

<p>ANNUAL REPORT OF THE FIREFIGHTERS' PENSION SCHEME LOCAL PENSION BOARD 2017-2018</p>

1. Introduction

This is the third annual report of the Northumberland County Council Firefighters' Pension Scheme (FPS) Local Pension Board ("the Board"), which was constituted 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 Chief Executive and Chief Fire Officer) of the current data of the FPS in NCC with regard to membership, statement of accounts, and issues progressed through the Internal Disputes Resolution Procedure (IDRP) and Fire Disputes Panel.

This will clearly be more useful over time as patterns and policies develop.

2. Membership and attendance

During 2017/2018 the Board consisted of the following members;

Chair	Stephen Richards	(FPS Member Representative)
Member	Councillor Ian Swithenbank	(Employer Representative)
Member	Councillor Malcolm Robinson	(Employer Representative)
Member	Guy Tiffin	(FPS Member Representative)
Board Secretary	Andrew Lister	

Attendance at the meetings held on	19 October 2017	26 April 2018
Stephen Richards	✓	✓
Councillor Ian Swithenbank	✓	✓
Councillor Malcolm Robinson	✓	x
Guy Tiffin	✓	✓

The Board consisted of four members, with the Chair being a pensioner member of the FPS and a Scheme Member Representative on the Board. For meetings to be quorate an FPS Member Representative and an Employer Representative are required.

3. Purpose

The purpose of the Board was agreed at the initial Board meeting:

- A monitoring role with regards to the IDRPs and Fire Disputes Panel process. The interest of the Board here would be in relation to any repeat patterns of complaints taken through these processes.
- Receive reports biannually on membership of the Scheme in relation to total numbers of contributing employees.
- Receive biannually on the statement of accounts, monitoring the level of the Annually Managed Expenditure (AME) grant.
- Monitoring via email bulletins and officer reports on any changes to central Government policy and intent with regard to pensions.
- Equally as important to the Board is an awareness that the Board is not responsible for decision making on day-to-day management of FPS pension administration, nor does it perform the role of arbiter in any disputes.

The Board intends to track these issues over a period of years and inform the Scheme Manager during subsequent Annual Reports.

4. Progress

The following matters have been discussed by the Board in 2017/2018:

- Briefing on transfer of FPS Administration to West Yorkshire Pension Fund (WYPF)
 - Who does what under the shared service arrangements
 - Communication of the shared service arrangement
 - Exemption of FPS shared service contract from procurement rules
- Monthly Client Reports for NCC from WYPF
- FPS Statement of Discretionary Policies and Delegated Authority
- Consideration of the requirement for and content of a FPS risk register
- The record of breaches
- FPS Annual Benefit Statements for 2016/17
- Reports on membership of the FPS
- Report detailing arrangements for Firefighter Pensions estimates returns
- The Pensions Regulator's Code governance and administration survey
- Local Government Association report on FRA Local Pension Boards 2017
- Updates from FPS Scheme Advisory Board and changes in regulations

From 1 March 2018 the pension administration of the NCC Firefighters' Pension Schemes has been undertaken through a shared service agreement with West Yorkshire Pension Fund (WYPF). Yunus Gajra, Business Development Manager, attended the April 2018 meeting to present the Monthly Client Report provided by WYPF to that meeting. Pensions administration has successfully transferred to WYPF where the shared service will provide more resilience to the service.

5. Training

The Board members have had access to training on:

- Induction training for new Board members.
- LGA/Firefighters' Pensions England Scheme Advisory Board – Pension Board Training for North East local FPS Boards on 15 March 2018 at County Hall which included a presentation by the Pensions Regulator on his work and expectations of FPS local Pension Boards.

The Chair attended LGA's Annual Fire Pension Conference in October 2017. The Pensions Regulator's toolkit training is available for all Board members to use.

6. Risks

An area of particular interest to this Board is the awareness of any risk factors which may impact upon current Scheme members and pensioners, these include:

- Reduction in the number of active contributing members
- Planned change to discount rate from 3% to 2.8% in unfunded public sector schemes as a result of which, from 2019, FPS employer contribution rates are likely to increase
- Format or amounts of AME grant payments made by central Government.

