

<p>ANNUAL REPORT OF THE FIREFIGHTERS' PENSION SCHEME LOCAL PENSION BOARD 2018-2019</p>

1. Introduction

This is the fourth 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 Interim 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 2018/2019 the Board consisted of the following members;

Chair	Stephen Richards	(FPS Member Representative)
Vice-Chair	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	23 October 2018	16 April 2019
Stephen Richards	✓	✓
Councillor Ian Swithenbank	✓	✓
Councillor Malcolm Robinson	✓	✓
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 system. The interest of the Board here would be in relation to any repeat patterns of complaints taken through the IDRPs and Disputes Panel system.
- Receive reports to the Board bi-annually on membership of the Scheme in relation to total numbers of contributing employees.
- Receive reports to the Board bi-annually 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 the day-to-day management of FPS pension administration nor does it perform the role of final 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 2018/2019:

- Consideration of the requirement for a FPS risk register
- The record of breaches
- Updates from FPS Scheme Advisory Board and changes in regulations
- FPS Annual Benefit Statements for 2017/18
- Reports on membership of the FPS
- The transfer of FPS Administration to West Yorkshire Pension Fund (WYPF)
- Monthly Client Reports for NCC from WYPF
- GMP reconciliations
- The Pensions Regulator's Code governance and administration survey
- TPR Scheme returns
- FPS Scheme Advisory Board survey on opt out levels
- Employer and employee contribution rates effective from 1 April 2019
- 2016 Scheme Valuation and the pause in the cost cap process
- GAD data exclusions from 2016 Scheme Valuation
- Consideration of the requirement for a FPS risk register
- NCC's FPS updated Procedure for reporting breaches of the law
- The role of the FPS Scheme Manager

Pensions administration

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. Helen Scargill – Client Relationship Manager, attended both meetings to present the Monthly Client Reports provided by WYPF to those meetings. Pensions administration has successfully transferred to WYPF where the shared service will provide more operational resilience. The benefits of the

new arrangements are already evident with all members having access to an online portal to access their pension record. WYPF have been proactive in improving communication with members. The transfer of data provided an opportunity to check the quality of pensions administration data. WYPF have put in place a Data Improvement Plan to improve the data scores which are illustrated in the table below. Underpayments of injury pensions were also identified and resolved by WYPF as part of the data transfer process.

tPR data scores 2017/18

	Common data	Scheme specific
FPS 1992 Scheme	88%	75%
FPS 2006 Scheme	83%	72%
FPS 2015 Scheme	35%	90%

SCAPE Rate Changes

The Government assessment of the current cost of future public sector pension payments was increased in the October 2018 Budget. This was achieved through a reduction in the SCAPE discount factor from 2.8% to 2.4%. FRA Employer pension contributions increased from 17.6% to 30.2% in April 2019 following this change. The increase in grant NCC FRS received in relation to this change did not fully meet the increase in employer contribution rates in 2019/20 and funding of this cost pressure for future years is uncertain.

5. Training

The Board members have had access to training on:

- LGA/Firefighters' Pensions England Scheme Advisory Board – Pension Board Training for North East local FPS Boards on 19 March 2019 at Fire and Rescue Headquarters at West Hartford.

The Chair attended LGA's Annual Fire Pension Conference in September 2018. 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
- The change to discount rate from 3% to 2.4% in unfunded public sector schemes as a result of which, from 2019, FPS employer contribution rates increased
- Guaranteed Minimum Pension
- McCloud Judgement age discrimination case
- 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 2019

