

**NORTHUMBERLAND COUNTY COUNCIL
AUDIT COMMITTEE 27 JULY 2022**

<p>DRAFT ANNUAL REPORT OF THE FIREFIGHTERS' PENSION SCHEME LOCAL PENSION BOARD 2021-2022</p>

1. Introduction

This is the annual report of the Northumberland County Council Firefighters' Pension Scheme (**FPS**) Local Pension Board ("**the Board**"), which was constituted in 2015 as part of changes introduced by the Public Service Pensions Act 2013. It is the intent of the Board to use the annual report to inform the **Scheme Manager** (i.e. NCC's S151 Officer in consultation with the Chief Fire Officer) of NCC's data on FPS membership, statement of accounts, and issues progressed through the Internal Disputes Resolution Procedure (**IDRP**) and Fire Disputes Panel.

2. Membership and attendance

During 2021/22 the Board had the following members:

Chair	Stephen Richards	(FPS Member Representative)
Member	Guy Tiffin	(FPS Member Representative)
Member	Councillor Nick Oliver	(Employer Representative) <i>Until October 2021</i>
Member	Councillor Peter Jackson	(Employer Representative) <i>Until October 2021</i>
Member	Councillor John Beynon	(Employer Representative) <i>From November 2021</i>
Member	Councillor Malcolm Robinson	(Employer Representative) <i>From November 2021</i>

Attendance	22 July 2021	8 December 2021	25 January 2022	3 May 2022
Stephen Richards	✓	✓	✓	✓
Guy Tiffin	x	✓	✓	x
Councillor Nick Oliver	✓		Resigned October 2021	
Councillor Peter Jackson	x		Resigned October 2021	
Councillor John Beynon	Appointed November 2021	✓	✓	✓
Councillor Malcolm Robinson	Appointed November 2021	x	✓	✓

For quorum, at least one member representative and at least one employer representative must be present.

NCC transferred its FPS administration service to West Yorkshire Pension Fund (WYPF) in March 2018. Helen Scargill, Client Relationship Manager at WYPF, or a substitute, has attended Board meetings in 2021/22 to provide information.

3. Purpose

The purpose of the Board is set out in the Board's Terms of Reference and described at the initial Board meeting as follows:

- The Board has a monitoring role in the IDRPs and the Fire Disputes Panel processes. It aims to identify repeat patterns of complaints taken through these processes.
- The Board receives reports on membership of the Scheme.
- The Board receives reports on the statement of accounts to monitor the level of the Annually Managed Expenditure grant.
- The Board monitors, via LGA bulletins and officer reports, changes to central Government policy and intent with regard to pensions.

The Board tracks these issues over time and reports to the Scheme Manager, annually. The Board Chair holds a meeting, annually, with the Scheme Manager or his/her appointed deputy.

The Board recognises that it is not responsible for the day-to-day management of NCC's FPS administration nor does it perform the role of arbiter in disputes. Its role is to **assist** the Scheme Manager and it is **not a decision making** body.

4. Progress

4.1 The following matters have been discussed by the Board in 2021/22:

- The Home Office's informal guidance on Immediate Detriment ("ID") and the implications for NCC. This guidance was first issued in August 2020, revised in June 2021, and then withdrawn in November 2021. The LGA/FBU joint Framework on ID, issued in October 2021, was intended to provide a structure for FRAs to implement the Home Office guidance on ID, but it was in the process of being revised at the time of finalising this report.
- NCC's approach to implementing ID for its retiring FPS members, together with the reasons for taking that approach and an explanation of the risks involved.
- Updates on the Deputy Section 151 Officer's monitoring of NCC's Payroll Section following errors made in August 2020 (which were later corrected) relating to the pensionable pay notified to WYPF for three FPS members.
- Updates on the government's plans to remove age discrimination (known as **McCloud/Sargeant**) from the FPS and the implications for the Scheme Manager and administrator. **Prospective** discrimination was removed by legislation introduced in the year for future benefits built up from 1 April 2022. Age discrimination will be removed **retrospectively** for benefits built up during the period of discrimination from 1 April 2015 to 31 March 2022, with legislation expected in 2023.
- Government proposals to remove discrimination against part-time firefighters (known as the **Matthews second options exercise**) and the implications for the Scheme Manager and administrator.