The Board will review the risk register in the forthcoming year.

7. NCC's FPS information in the year to 31 March 2018

7.1 Extracts from NCC's Statement of Accounts 2017/18

2016-17 £000	Fund Account	2017-18 £000
	Contributions:	
1,017	From employer - normal	973
61	From employer – ill health	23
799	From members	755
1,877		1,751
	Transfers in:	
11	Individual transfers from other schemes	63
1,888		1,814
	Benefits:	
(4,914)	Pensions	(5,000)
(847)	Commutations and lump sum retirement benefits	(872)
-	Lump sum death benefits	(101)
(5,761)		(5,973)
3,873	Net amount payable before top-up grant	4,159
(103)	Grant received for 1992 Contributions Holiday	-
(3,770)	Top-up grant payable by central Government	(4,159)
-	Net Amount Payable for the year	-

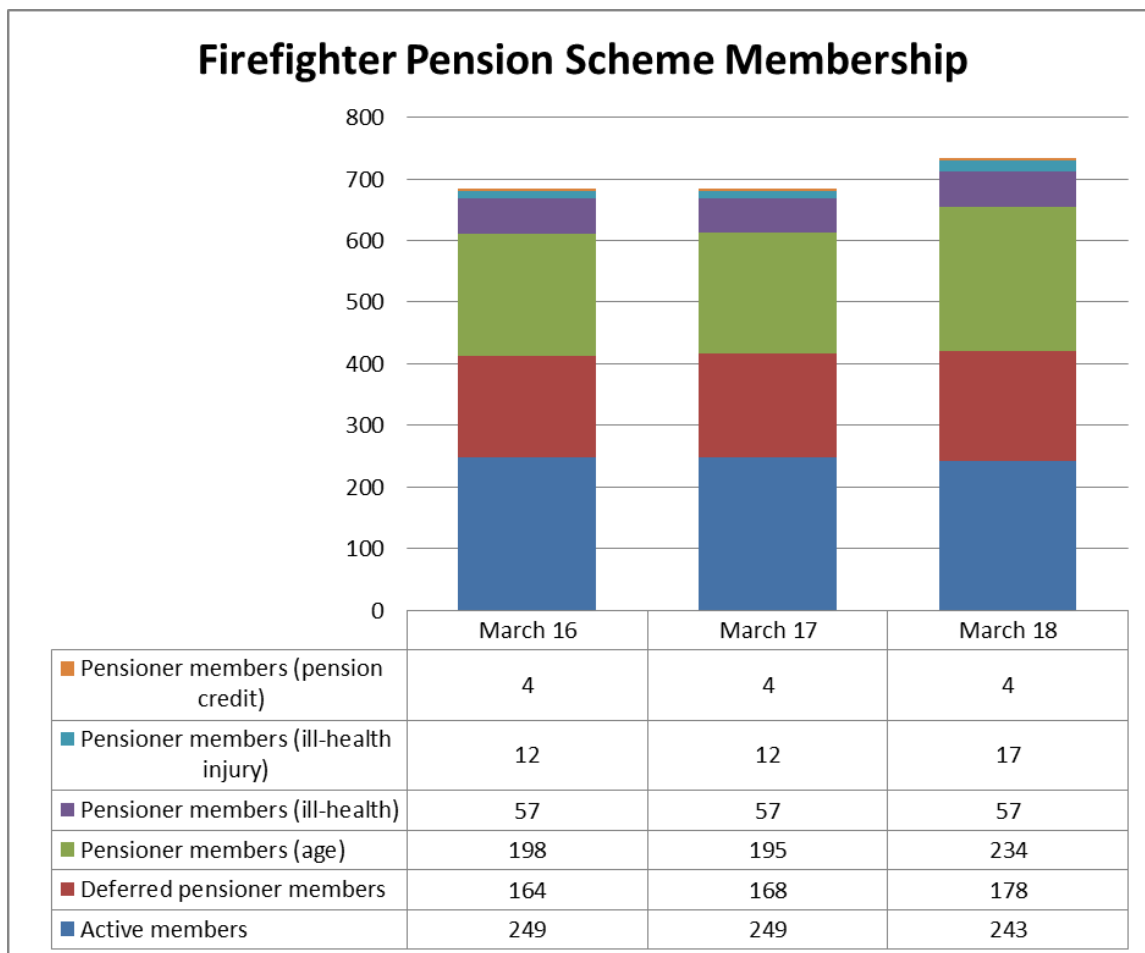
31 March 2017 £000	Net Assets Statement	31 March 2018 £000
	Current assets:	
531	Top-up grant receivable from central Government	418
	Current liabilities:	
(531)	Amount payable to the General Fund	(418)
-		-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Firefighters' Pension Scheme £m	New Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury & non scheme III Health £m	Total £m
Opening balance as at 1 April 2017	(178.65)	(7.53)	(3.17)	(5.17)	(194.52)
Current service cost	(1.36)	(0.06)	(1.29)	(0.09)	(2.80)
Interest cost	(4.40)	(0.19)	(0.08)	(0.13)	(4.80)
Contributions from scheme participants	(0.34)	(0.02)	(0.40)	-	(0.76)
Actuarial (gains)/losses arising from changes in financial assumptions	0.17	-	0.01	0.01	0.19
Other	(1.02)	(0.02)	-	(0.04)	(1.08)
Benefits paid	5.92	0.02	0.04	0.19	6.17
Closing balance as at 31 March 2018	(179.68)	(7.80)	(4.89)	(5.23)	(197.60)