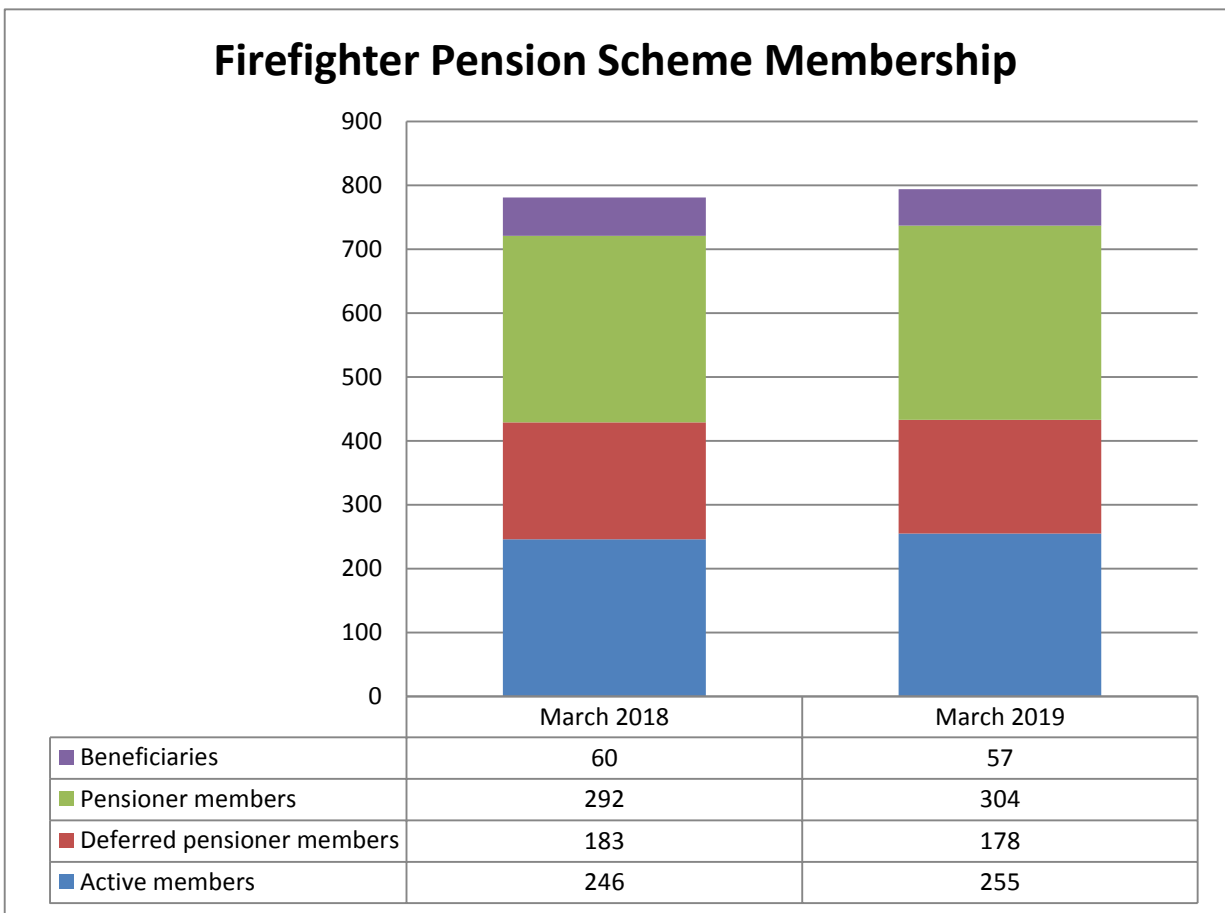
7.1 Extract from NCC's draft Statement of Accounts 2018/19

2017-18 £000	Fund Account	2018-19 £000
	Contributions:	
973	From employer - normal	950
23	From employer – ill health	-
755	From members	778
1,751		1,728
	Transfers in:	
63	Individual transfers from other schemes	-
1,814		1,728
	Benefits:	
(5,000)	Pensions	(5,330)
(872)	Commutations and lump sum retirement benefits	(1,625)
(101)	Lump sum death benefits	-
(5,973)		(6,955)
	Payments to and on account of leavers:	
-	Individual transfers to other schemes	(5)
4,159	Net amount payable before top-up grant	5,232
-	Grant received for 1992 Contributions Holiday	-
(4,159)	Top-up grant payable by central Government	(5,232)
-	Net Amount Payable for the year	-

31 March 2018 £000	Net Assets Statement	31 March 2019 £000
	Current assets:	
418	Top-up grant receivable from central Government	1,448
	Current liabilities:	
(418)	Amount payable to the General Fund	(1,448)
-		-

7.2 Membership of FPS in NCC as at 31 March 2019

Membership	1992 FPS Scheme	2006 FPS Scheme		2015 FPS Scheme	Retained modified FPS Scheme
		Whole time	Retained		
Active members	31	10	9	201	4
Deferred pensioner members	22	15	86	52	3
Pensioner members	270	28	6	0	0
Beneficiaries	52	1	4	0	0