- The Firefighters' Pension Scheme Advisory Board's self-assessment survey to assess FRAs' readiness for the challenges posed by the McCloud/Sargeant work and the Matthews second options exercise.
- Following changes to the NCC Constitution, the updated
 - NCC FPS Governance Statement,
 - Terms of Reference for the NCC FPS Board, and
 - NCC FPS Conflicts Policy.
- WYPF delivery of the FPS administration service during 2021/22 under COVID-19 lockdown restrictions.
- The record of FPS breaches and errors.
- Monthly updates from the FPS Advisory Board and the LGA, ensuring the LGA "actions for fire and rescue authorities" have been carried out by the Scheme Manager.
- NCC's monthly client reports provided by WYPF and minutes of the WYPF quarterly meetings held for its FPS clients.
- Monthly monitoring of Key Performance Indicators provided by WYPF.
- The timely issue of FPS Annual Benefit Statements and Pensions Savings Statements.
- Reports on NCC's membership of the FPS.

4.2 FPS administration service

From 1 March 2018 the administration of the FPS has been undertaken for NCC through a shared service arrangement with WYPF. The Board provided oversight of the service provided by WYPF during 2021/22.

The shared service with WYPF has provided operational resilience to NCC. NCC's FPS members now have access to their pension records via an online portal. WYPF has been proactive in improving communication with members.

In accordance with best practice WYPF has a Data Improvement Plan in place to continually assess and improve data scores, within the FPS membership data.

WYPF provides FPS administration services, on a shared costs basis, to (now) approximately half the Fire and Rescue Authorities in England. WYPF had 10 clients when it took on NCC in 2018, and now has 23 clients (in June 2022, when this report was finalised).

WYPF has kept the Board informed as it has planned to and increased resources to ensure service delivery to existing clients is unaffected by its increasing client base.

WYPF is a well-respected FPS industry expert, with a presence on technical and communication groups, and links to the FPS Advisory Board.

4.3 Most recent data scores for NCC's FPS membership data

	Common data		Scheme specific
		November 2021	
FPS 1992 Scheme	99%		98%
FPS 2006 Scheme	94%		100%
FPS 2015 Scheme	99%		94%
		November 2020	
FPS 1992 Scheme	99%		97%
FPS 2006 Scheme	94%		100%
FPS 2015 Scheme	99%		94%

5. Training

In prior years, Board members have attended comprehensive training on the FPS benefits and the role of the Board in FPS governance provided by the LGA.

There have been two changes in councillor membership during 2021/22. Induction training was delivered to the councillor members in the year.

The Board has access to advice from LGA and LGA's library of guides and the Pensions Regulator's toolkit training. The LGA's monthly bulletins are provided to Board members.

6. Risks

An area of particular interest to the Board is the awareness of any risk factors which may impact upon the FPS.

The Board reviewed NCC's FPS risk register in 2019/20 and considers risk, and changes to risk, at each meeting.

7. NCC's FPS information in the year to 31 March 2022

7.1 Extract from NCC's draft Statement of Accounts 2021/22

2020-21 £000	Fund Account	2021-22 £000
	Contributions:	
1,794	From employer - normal	1,821
7	From employer - ill health	-
792	From members	809
2,593		2,630
	Transfers in:	
123	Individual transfers from other schemes	484
2,716		3,114
	Benefits:	
(5,700)	Pensions	(5,878)
(1,375)	Commutations and lump sum retirement benefits	(962)
0	Other eligible expenditure - scheme pays	(53)
(7,075)		(6,893)
4,359	Net amount payable before top-up grant	3,779
(4,359)	Top-up grant payable by the Government	(3,779)
-	Net Amount Payable for the year	-

31 March 2021 £000	Net Assets Statement	31 March 2022 £000
	Current assets:	
-	Top-up grant receivable from the Government	121
115	Amount receivable from the General Fund	
	Current liabilities:	
(115)	Top up grant owed to the Government	
-	Amount payable to the General Fund	(121)
-		-

