

NORTHUMBERLAND COUNTY COUNCIL

FIREFIGHTERS' PENSION SCHEME LOCAL PENSION BOARD

At the meeting of the **Firefighters' Pension Scheme Local Pension Board** held at Committee Room 2 - County Hall on Tuesday, 24 January 2023 at Time Not Specified.

PRESENT

S Richards (SR) (Chair) (in the Chair)

EMPLOYER REPRESENTATIVES COUNCILLORS

J Beynon (JB)

M Robinson (MR)

SCHEME MEMBER REPRESENTATIVE

OFFICERS IN ATTENDANCE

G Binning
C Gorman

Deputy Chief Fire Officer
Principal Accountant (Pensions) - Project
Officer

P Hedley
N Turnbull

Chief Fire Officer
Democratic Services Officer

Definition of Terms

ABS	Annual Benefits Statement
CARE	Career Average Revalued Earnings
Common Data	E.g. name, address and date of birth, held for pensions processing
FPS	Firefighters' Pension Scheme
FRA	Fire and Rescue Authority
GAD	Government Actuary's Department
GMP	Guaranteed Minimum Pension
HMT	HM Treasury
ID	Immediate Detriment
IDRP	Internal Dispute Resolution Procedure
LPB	Local Pension Board
PASA	Pensions Administration Standards Association
SAB	Firefighters' Pensions (England) Scheme Advisory Board
Scheme Manager	The Scheme Manager (a function not a person) is responsible for managing and administering a scheme
Scheme Specific (Conditional) Data	E.g. employment record and contribution history

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	held for pensions processing
TOR	Terms of Reference of the Board
tPR	The Pensions Regulator
WYPF	West Yorkshire Pension Fund, as provider of shared administration service for NCC and other FRAs

1 APOLOGIES

None.

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 MEETING HELD ON 15 JULY 2022

It was noted that the minutes of the meeting of the Firefighters' Pension Scheme Local Pension Board, held on Friday 15 July 2022, 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 CHAIR'S BRIEFING (VERBAL UPDATE)

The Chair was pleased to welcome Amanda Cregin to her first meeting of the Board. She had replaced Guy Tiffin as the FBU (Scheme Member) Representative on the Board.

He apologised for the larger agenda than usual, which was as a result of including the items deferred from the cancelled October meeting.

5 WYPF BUSINESS CONTINUITY UPDATE (VERBAL UPDATE)

There was nothing to report under business continuity.

6 WYPF REPORT TO NCC'S FPS LPB ON 24 JANUARY 2023

HS referred Board members to the Client reports and minutes of Fire Technical Community and Fire Communication Group meetings which provided information on ID and Matthews within the agenda papers. She highlighted the appointment of Euan Miller as the New Managing Director of West Yorkshire Pension Fund.

She also reported that David Parrington, Employer Pension Fund Representative, had recently been appointed as a dedicated Fire PFR and would be the first point of contact for employers' queries, providing worksheets, information leaflets and training. CG requested a meeting be arranged with him in February 2023 with herself, CFO and DCFO.

HS confirmed that the 31 August deadline had been met for the production of the

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Annual Benefit Statements. The Board were referred to information in the November client report on cyber security and disaster recovery.

In response to a question regarding the inaccuracy of lifetime and yearly allowance data within the ABS, she reported that the ABS production would be started much earlier this year, in order that the manual assessment of pension scheme pay debits could be carried out earlier, as the system did not apply pension debits correctly. WYPF aimed to produce pension saving statements in June to give members more time to deal with their personal allowances prior to the January deadline. This was relevant for members exceeding the £40,000 pensions annual tax allowance. It was therefore important that employers provided the March 2023 monthly return by the 19 April deadline. Training was to be provided for employers so checks would be carried out by the employers to ensure the data was accurate prior to submission. CG confirmed that she would liaise to ensure that a representative from NCC's Payroll Team was able to attend the training.

7 MONTHLY CLIENT REPORTS 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 7). Standard headings within the reports included: Regulations, Member Issues, Administration Update including Member Web registrations, Membership Numbers and Key Performance Indicators (KPIs).

- a) July 2022
- b) August 2022
- c) September 2022
- d) October 2022
- e) November 2022
- f) December 2022

The reports were noted.

