommendations

13. Board members' terms of office and selection of Vice-Chair

Items 12 and 13 were considered together.

With reference to paragraph 5.1 of the SAB report and following the discussion earlier in the meeting, the Chair confirmed that the NCC FPS Local Pension Board would continue to meet twice per year, as this worked well.

It was confirmed that the Terms of Reference (Item 13) complied with the recommendations in paragraph 5.2 of the SAB report.

Members considered whether a recommendation should be made to the Appointments Panel to appoint a Vice-Chair and it was agreed that Councillor Swithenbank be put forward.

Reference was made to the terms of reference and appointment lengths and how best to train and induct new members. It was agreed that it would be preferable if replacement members were identified in advance in order that they could benefit from training and observe meetings prior to their appointment taking effect and original member retiring.

The Client Relationship Manager (WYPF) reported that some Boards had made provision for substitutes. This was not currently permitted under the NCC Terms of Reference and not thought necessary due to the ability of the Board to reorganise meeting dates.

14. Scheme Valuation by Government Actuary's Department: Extract from SAB Technical Bulletin 12

The Board received an update on the 2016 scheme valuation and consultation being undertaken with the Scheme Advisory Board. (A copy is filed with the signed minutes and marked as Item 14).

It was noted that there was likely to be a significant increase in employer contribution rates due to the (now confirmed) reduction in the SCAPE discount rate from 2.8% to 2.4%.

An example was provided of the potential impact on the different schemes assuming a 20% increase in employer contribution rates. The additional cost of this scenario was estimated at £195k per year. It is understood that the Treasury may meet some of these costs in year 2019/2020 with the following

years being considered as part of the Government's Comprehensive Spending Review.

A decision regarding employers contributions was not expected to be made until late March 2019. The Board Secretary agreed to keep NCC Employee Services informed, as any change would take place with effect from 1 April 2019 and would therefore be incorporated within the April payroll run at short notice. The Chair agreed to include the issue in his meeting with the Scheme Manager.

15. GAD data exclusions

The Board received an update on the NCC FPS data excluded from the GAD 2016 valuation of the scheme. (A copy is filed with the signed minutes and marked as Item 15).

Members discussed the number of NCC FPS members in relation to the FPS membership in England. NCC FRS is one of the smallest and therefore a small change from previous years data could lead to data not fitting the anticipated model and being rejected.

16. Scheme regulation changes and LGA technical note SI 2018/997

A report was circulated which contained details of changes to FPS Regulations which came into force on 8 October 2018. (A copy is filed with the signed minutes and marked as Item 16).

Action by Fire Authorities and Local Pension Boards was required on the following points:

1. The need to ensure indexation to two pensions and that this was properly applied.

The Client Relationship Manager (WYPF) confirmed that this was undertaken at WYPF. It was not known how Northumberland had treated two pensions indexation previously and therefore it was agreed that this be investigated back to 2007 when the change had been implemented.

2. That a Policy was in place for exercising VSP and that firefighters were aware of how they would request the Fire Authority to pay any tax charge arising under the VSP policy.

It was confirmed that Northumberland has a VSP policy.

3. Members in the 2006 scheme needed to be communicated to, to let them know the scheme had been changed to remove the requirement to nominate. Consideration needed to be given by the authority / administrator whether nominations were to be encouraged as good practice, albeit not required under legislation.

Wording was awaited from the SAB / LGA Communications Group which would be issued to scheme members when finalised.

17. FRA Scheme Advisory Board ABS survey

The Board reviewed and agreed responses to SAB's FPS Annual Benefit Statement Survey 2018. (A copy is filed with the signed minutes and marked as Item 17). A partially completed copy was circulated at the meeting.

The Board discussed the responses to the following unanswered questions:

Yes - ABS's not provided by the 31 August 2018 deadline was reported to the Local Pension Board (at this meeting).

No - breach not considered material.

No - not reported to the Pensions Regulator.

1 week - estimate of time spent on the ABS cycle from start to finish.

WYPF informed the Board that they have included 3 months - additional resource by WYPFI in their return.

18. FPS 2017-2018 Statement of Accounts and IAS FPS Liabilities

The Board received a copy of the Firefighters' Pension Fund Accounts for 2017/18 and IAS 19 liabilities for the period from 31 March 2014 to 31 March 2018 (a copy of which is filed with the signed minutes and marked as Item 18).

It was noted that:

A top-up grant of £4.1 million had been received from central Government.

A significant increase on employer contributions (£973,000 at 31 March 2018) would be a significant additional sum which needed to be brought to the attention of the administration.

With regard to the IAS19 liabilities, it was noted that the majority of firefighters were still on the 1992 scheme until 2022.

19. Risk Register

It was reported that the Audit Committee on 25 July 2018 had changed NCC's approach to reporting risk and therefore work was ongoing to complete a risk register for the Scheme Manager function within NCC for the Firefighters' Pension Scheme.

A copy of the new proforma and sample risk registers from Cheshire Fire and Rescue Service and Staffordshire Fire and Rescue Service were filed with the signed minutes and marked as Item 19.

The Client Relationship Manager (WYPF) agreed to provide a copy of the risk register for Barnsley Metropolitan Borough Council FPS Local Pension Board.

The NCC FPS risk register was to be reconsidered at the next meeting.

20 Future meeting dates

Members received a list of dates for meetings of the FPS Local Pension Board in 2018/19 and proposed dates for 2019/20. Scheduled meetings in future would be held on Tuesdays.

21. Any other business

Training - notification will be issued about the LGA tax training when the date was finalised.

The deadline for the Pensions Regulator's return was 6 November 2018. The Client Relationship Manager (WYPF) reported that they had completed the return with the exception of data scores, which were being calculated. She confirmed that the survey would be submitted before the deadline. The intention was to submit a joint response on behalf of themselves and NCC FRS for each scheme.

(The meeting ended at 12.45 p.m.)

CHAIR *S. Richards*

DATE 27 February 2019