7.2 Membership of FPS in NCC as at 31 March 2022

Scheme	Actives	Deferreds	Pensioners	Beneficiaries	Leave options pending
As at 31 March 2022					
1992 Scheme	6	18	283	46	0
2006 Scheme	6	84	12	4	0
2006/RDS Scheme	3	13	33	1	0
2015 Scheme	260	113	3	0	7
2015/RDS Scheme	4	3	2	0	0
TOTAL	279	231	333	51	7
As at 31 March 2021					
1992 Scheme	12	18	279	50	0
2006 Scheme	7	87	8	4	0
2006/RDS Scheme	6	13	31	1	0
2015 Scheme	213	100	1	0	5
2015/RDS Scheme	3	3	2	0	0
TOTAL	241	221	321	55	5
As at 31 March 2020					
1992 Scheme	21	19	278	53	0
2006 Scheme	7	87	8	4	1
2006/RDS Scheme	8	13	30	1	0
2015 Scheme	231	78	1	0	0
2015/RDS Scheme	5	3	0	0	0
TOTAL	272	200	317	58	1
As at 31 March 2019					
1992 Scheme	32	22	269	52	0
2006 Scheme	10	86	6	4	4
2006/RDS Scheme	11	15	28	1	0
2015 Scheme	197	51	0	0	2
2015/RDS Scheme	3	3	0	0	0
TOTAL	253	177	303	57	6
As at 31 March 2018					
1992 Scheme	48	21	260	55	0
2006 Scheme	9	117	6	4	4
2015 Scheme	174	57	0	0	0
TOTAL	231	195	266	59	4

Pensions into payment

	Age retirements	Ill-health retirements
During 2021/22	13	0
During 2020/21	14	2
During 2019/20	10	0
During 2018/19	13	0
During 2017/18	9	0

Optants out

As at **31 March 2022** there were 127 assignments not in the FPS, of whom 112 are retained firefighters and 15 are whole-time firefighters.

As at **31 March 2021** there were 128 assignments not in the FPS, of whom 113 are retained firefighters and 15 are whole-time firefighters.

As at **31 March 2020** there were 115 assignments not in the FPS, of whom 102 are retained firefighters and 13 are whole-time firefighters.

As at **31 March 2019** there were 115 assignments not in the FPS, of whom 97 are retained firefighters and 18 are whole-time firefighters.

As at **31 March 2018** there were 116 assignments not in the FPS, of whom 100 are retained firefighters and 16 are whole-time firefighters.

7.3 Breaches of the law recorded in the year to 31 March 2022

The Board considered one breach relating to the administration of the FPS in NCC which was recorded in 2021/22. The breach occurred when a backdated pay award for three pensioner members resulted in an “unauthorised tax payment”, which is a breach of the law. WYPF informed NCC of the breach and NCC immediately authorised payment of the tax due to correct the position. The Board considered the reasons for, reaction to, and wider implications of the breach and concluded it was **not** of material significance to the Regulator and should not be reported.

During 2021/22, WYPF provided monthly reporting on the FPS administration processes undertaken on NCC’s behalf against the legal timeframes: this showed no breaches of the law had occurred.

7.4 Appeals

One Stage Two IDRPs complaint was made in the year. An anonymised report of the complaint and subsequent actions taken by the Scheme Manager was considered by the Board. It was noted that the Stage Two hearing had been postponed with the member’s agreement. The Board was satisfied that a fair and transparent process had taken by NCC.

8. General

The Board aims to add value by assisting the Scheme Manager through scrutinising the FPS risk register and monitoring the breaches log. The role of the Board has developed and continues to do so as the FPS Advisory Board and the Pensions Regulator both develop their views and guidance.

The Board's Terms of Reference allow for virtual meetings, so there were no meeting cancellations as a result of the COVID-19 lockdown measures.

Finally, I would like to thank Clare Gorman and Craig Johnson for providing technical support in the role as Board Secretary and Nichola Turnbull for administrative support to the Board.



S. Richards
Chair of the FPS Local Pension Board

Reported to NCC Audit Committee on: 27 July 2022