8 LGA'S ANNUAL FIRE PENSIONS CONFERENCE OCTOBER 2022

CG commented on the benefits of attendance at the annual conference to obtain the latest information on current issues, training from experts in their fields, information on tPR proposed new Code of Practice and an opportunity to network with other FRAs. (A copy of the LGA Summary and officers' notes from the conference were filed with the signed minutes and marked as Item 8).

She highlighted the following:

- The Ombudsman's decision in favour of Mr T, PO-22474, (page 161) which determined that Day Crewing Plus (DCP) Allowance fell within the definition of pensionable pay as per the FPS Regulations. CG commented that it was helpful to be aware of the Ombudsman's recent rulings.
- Arrangements were being made to set up a LGA workshop to brief staff and Board members on relevant issues (page 159).

In answer to a question, she confirmed that Northumberland FRA had processes

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in place to prevent the issue which arose in the case for Mr S, PO-18920, (page 161).

9 **IMMEDIATE DETRIMENT: UPDATE**

CG provided a summary of the national position on ID, whilst waiting for the FPS Remedy legislation to be drafted and implemented to rectify the age discrimination caused by the transitional protections built into public sector pension schemes, including FPS 2015. (A copy was filed with the signed minutes and marked as Item 9).

She confirmed that the latest NCC decision on ID had been made in May 2022 to apply the Home Office (HO) (now withdrawn) ID guidance. It remained the CFO's view that applying the HO guidance carried less risk, at this stage, than implementing the LGA /FBU Memorandum of Understanding and Framework. The NCC decision on ID would be kept under review and updated once the revised Framework, expected imminently, was issued.

As of January 2023, the Framework had still not been updated, despite this update being imminent for months. As the FPS Remedy legislation was expected to come into force in October 2023, the time left for an updated Framework to be of benefit to FPS members was reducing.

The CFO explained that the decision regarding ID had been made, in part, due to the very small number of "Category 1" cases in NFRS, which helped mitigate the financial risk to the Authority. He was of the view that there was no reason to change NCC's decision at this stage.

CG confirmed that the NCC decision applied to "Category 1" cases only. i.e. to address issues of potential hardship for those members with pensions coming into payment who would be eligible for a higher pension once the age discrimination remedy legislation was in place. It would have been a more significant risk to NCC/NFRS if the decision had also applied to "Category 2" cases (members already retired).

10 **MINUTES OF THE WYPF FIRE CLIENT MEETINGS HELD ON 13 JULY AND 19 OCTOBER 2022**

The Board received a copy of the minutes of the WYPF Fire Client meetings dated 13 July and 19 October 2022.

CG commented that NCC had been represented at both meetings. Officers found them very useful for knowledge and networking.

She highlighted WYPF's Internal Audit reviews of 3 areas rated the standards of control as good or excellent.

11 **WYPF DISASTER RECOVERY AND CONTINUITY TESTING SEPTEMBER 2022**

A brief report was received which summarised technological arrangements at WYPF and action taken on 14 September 2022 to test system capability to shut

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down, move between data centre sites and subsequent restoration of the primary site. (A copy was filed with the signed minutes and marked as Item 11).

CG was pleased to report that the test had been successful with systems back up and running in less time than anticipated. This test provided reassurance to NCC and all WYPF clients.

12 **NCC PAYROLL'S FPS EMPLOYER ROLE: UPDATE**

CG provided a brief history of the NCC Payroll Team issues which had arisen in August 2020 when some retirements had been incorrectly processed and the action that had been taken to address the problems identified. Payroll updates were now a standing item on the agenda given the importance of accurate payroll data as part of the Scheme Manager function.

She stated that the exercise to review historic payroll data in preparation for implementation of the McCloud age discrimination remedy was underway and progress was being closely monitored to ensure the 31 March 2023 deadline for data submission to WYPF could be met. The work required significant manual investigation by Payroll, but indications were that everything was on track to meet the deadline. CG had liaised with HS regarding the data, with some suggestions being followed up.

In answer to questions, she confirmed that:

- Standards had improved following training by WYPF for NCC Payroll staff. Training needs were kept under review, and they would liaise with David Parrington, FPR, regarding future opportunities.
- WYPF were receiving monthly returns from Payroll which enabled quicker resolution of any queries.
- Although approximately one third of the service records remained to be checked by Payroll, investigation of each case varied in length and complexity. The more difficult cases had neither been prioritised nor deferred and Payroll expected to meet the 31 March 2023 deadline.

