

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, 22 October 2019 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 (CG)

Principal Accountant (Pensions) -
Project Officer

A Lister (AL)

Board Secretary

H Scargill (HS)

Client Relationship Manager
(WYPF)

N Turnbull (NT)

Democratic Services Officer

OBSERVER

Fox, A

FBU Observer

Definition of Terms

ABS
CARE
Common Data

Annual Benefits Statement
Career Average Revalued Earnings
E.g. name, address and date of birth, held
for pensions processing

FPS
FRA
GAD
GMP
HMT
IDRP
LPB
SAB

Firefighters' Pension Scheme
Fire and Rescue Authority
Government Actuary's Department
Guaranteed Minimum Pension
HM Treasury
Internal Dispute Resolution Procedure
Local Pension Board
Firefighters' Pensions (England) Scheme
Advisory Board

Scheme Manager

The Scheme Manager (a function not a
person) is responsible for managing and
administering a scheme

Ch.'s Initials.....

Scheme Specific (Conditional) Data

E.g. employment record and contribution history held for pensions processing

ToR
tPR
WYPF

Terms of Reference of the Board
The Pensions Regulator
West Yorkshire Pension Fund, as provider of shared administration service for NCC and other FRAs

1. Apologies

There were no apologies.

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 Tuesday 16 April 2019, 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.

4. Chairs' Briefing

The Chair highlighted the following:

- SAB and tPR recommendation that 4 Board meetings be held each year. Members discussed the increasing workload and that extra meetings would enable a more thorough review of specific items. It was noted that the constitution required that a minimum of 2 meetings be held every year. HS commented that most of WYPF's clients met 4 times per year.
- AL provided a brief summary of the SAB conference on behalf of the Chair who had been unable to attend. The conference included an update from the civil servant responsible for fire and police pensions, technical workshops, an update on recent case law and future training requirements.

The Board **agreed** to increase the number of meetings per year to 4 and that an extra meeting be scheduled in January 2020.

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):

Ch.'s Initials.....

FPS Local Pension Board, 22 October 2019

(a) Breaches in the quarters to 30 June 2019 and 30 September 2019

It was noted that:

- Breach 14 had been reported to the previous meeting when it had been agreed that the processes at WYPF would prevent recurrence in the future and it was therefore not reportable.
- Breach 15 was not a breach but a missed target as the lump sum was paid 1 day late and the regulations allowed 2 months for pensioners to be paid.
- Breach 16 - dispatch of ABS to RBS Modified members after the statutory deadline due to a delay with software amendments to automate the process for this group of members rather than manual calculations. HS stated that WYPF had reported this breach to tPR as some statements had been delayed the previous year for a different reason. It was noted that the breaches log needed to be amended.

The Board **agreed** that breaches 14 and 15 were not reportable.

(b) Scheme administration, complaints, appeals, IDRPCs

It was noted that an appeal to Medical Appeals Board had upheld an IQMP report.

In answer to a question, HS confirmed that until there was a change in legislation, the payment for ill health would be made under the relevant scheme which in the above case was the 2015 scheme. This case may need to be reassessed if legislation was changed.

The Board **noted** the report.

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, Membership Numbers and Key Performance Indicators (KPIs).

- a) April 2019
- b) May 2019
- c) June 2019
- d) July 2019
- e) August 2019
- f) September 2019
- g) October 2019

AL gave a brief summary of the reports. The Board discussed and noted the following:

Pensionable Pay Guidance

GMP Reconciliation

ISO27001 Accreditation

Update on McCloud judgement - retirement projections, ABS and pensions advice was based on current regulations. The McCloud Employment Tribunal case management hearing was scheduled for 18 December 2019.

WYPF had won the Best Administration Award at the European Pensions Awards and had been shortlisted in 3 categories in the Local Authority Pensions Forum awards.

Information awaited by WYPF from Employee Services on leavers.

Members were encouraged to contact the Board Secretary with any queries on the reports which were now circulated monthly.

The Board **noted** that Pension Savings Statements had been issued to members who may breach the Annual Allowance and Lifetime Allowance before 6 October deadline.

7. WYPF Report to NCC's FPS LPB on 22 October 2019

HS outlined the report and highlighted the following:

- Details of regional group meetings,
- Factsheets
- McCloud - remedy timeline known after the Employment Tribunal case management hearing on 18 December 2019.
- Analysis of Administration and Benchmarking review results to determine priorities where performance was below average.
- Valuation 2020 - confirmation received from GAD that the specification broadly the same with additional information required regarding remedy cases.
- Monthly returns required from NCC. AL confirmed that this would be highlighted with NCC Employee Services. WYPF also needed information regarding new records and transfers.
- KPI Report - Information was provided for NCC and all WYPF clients for the quarter ending 30 September 2019. Performance had improved in most areas except 'Deferred Benefits set up on Leaving' at 62.5% which was just lower than the client average of 69.54%.