7.2 Membership of FPS in NCC as at 31 March 2018

Membership	1992 FPS Scheme	2006 FPS Scheme	2015 FPS Scheme	Retained modified FPS Scheme	
		Whole time	Retained		
Active members	45	2	7	177 (76 W/T, 101 RET))	12
Deferred pensioner members	20	19	67	57 (15 W/T, 42 RET))	15
Pensioner members					
• Age	202	0	5	0	27
• Ill-health	56	0	1	0	0
• Ill-health injury	17	0	0	0	0
• Pension credit (divorce cases)	4	0	0	0	0



Note differences in categorisation between WYPF and NCC pension administration systems account for the movements between March 2017 and March 2018 data.

Pensions into payment

Pensions into payment	Age retirements	Ill-health retirements
During 2017/18	9	0
During 2016/17	11	0
During 2015/16	13	1
During 2014/15	12	1
During 2013/14	9	0

Optants out

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.

As at **31 March 2017** there were 127 assignments not in the FPS, of whom 116 are retained firefighters and 11 are whole-time firefighters.

As at **31 March 2016** there were 131 assignments not in the FPS, of whom 123 are retained firefighters and 8 are whole-time firefighters.

As at **31 March 2015** there were 140 assignments not in the FPS, of whom 130 are retained firefighters and 10 are whole-time firefighters.

7.3 Breaches of the law recorded in the year to 31 March 2018

The Board reviewed a total of one breach of the law relating to administration of the FPS in Northumberland recorded in the year ended March 2018, which was (in the view of the Scheme Manager) not reportable to the Regulator.

7.4 Appeals

There were no appeals in the year.

8. General

The Board aims to continue to add value by assisting the Scheme Manager through scrutinising the Firefighter Pension Scheme risk register and monitoring the breaches log for the Firefighter's Pension Scheme. The role of the Board will be developed through gap analysis against the Pensions Regulator checklist and informed by the Pensions Regulator annual survey results for 2016.

The Board welcomed Councillor Ian Swithenbank and Councillor Malcolm Robinson as Employer Representative Board members.

On behalf of the Board I would like to thank Helen Payne for her diligent provision of FPS pensions administration services over many years, and to Dave Smith whose expertise aided a smooth transition of the pensions administration service from Northumberland County Council to West Yorkshire Pension Fund.

Finally, I would like to thank Andrew Lister for providing technical support in his role as Board Secretary and Nichola Turnbull in her role as minute taker and for providing administrative support to the Board.



S. Richards
Chair of the FPS Local Pension Board

Reported to NCC Audit Committee on: 25 July 2018