13 **MCLOUD/SARGEANT REMEDY: UPDATE**

Information to address the age discrimination within the Firefighters' Pension Scheme 2015 (FPS 2015) was filed with the signed minutes and marked as Item 13.

Members who were moved into the FPS 2015 between 1 April 2015 to 31 March 2022 will be given a retrospective choice of benefits, between legacy scheme and FPS 2015, for the remedy period, with the deferred choice underpin as the default.

CG referred the Board to a new factsheet produced by the Pensions Ombudsman's (TPO) in July 2022 and their approach to McCloud and Sargeant age discrimination complaints which provided an excellent summary of the position. FRAs had to make their own decisions on ID and the approach would be endorsed by TPO if the decision was properly explained to members and was reasonable. She confirmed that NCC kept an eye on the ID decisions made with

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other FRAs and officers remained comfortable with the steps and decisions taken at NCC. The factsheet did not raise any issues of concern.

It was suggested that the publication should be signposted on the NCC website.

In answer to a question, HS stated that the deferred choice underpin would not be shown on ABSs in 2023 (providing benefits statements at 31 March 2023) as the deadline for production of the statements was 31 August 2023, i.e. before Remedy legislation comes into force. It was hoped that the ABS in 2024 would show benefits under the legacy and reformed schemes and outstanding contributions payable if the legacy scheme was chosen i.e. the Remedial Service Statement referred to in the Public Service Pensions and Judicial Offices Act 2022. The ABSs in 2024 would also need to show value data for the Pensions Dashboard which was required by 31 March 2025.

14 **MATTHEWS SECOND OPTIONS EXERCISE: UPDATE**

The Board received information on the Matthews second options exercise including extracts from the Firefighters' Pensions Schemes Regulations and Guidance website, Home Office, LGA and the approach taken by NFRS/NCC. (A copy was filed with the signed minutes and marked as Item 14).

CG explained that the principle established in the Matthews case. The first options exercise allowed part-time firefighters to be treated equally with full-time firefighters and given the option to access pension benefits as a special member of the FPS 2006 with back dating of service for the period between 1 July 2000 to 5 April 2006. The first options exercise had taken place in 2014/2015 with approximately 300 current and former firefighters (in NFRS) given the opportunity to buy back pension service.

There were 3 cohorts of firefighters and former firefighters who would be in scope for the second options exercise (following the O'Brien case) with a similar number of participants, within NFRS, to the first options exercise:

1. Retained firefighters employed on any date between 7 April 2000 and 30 June 2000 (inclusive);
2. Retained firefighters employed on any date between 7 April 2000 and 30 June 2000 (inclusive) as well as on any date between 1 July 2000 and 5 April 2006 (inclusive);
3. Retained firefighters employed on any date between 1 July 2000 and 5 April 2006 (inclusive) who were eligible to take part in the first options exercise **but were not given the opportunity to do so.**

It was anticipated that more members would take up the option during the second exercise than the first given that the individuals involved are now older and therefore more pensions aware. Also, as many would now be retired, the lump sum payable could be used to pay the additional contributions due, making the initial outlay much easier to bear.

It had come to light through national discussions that the first options exercise guidance had been misinterpreted by FRAs. If an individual had not responded to requests for an expression of interest and therefore had not been provided with a

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statement of costs, he/she was classed as (cohort 3) not having been given the opportunity to participate. About half the members contacted in the first exercise (at NFRS) were non-responders, and the LGA's advice, now, was they would have to be included under cohort 3 in the second exercise.

It was hoped that lessons learned by the HO from the previous Matthews options exercise would be taken into consideration when drafting the proposed regulations, which had not yet been published for consultation.

In answer to a question CG explained that it was acknowledged that problems were expected to arise in contacting former firefighter employees, who may have left as much as 23 years ago. Such individuals were not on the current payroll system, and there may be no data held in Payroll, HR or NFRS to identify and trace them. NCC would follow national guidance regarding the recommended steps to contact former employees. It was hoped that there would be national advertising campaigns, learning from the problems from the first exercise, use of tracing agents and that current firefighters would communicate with former colleagues.