Pensions into payment

Pensions into payment	Age retirements	Ill-health retirements
During 2018/19	13	0
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

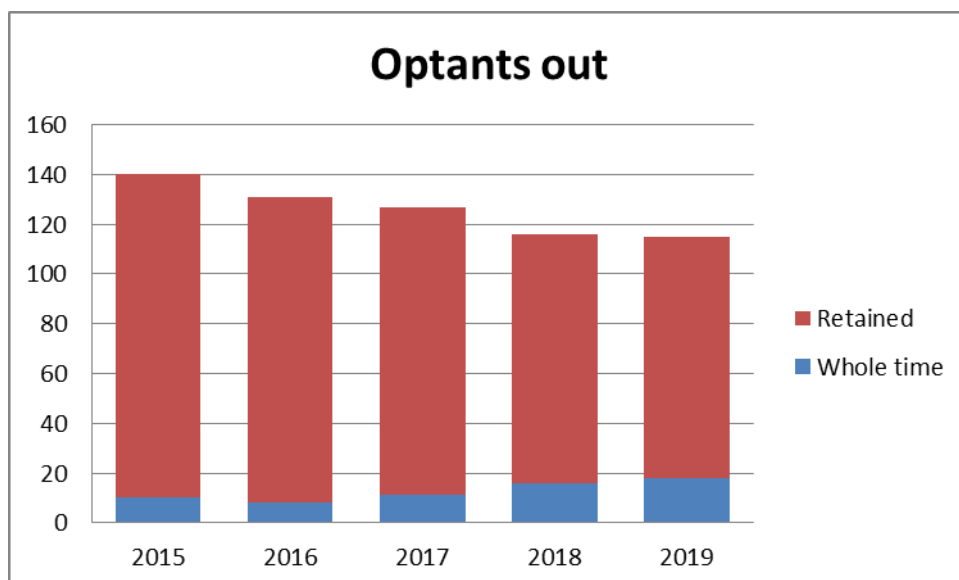
As at **31 March 2019** there were 115 assignments not in the FPS, of whom 97 are retained firefighters and 18 are whole-time firefighters.

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.

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.



There has been a steady rise in whole time firefighters who are not part of the firefighters' pension schemes. By March 2019 the percentage of optant's out of the schemes had reached **13%** of whole time firefighters.

7.3 Breaches of the law recorded in the year to 31 March 2019

The Board reviewed a total of four errors or breach of the law relating to administration of the FPS in Northumberland recorded in the year ended March 2019, which were (in the view of the Scheme Manager) not reportable to the Regulator.

7.4 Appeals

There were no appeals in the year.

7.5 Key performance indicators

Process	Total Cases	Target days for each case	Target met cases	Minimum target percent	Target met percent
Age 55 Increase	4	20	4	85	100
Change of Address	14	20	14	85	100
Change of Bank Details	10	20	10	85	100
Death in Retirement	8	5	8	85	100
Deferred Benefits Into Payment	1	3	1	85	100
Deferred Benefits Into Payment of Lump Sum	2	3	2	85	100
Deferred Benefits Set Up on Leaving	4	10	1	85	25
DG Nomination Form Received	28	20	26	85	93
Divorce Quote	5	40	4	85	80
Divorce Settlement Pension Sharing order Implemented	1	80	1	100	100
DWP Request For Information	2	10	2	85	100
General Payroll Changes	50	20	50	85	100
Initial letter Death in Retirement	8	5	8	85	100
Make payment of pensions on due date	352	-	352	100	100
NI Modification	1	20	1	85	100
Pension Estimate	54	10	31	85	57
Pension Set Up Payment of Lump Sum	13	3	13	85	100
Purchase of Service Quote	1	20	1	85	100
Retirement Actual	13	10	13	85	100
Retirement Quote	13	10	13	85	100
Set Up New Spouse Pension	4	5	4	85	100
Spouse Potential	2	10	2	85	100

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 2018.

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

S. Richards
Chair of the FPS Local Pension Board

Reported to NCC Audit Committee on: 24 July 2019