Agenda items 16 and 28 were brought forward.

8. Firefighters' Pension Scheme Administration and Benchmarking Review

CG referred to the report written by Aon who had been commissioned by the SAB to survey FRA's, administrators and scheme members to highlight areas and themes which might require attention to ensure that an effective and efficient service was delivered to scheme members.

The survey had been undertaken to ascertain how much the scheme cost and how effective the administration was.

The following key findings were highlighted:

- Not all administrators were working to legal timeframes.
- 64% of administrators did not provide an on-line self-service facility. This was available at WYPF and for clients including NCC scheme members.
- Average cost in 2018 to FRA's of £76.90 or £120.33 if the costs of special projects were included. This compared to around £30 per member for the LGPS in England and Wales in 2017/18.
- Comparison of average costs per member with private sector schemes from data in 2012 varied from £182 for schemes with over 5,000 members to £505 for schemes between 1000 and 99 members.
- The costs of administering the scheme appeared high although it was difficult to make direct comparisons. The police pension scheme was likely to be the most comparable but data was not available.
- 7 themes had arisen around: complexity of the scheme, relationships, reporting, data, engagement and communication, breaches and costs and had resulted in recommendations to the SAB to address these areas.

HS confirmed that cost comparison was to be undertaken on an annual basis in the future.

9. SAB Joint Pension Board Guidance

CG referred to the arrangements for closer joint working or merger between NCCPF and TWPF and the impact this would have on the administration of the Firefighters' Pension Scheme Local Pension Board.

Reference was made to the guidance released in June 2019 for the formation of joint pension boards and the limited circumstances where an application to the Secretary of State would be successful. She confirmed that options for a joint board with TWPF would be explored over the next few weeks and information shared in an electronic meeting or at the extra meeting in January 2020.

The meeting adjourned for a short break at 11.40 am when CG and AF left.

10. Agenda and Minutes of WYPF quarterly client meeting held 23 July 2019

The Board received the minutes of the quarterly client meeting held on 23 July 2019.

AL reported that the business continuity plan had been discussed and assurances had been gained regarding cyber security.

The Board discussed the arrangements for IT security at NCC and WYPF. It was confirmed that WYPF had recently been awarded the ISO 27001

(Information Security Management Systems) accreditation. All Local Authorities were also required to comply with the Information Commissioner's Office (ICO) Public Service Network Code of Connection. Any breach of data would need to be reported within 24 hours.

In answer to a question on business continuity, HS confirmed that they had appointed Nicola Daniel as Member Services Manager, had increased the number of officers in the Pensions Team; and knowledge and training was being shared between the Pensions and Communications Teams as part of succession planning.

11. Minutes of North East Region Fire Pension Officers Group meetings held 15 May 2019 and 12 June 2019

The Board Secretary highlighted a number of points from the above meeting, including the O'Brien case and its implications.

12. Board to consider actions identified by the Scheme Advisory Board

The Board reviewed actions identified by the SAB:

- Two Pensions - to be considered as a separate agenda item later on the agenda.
- SI 2019/378 member disclosure - HS reported that the change had not been deemed material at the client meeting in April 2019. Therefore, the information had been included within ABS and on payslips but not by the specified deadline of 1 July 2019.
- Revised Fire factors - HS confirmed that the factors had been applied.

The Board **noted** that confirmation had been received from HS / WYPF that all SAB necessary action had been taken and factors applied.

13. Annual Report of the NCC FPS Local Pension Board 2018/19 presented to Audit Committee 24 July 2019

14. FPS 2018-19 Statement of Accounts and IAS19 FPS liabilities

Items 13 and 14 were considered together.

It was noted that the Annual Report of the NCC FPS Local Pension Board for 2018/19 had been approved by the Audit Committee on 24 July 2019. The format followed a similar pattern to previous years but contained more graphical information for easier comparison since data was now available from 2015 when the Board had been formed.

An extract of the Statement of Accounts and IAS19 liabilities was also enclosed for the NCC Firefighters' Pension Schemes.

15. SAB factsheet - tPR data requirements

The Board received a copy of tPR factsheet on data requirements for the 10 different types of FP scheme member. It also contained a checklist of information to be verified.

16. Time limits for provision of information

Members of the Board received an extract of the Disclosure of Information requirements from the SAB which were included for information and awareness of time limits for the provision of information.

GT enquired whether members were provided with information about transfer credits? HS confirmed that this was an employer responsibility and that an LGA leaflet was available or the information could be provided in another format to new starters.

The Chair requested that confirmation be sought about compliance with the requirement from Fire HR.

IS left the meeting at 12.05 p.m.