From her involvement in meetings with the HO, HS commented that whilst the consultation on the process had not commenced, the exercise was expected to take place over an 18-month period but unlike the first options exercise, it would never fully close. If individuals contacted their FRAs later and it could be confirmed that they were eligible, but (for example) correspondence had been sent to an incorrect address, they would be offered the benefits of the second options exercise at that point.

The Board members were reassured that the second options exercise would not close, so no eligible member should be excluded, and in turn this should result in fewer IDRPs complaints.

15 **SHARED SERVICE CONTRACT BETWEEN NFRS AND WYPF: UPDATE**

The Board received a copy of correspondence between WYPF and the Board Chair regarding the position that WYPF was operating without a formal contract in place for the pensions administration service they provided to NFRS. The matter had been escalated in June 2022 when identified by Bradford Council's Internal Audit. A data sharing agreement had been in place from the start of the shared service and prior to transferring NCC's FPS pensions records to WYPF. (A copy was filed with the signed minutes and marked as Item 15).

Negotiations on the drafting of the shared service contract had recommenced with review by NCC's Legal and Procurement teams. These had now concluded and the only step left was for NCC and WYPF to formally seal the deed. This was expected to be done very soon.

The 7-year contract was due to end on 28 February 2025 and would require a procurement exercise 3 months beforehand to consider options and obtain a waiver from contracting rules, if necessary.

16 **PENSIONS DASHBOARDS**

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The Board considered information from LGA bulletins and a copy of correspondence from the Firefighters' Pensions England SAB which explained the requirements for scheme managers to connect to the Pensions Dashboard by 30 September 2024. (A copy was filed with the signed minutes and marked as Item 16).

CG explained that the pensions dashboard was a government initiative to allow pension scheme members to view all of their pension entitlements in the UK in one place. It was the responsibility of the FRA to ensure that administrators would be able to meet the required dates.

The FPS was required to be connected to the dashboard by 30 September 2024 with information about benefits being available to members by 1 April 2025 at the latest.

Following the letter from the Firefighters' Pensions England SAB, HS had provided a response to the issues the Board were asked to monitor (page 279 of the papers).

The Board **agreed** that Pension Dashboards be included on future agendas as a standing item.

17 **FPS ADMINISTRATORS' SELF-ASSESSMENT SURVEY**

The results of the FPS Administrator self-assessment survey undertaken between February and March 2022 were presented to the Board, for information. The aim of the survey was to understand more about arrangements for administering the FPS and the implementation of the age discrimination remedy. (A copy was filed with the signed minutes and marked as Item 17).

CG stated that there were no items of concern with WYPF's response to the 10 recommendations which the SAB expected administrators to adopt. Many of the recommendations were already being done by WYPF. It was noted that the main contact for member queries arising from Sargeant would depend on the nature of the query and would require a clear division of duties (paragraph 5.6, page 305 of the report). CG agreed that a division of duties would be needed but would likely evolve over time.

18 **ACTIONS FOR FRAS: BOARD FOLLOW UP**

A summary of actions arising from the LGA monthly bulletins was included as a standing item on agendas to ensure any action was followed up appropriately. (A copy was filed with the signed minutes and marked as Item 18).

CG highlighted the following within the specified bulletins:

- July 2022
 - Administration survey results included as agenda item no 17. Completed as no further action required.
 - Corrective action for special members would be ongoing as it would need to continue.

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- August 2022
 - Ongoing as age discrimination criteria to be kept under review.
- October 2022
 - Completed as Independent Qualified Medical Practitioner provided to the LGA.
- November 2022
 - Now completed as the purchase order number and employee numbers had been provided to the SAB for the 2022-23 levy.
- December 2022
 - All items completed.
- April 2021
 - The work required in respect of Remedy was identified as an issue for Ongoing monitoring.

19 **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 19):

19a **BREACHES IN THE QUARTERS TO 30 SEPTEMBER 2022 AND 31 DECEMBER 2022**

CG reported that when certain FPS 1992 members tapered into the FPS 2015, they were not provided (at the time they tapered) with a notification that the change from one scheme to another opened up a 12-month opportunity to transfer in previous pension rights. A letter had now been sent to affected active members to let them know of this missed opportunity and that the FRA would use its power to exercise a discretion to rectify it, if requested. She believed that this was probably a mistake rather than a breach of the law. However, steps had been taken to rectify the error, when the Scheme Manager became aware of it.

