

NORTHUMBERLAND COUNTY COUNCIL

Firefighters' Pension Scheme (FPS) Local Pension Board

The Board's Terms of Reference sets out: Urgent business of the Firefighters' Pension Scheme Local Pension Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Firefighters' Pension Scheme Local Pension Board including telephone conferencing and e-mails.

At a virtual meeting of the **FPS Local Pension Board** held on Wednesday, 25 January 202 at 10.00 a.m.

PRESENT

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

SCHEME MEMBER REPRESENTATIVE

Tiffin, G (GT)

EMPLOYER REPRESENTATIVES COUNCILLORS

Beynon, J (JB)

Robinson, M. (MR)

OFFICERS IN ATTENDANCE

G Binning (GB)
C Gorman (CG)

P Hedley (PH)
C Johnson (CJ)
N McDermott (NM)
M Mott (MM)

N Turnbull (NT)

Deputy Chief Fire Officer
Principal Accountant (Pensions) -
Project Officer
Chief Fire Officer (CFO)
Board Secretary
Senior Accountant
Governance and Business
Development Manager (WYPF)
Democratic Services Officer

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

Ch.'s Initials.....

| | |
|------------------------------------|---|
| FPS | Firefighters' Pension Scheme |
| FRA | Fire and Rescue Authority |
| GAD | Government Actuary's Department |
| HMT | HM Treasury |
| IDRP | Internal Dispute Resolution Procedure |
| LPB | Local Pension Board |
| NFRS | Northumberland Fire and Rescue Service |
| 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 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. 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.

GT confirmed that neither he nor the FBU were acting in respect of the FPS member involved in a current IDRPs appeal (agenda item 13 c).

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 8 December 2021, 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.

3. Chairs' Briefing

The Chair commented that it was beneficial for the Board to have the CFO and Guy Tiffin in the meeting to give such a succinct and frank view of the almost unresolvable issues involved around Immediate Detriment. It assisted the Board to hear the dilemma at first hand from both sides.

Updates would be given on the McCloud/Sargeant Remedy progress and IDRPs appeal which were included as items on the agenda.

4. WYPF Business Continuity Update

MM introduced himself as the recently appointed Governance and Business Development Manager at WYPF. He gave a brief summary of his experience in Local Government and commented that he would be attending meetings if Helen Scargill was unavailable.

He reported that the WYPF Fire Team would be continuing to work from home as Covid-19 infection rates in Bradford were currently extremely high; this was not impacting on the service.

5. WYPF Report to NCC's FPS LPB on 25 January 2022

MM highlighted the following:

- The Public Service Pensions and Judicial Offices Bill had completed the second reading in the House of Commons and was on track to receive Royal Assent.
- The HO consultation on the first phase of changes to the FPS regulations had closed on 2 January 2022. It was hoped that these would be in force on 1 April 2022.
- The cost of Civica's software updates required for implementing the McCloud/Sargeant Remedy was estimated at £1.5 million, to be shared equally amongst all Civica's FRA clients.
- The LGA had issued the draft Remedy template letters in November 2021 which were to be updated following feedback. It was anticipated that these would be finalised and issued to NFRS's active members by WYPF in February 2022.
- The SAB had written to HMT regarding the uncertainty surrounding HO's withdrawal of the guidance on Immediate Detriment (ID).
- The effect of work required for ID and McCloud/Sergeant had impacted on the KPIs, which were lower than previous results. A timeline had been provided for the Data Improvement Plan.

In answer to questions, it was confirmed that:

- The £1.5 million would be shared amongst all of Civica's FPS clients and not just WYPF, although WYPF had the most FPS clients. The cost would be shared on a per client basis and not per member. Discussions regarding the costs were continuing with the possibility that these could be paid over 2 or 3 years. Board members noted the potential impact on NFRS's budget.

6. 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) October 2021
- b) November 2021

- c) December 2021
- d) January 2022

7. Immediate Detriment progress/update

CG provided a summary of the changes to the position on ID and guidance issued by the HO and HMRC, and the current position. (A copy was filed with the signed minutes and marked as Item 8).

She reported that in July 2021 NCC had formally implemented guidance on ID issued by the HO on 10 June 2021. Two cases had been processed to date with a third (yet to retire) being treated as a 'pipeline case', despite the guidance being withdrawn by HO on 29 November 2021.

FRA's had been encouraged to adopt the joint LGA/FBU Framework to provide a consistent approach to ID cases across all FRA's. Changes to the tax regime expected from 6 April 2022 had implications for the payment of compensation and exemptions for tax charges for "Category 2 members" (i.e. pensioners who had retired since 2015 on FPS 2015 benefits, who wanted pension benefits paid from their legacy scheme).

Whilst the Framework had not yet been implemented by NCC, work had been carried out to determine the number of Category 1 and 2 cases, as it was considered that failure to implement the ID Framework outweighed the risks of implementation. (The numbers at NFRS are very small.) The risks changed when HMT published its note on 29 November 2021 which set out that in their view, ID cases could not be processed before legislation was in place.

Legal advice from Bevan Brittan had since been obtained by the LGA. FRA's were required to assess and compare the risk of implementing ID settlement against the risk of not doing so, at a stage when it was almost impossible to quantify the risk. It was hoped that a decision would be made by the Government to clarify matters by April 2022.

PH concurred with the summary of the position provided by CG. He did not anticipate that there would be any changes to the number of cases to be processed by April 2022 and confirmed that FRA's had been placed in an extremely difficult position and were working closely with FBU colleagues.

