

<p>ANNUAL REPORT OF THE FIREFIGHTERS' PENSION SCHEME LOCAL PENSION BOARD 2016-2017</p>

1. Introduction

This is the second 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 2016/2017 the Board consisted of the following members;

Chair	Stephen Richards	(FPS Member Representative)
Vice-Chair	Councillor John Woodman	(Employer Representative)
Member	Councillor Alan Sambrook	(Employer Representative)
Member	Guy Tiffin	(FPS Member Representative)
Board Secretary	Clare Gorman	

Attendance at the meetings held on	20 October 2016	27 April 2017
Stephen Richards	✓	✓
Councillor John Woodman	x	x
Councillor Alan Sambrook	✓	✓
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 2016/2017:

- Consideration of the requirement for a FPS risk register
- Procedure for reporting breaches of the law
- The record of breaches
- FPS Annual Benefit Statements for 2015/16
- Reports on membership of the FPS
- The Pensions Regulator's Code compliance checklist
- Employee contributions holiday
- Report on errors identified during the 2014/15 external audit.

5. Training

The Board members have had access to training on:

- National developments and scheme provisions from Clair Alcock, the FPS Adviser to the Local Government Association.
- 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 2016. 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 2017

7.1 Extract from NCC's draft Statement of Accounts 2016/17

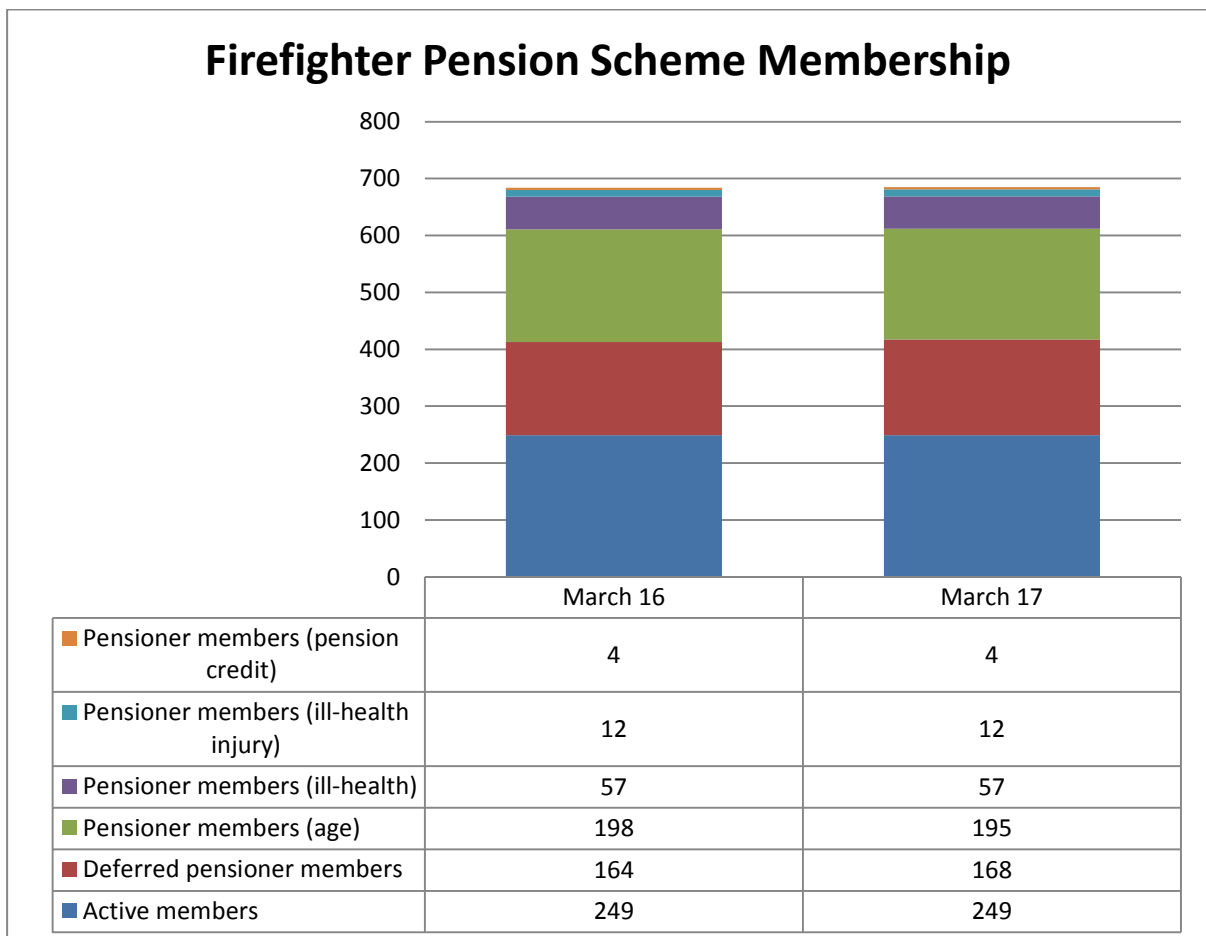
Fund Account	2015-16 £'000	2016-17 £'000
Contributions		
From employer - normal	1,062	1,017
From employer – ill health	61	61
From members	985	799
	2,108	1,877
Transfers in		
Individual transfers from other schemes	31	11
	2,139	1,888
Benefits		
Pensions	(5,027)	(4,914)
Commutations and lump sum retirement benefits	(1,753)	(847)
Lump sum death benefits	(12)	-
	(6,792)	(5,761)
Payments to and on account of leavers		
Individual transfers to other schemes	(273)	-
Net amount payable before top-up grant		
	4,926	3,873
Grant received for 1992 Contributions Holiday	-	103
Top-up grant payable by central Government	(4,926)	(3,976)
Net Amount Payable for the year	-	-
Net Assets Statement		
	As at 31 March 2016 £'000	As at 31 March 2017 £'000
Current assets		
Transfer Values Received - Debtor	-	-
Top-up grant receivable from central Government	1,063	531
Amount receivable from the General Fund	-	-
Current liabilities		
Top-up grant payable to the Government	-	-
Provision for Pensions payable	-	-
Amount payable to the General Fund	(1,063)	(531)
	-	-

7.2 Membership of FPS in NCC as at 31 March 2017

Membership	1992 FPS Scheme	2006 FPS Scheme		2015 FPS Scheme	Retained modified FPS Scheme
		Whole time	Retained		
Active members	57#	3	7	170 (34 W/T, 136 RET)	12
Deferred pensioner members	27*	23	64	35 (4 W/T, 31 RET)	19
Pensioner members					
• Age	179	0	4	0	12
• Ill-health	56	0	1	0	0
• Ill-health injury	12	0	0	0	0
• Pension credit (divorce cases)	4	0	0	0	0

* Includes 11 pensions credits

Includes 2 FPS members on a contribution holiday



Pensions into payment

Pensions into payment	Age retirements	Ill-health retirements
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 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 2017

The Board reviewed a total of eight breaches of the law relating to administration of the FPS in Northumberland recorded in the year ended March 2017, none of which were (in the view of the Scheme Manager) 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 looks forward to working with two new Employer Representative Board members who have not been selected yet, although this is in hand, and the new Board Secretary, Andrew Lister.

Finally, I would like to thank Clare Gorman for providing excellent technical support in her role as Board Secretary and Nichola Turnbull and Linda Papaioannou in their 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: 27 September 2017