The Board **agreed** that if this was a breach, it would not be of material significance to tPR and did not need to be reported.

19b **COMPLAINTS, APPEALS, IDRPS IN THE QUARTERS TO 30 SEPTEMBER 2022 AND 31 DECEMBER 2022**

CG commented that the report was collated to monitor any patterns in IDRPs. There had been no new issues since the last meeting although the stage one and two complaints for the member PD in 30 June 2021 and 30 September 2021 had recently been settled and would show in the report for the quarter to 31 January 2023.

19c **DISCRETIONS EXERCISED IN THE QUARTERS TO 30 SEPTEMBER 2022**

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AND 31 DECEMBER 2022

This was now a standing item on agendas to notify the Board of discretions requested or exercised in the previous quarter.

CG referred to the issue identified within agenda item 19a regarding the lack of notification to members of the opportunity to transfer in previous pension rights. Two such requests had been received, to date, and the discretion to allow the transfer in had been exercised by the Scheme Manager. A sample letter with the draft wording sent to taper members was provided.

Documentation had been requested but not yet received regarding a death grant discretion to be exercised. Reminders had been sent by WYPF to relatives, to obtain the information needed.

In answer to a question, she stated that the NCC FPS Discretion Policy had last been updated in 2018, prior to entering the shared service with WYPF. It had been a significant exercise, undertaken by an external specialist. She suggested that as some of the discretion policies in place were still relevant to members in the 1992 FPS, it would be appropriate to review the policy within the next year or so, and that it may be beneficial if all WYPF clients work together to adopt similar policies.

HS reported that she was working with the LGA to colour code discretions under the following categories:

- Final salary schemes for active members
- Those dealt with regularly by FRAs and require a policy including abatements, transfer-in etc.
- Those dealt with by the pension's administrator e.g. the opening and closing of pension accounts for the FPS 2015.
- FPS 1992 discretions not regularly used and to be dealt with on a case-by-case basis.

20 FUTURE MEETING DATES

The Board was next scheduled to meet on 25 April 2023 at 11.30 in County Hall.

HS left the meeting at 12.57 p.m.

21 CHANGE IN NCC'S FPS BOARD SECRETARIAT

The Board considered a report regarding changes to the Board's secretariat. (A copy of the report was filed with the signed minutes and marked as Item 21).

CG provided a brief summary of the background which had seen her previous role expand from LGPS Pension Fund Accountant to incorporate greater governance responsibilities when the legal requirements to form the LGPS and FPS Boards came into force in 2015. Following merger of NCC's LGPS administering authority responsibilities with Tyne and Wear with effect from 1 April

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2020, the remaining members of the NCC Pensions Team TUPE transferred to South Tyneside Council. Her role had continued, after that, on a part-time, temporary basis, and her current contract was due to expire in the near future.

Following extensive inter-departmental discussions, it had been concluded that the role of NCC FPS Board Secretary would be relocated to an officer within HR. It may be necessary to use external expertise for support with specific tasks. Meetings had also been arranged with the CFO and DCFO to explore use of a shared service Scheme Manager partner, with updates being given to the Board in due course.

Members of the Board discussed the role of the Section 151 Officer who was the FPS decision maker, in consultation with the CFO. It was noted, however, that most of the tasks required to administer the FPS did not require decision making.

It was noted that there was a current HO white paper on fire and rescue service reform which proposed strengthening and reforming the service in England, with improvements to governance being part of the stated aims. It was understood that the Leader had stated that NCC would continue as an FRA and this had been a condition of the devolution arrangements. The DCFO agreed to forward a copy of the statement to Board members.

The CFO commented that CG had provided comprehensive and accurate advice which had supported the Scheme Manager in its role and would be difficult to replace.

The Chair thanked Clare for her support to the Board since its inception. She had been an invaluable source of knowledge and would be greatly missed by him, the Scheme Manager and Board members. He wished her well in her retirement.

All of the Board Members and officers thanked Clare for the kindness and support she had given, adding that she would be a great loss to the Council.

CG thanked everyone for their kind comments. She stated that it had been a pleasure to work with the Board and colleagues within NCC and NFRS.

22 ANY OTHER BUSINESS

MR enquired whether the disaster recovery exercise had been overseen by an independent body. This would be checked.

The DCFO requested that the Board membership be updated with AC's details. CG confirmed this would be rectified.

CHAIR.....

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