GT stated that the FBU had a number of test cases in progress which would be taken to court if not resolved through the Framework. They were optimistic of success. The position needed to be resolved as quickly as possible for members that had already retired under the terms of the 2015 FPS but would have preferred to retire under the 1992 FPS.

8. Minutes of the WYPF Fire Client meeting held on 20 October 2021

The Board received a copy of the minutes of the WYPF Fire Clients meeting dated 20 October 2021.

The number of WYPF's FPS clients was expected to increase by 2 to 23 in April 2022. An update on appointments and recruitment at WYPF had been given which addressed concerns regarding staff resourcing and the increase in the number of FPS clients.

CG found it extremely beneficial to attend the Fire Client meetings with the opportunity to discuss, among other things, other FRAs' approaches to ID.

9. FRA remedy self-assessment survey

A copy of the LGA report prepared for the Firefighters' Pensions (England) Scheme Advisory Board on FRA remedy self-assessment survey was enclosed with the minutes as agenda item no 10.

NCC's submission was also provided in order that the Board could benchmark responses against the overall results.

CG explained that the survey had been undertaken to assess whether FRAs understood and were prepared for the impending complexities of implementing ID, McCloud/Sargeant Remedy etc. It also sought views on the provision of centralised support, policy engagement and provision of a suite of letters for the aforementioned issues, which the LGA did not currently have the resources to provide. All 44 FRA's had responded. She highlighted the following:

- 85% of FRAs, including NCC, had started work to identify data requirements for Sargeant (age discrimination), whilst only 28% had started the data collection exercise for Matthews/O'Brien. This was reasonable as draft legislation for Matthews/O'Brien had not yet been issued.

Recommendations of the survey included:

- Development of a procurement framework for FPS administration, similar to the one that existed for the LGPS.
- Close monitoring of policy information from central government and the guidance developed by the FPS Technical Group for contribution corrections, tax relief and interest adjustments.
- Individual members should receive timely and comprehensive information on Remedy for them to make informed choices when they retire. The Fire Communications Working Group would be leading on this work.
- Provision of training for age discrimination Remedy and governance training for LPBs to scrutinise and monitor local delivery of Remedy.

10. NCC Payroll monitoring

CG provided a brief history of the NCC Payroll Department issues which had arisen in August 2020 when certain retirement cases had been incorrectly processed, and the actions taken to address the problems identified.

Training had been provided by WYPF and regular meetings had been held by the Service Director – Finance who had been closely monitoring the issues after they had been brought to her attention. CG confirmed that the Service Director

– Finance was aware that the Remedy data collection template was expected imminently, and monitoring meetings would resume when required.

The Board **noted** the update.

11. McCloud/Sargeant Remedy: update

CG explained that the FPS 2015 had been legally challenged and found to be age discriminatory. The discrimination would be addressed in 2 stages.

- Future discrimination (prospective) - Those members who were not currently members of the FPS 2015 would be transferred into it on 1 April 2022. It was expected that the legislation would receive Royal Assent and be in force on 1 April 2022.
- Past discrimination (retrospective) - Members who were moved into the FPS 2015 between 1 April 2015 to 31 March 2022 would have their benefits converted to their former final salary scheme and given a choice of benefits. Draft legislation was awaited. The Government had committed to this stage being completed by October 2023.

12. Actions for FRAs: Board follow up

CJ reported that this was now 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 13).

He reported that there were no issues requiring action within the October – December 2021 bulletins, however, the following actions had been identified within previous bulletins:

- April 2021 – the work required in respect of Remedy was identified as an issue for ongoing monitoring. Senior officers within NCC and WYPF had confirmed that additional resources would be provided to complete the work.
- 2021-22 LGA Statutory Levy – form to be completed by HR by 31 January 2022. Confirmation would be obtained that this was completed before the deadline.

13. 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 14):

(a) Breaches in the quarters to 31 December 2021

CG reported that 3 unauthorised payment charges had been identified in December 2021 following payment of backdated pay increases. As the increased lump sum had been paid more than 12 months after the original payment, a tax charge was due. She added that there had been no delay in

payment by Payroll and no systematic failure and therefore these breaches had not been reported to tPR as they were not of material significance.

(b) Scheme administration, complaints, appeals, IDRP in the quarter to 31 December 2021

CG reported that a Stage 1 IDRP case had been determined (refused) in June 2021 which had led to a Stage 2 IDRP appeal in August 2021. Further details were provided below.

(c) Detail of a recent IDRP

CG outlined the recent IDRP case which had arisen as a result of a clerical error made by NCC/NFRS during implementation of the (Matthews) first options exercise, back in 2014. This exercise gave FPS 2006 members the opportunity to buy additional pension rights in the 2006 Modified Scheme.

NFRS had obtained specialist legal advice and instructed an independent actuary to value the pension rights, net of contributions payable, this member would have had if he had been given (and taken up) the opportunity to buy into the Modified Scheme at the relevant time. It was noted that the Stage 2 IDRP hearing had been postponed with the member's agreement.

The Board was satisfied that a fair and transparent approach was being taken by NFRS to correct the clerical error and noted that an update would be provided in due course.

14. Future meeting dates

The Board was next due to meet on 3 May 2022. A decision as to whether this was held virtually or in person would be taken nearer the time following an assessment of the number of Covid-19 cases.

15. Any other business

In answer to a question, CG confirmed that the FPS Risk Register needed to be reviewed and updated to include ID and the second options exercise. PH confirmed that the Statutory Officers Group, Fire Service Leadership Team and the Executive Team had received a briefing report on these issues. However, it was not yet possible to quantify the risk.

GB thanked CG for her ongoing support.

(The meeting ended at 11.08 a.m.)

CHAIR _____

DATE _____