17. Data Improvement Plan

A copy of WYPF's Data Improvement Plan for NCC data was considered.

HS confirmed that actions on page 8 of the report and coloured green were to be completed more urgently whereas amber items were less urgent.

Reference was made to tPR's survey deadline of 14.11.19.

18. Annual Benefit Statements formats

Members of the Board received samples of Annual Benefits Statements for the various FP schemes. The revised format had received positive comments.

19. 2016 GAD Valuation - GAD report on Northumberland data issues

The Board received information about data that had been excluded by GAD. At Northumberland data had been excluded in respect of:

- Age retirement assumptions
- Ill-Health, Withdrawals and Death before retirement.

AL confirmed that this was not due to incorrect or wrong data, but that the Northumberland data did not meet the criteria GAD expected. It was hoped that as the administration was now being undertaken by WYPF, more data would be included in 2020.

20. IQMP hearing

The Board received an update on an IQMP report which had been upheld by the Medical Appeals Board.

21. FBU members pensions update August 2019

The Board received a copy of correspondence from the FBU to its members dated 7 August 2019 regarding the impact of the McCloud judgement on its members in the various FP schemes and that the cost cap benefits should not have been frozen awaiting the result of the transitional protection discrimination claims. The dispute remained outstanding.

22. Potential Impact of McCloud ruling on pension account disclosures

A report from GAD was circulated which set out the potential impact of the McCloud/Sargeant ruling on pension account disclosures.

AL confirmed that the report was confidential and that the actuary for NCC had made an assessment in compliance with the auditors requirement.

23. RDS Modified Annual Benefit Statements

The Board received confirmation that the RDS Modified ABS had now been issued. As stated earlier in the meeting WYPF had reported the breach to tPR.

24. Implications for NCC of Pensionable Pay ruling - Booth v Mid and West Wales FRS

The Board received a copy of an email dated 12 June 2019 from Mark McCarty, Deputy Chief Fire Officer, which summarised the position on the above case and outlined action to be taken by NFRS. A SAB leaflet on Pensionable Pay was also circulated.

The Board discussed the implications of secondary contracts particularly if a member was injured or died whilst undertaking duties under the secondary contract as the benefit payable would be based on the job that was being carried out at the time of death or injury.

25. LGA Report “Firefighters’ Pension Scheme training survey”

The Board received a copy of the LGA report which analysed the results of the Firefighters’ Pension Scheme training survey carried out between 31 May 2019 and 31 July 2019. Areas identified for future training were outlined on page 11 and included ill-health, pensionable pay and pension taxation. Events had been held or were scheduled to be held during 2019 on the most requested areas.

The Chair noted the requirement to complete tPR's Toolkit and enquired about the participation in joint training with TWPF.

26. Formal training plan and log

A list of training events attended by members of the LPB from October 2017 to March 2019 was circulated.

The Board received a copy of the formal training plan and log for members of the Board since March 2016 including attendance at the LGA FOPS Annual Conferences.

AL agreed to include information regarding Members completion of tPR's Toolkit and commented that information was available in the Factsheets which also increased members knowledge.

HS offered to provide 1 hour training sessions following the meetings in 2020 to assist pension board members knowledge on Annual Allowances, Transfers In, Ill-Health and Injuries.

27. Risk Register

A copy of the revised FPS Risk Register in the new corporate format was circulated at the meeting.

HS commented that the risk register for South Yorkshire included a useful front page which summarised any changes to risks. Clair Alcock, LGA Firefighters' Pension Adviser, had highlighted South Yorkshire's register as an example of best practice. HS agreed to provide the Board Secretary with an electronic copy after the meeting for consideration for inclusion.

28. SAB Factsheet - Split pensions (Two pensions)

A fact sheet prepared by the SAB to give guidance to FRA's on when entitlement to two pensions occurs under the FPS 1992 and FPS 2006 and how it should be calculated.

HS confirmed that records would need to be checked back to 2007 to check if there would be any members entitled to a split pension. A lead officer needed to be identified within HR as it was the employer's responsibility to identify where there could be a potential entitlement.

GT requested that a report be considered at a future meeting to confirm progress being made.

29. Future meeting dates

Members received a list of proposed dates for meetings of the FPS Local Pension Board in 2020/21. However, reference was made to the discussion

earlier in the meeting regarding increasing the number of meetings per year from 2 to 4 to comply with the recommendation by SAB. It was also suggested that it would be useful for WYPF if the dates could be coordinated with TWPF so the meetings of the 2 Boards were held on adjacent days. It was therefore agreed that an extra date in January 2020 be included and Members be notified following the meeting.

30. Any other business

There was no other business.

(The meeting ended at 12.50 p.m.)

CHAIR S Richards

DATE 17 December 2019