

LOCAL PENSION BOARD

Report of the Pensions Administrator / Manager

14 September 2018

PENSIONS UPDATE

1.0 Purpose of Report

- 1.1 To provide Members with information on scheme membership and scheme changes as well as training, governance and communication issues.

2.0 Introduction

- 2.1 The report provides Members with scheme information, together with updates on current issues and training.

3.0 Scheme Membership Information

- 3.1 The following active memberships of the firefighters' pension schemes are taken from pay data as at 3 August 2018 compared to 16 February 2018 for Whole Time Firefighters and 15 August 2018 compared to 15 February 2018 for Retained Firefighters.

3.1.1

Firefighters' Pension Schemes Membership	Wholetime	
	03/08/2018	16/02/2018
1992	71	77
2006	3	3
2015	208	194
Retained Modified	8	8
Opted Out	21	19

The variations for wholetime membership are as follows:

- **1992 scheme** 3 transitioned to 2015 scheme
3 retirements
- **2006 scheme** 1 transitioned to 2015 scheme
1 moved from 2015 to 2006 due to protected status
- **2015 scheme** 4 transitioned in from 1992 scheme
16 starters (WT recruitment, RDS staff on temporary WT or OSR posts)
3 leavers
2 opt outs (OSR posts, automatic enrolment)
1 moved from 2015 to 2006 due to protected status

- **Opt Outs** 2 members have chosen to opt out of the 2015 Scheme

3.1.2

Firefighters' Pension Schemes Membership	Retained	
	15/08/2018	15/02/2018
1992	0	0
2006	9	14
2015	285	284
Retained Modified	22	26
Opted Out	27	26

The variations for retained membership are as follows:

- **2006 scheme** 2 leavers
2 retirements
1 transitioned to the 2015 Scheme
- **RDS modified** 2 leavers
1 retirement
1 transitioned to the 2015 Scheme
- **2015 scheme** 32 starters (new employees)
2 transitioned in from 2006 Scheme
1 opt outs
32 leavers
- **Opt Outs** 1 member has chosen to opt out of a scheme

3.2 The following table shows the pension members according to each scheme as at 1 August 2018 compared to 1 February 2018. 1992 and 2006 scheme pension membership continues to be split between pensioners and dependants.

3.2.1

Firefighters' Pensions Schemes Membership	01/08/2018	01/02/2018
1992 (Pensioners)	432	431
1992 (Dependants – widow / partner / child pension)	79	81
2006	14	12
2006 (Dependants – widow / partner / child pension)	1	1
2015	2	2
2015 (Dependants – widow / partner / child pension)	2	2
Retained Modified	39	38

The variations for members with a pensioner status are as follows:

- **1992 scheme** 3 retirements implemented
2 deaths of a pensioner
3 death of a spouse
1 widow's pension implemented
- **2006 scheme** 2 retirements implemented
- **RDS modified** 1 retirement implemented

3.2.2 Retirements or related procedures that are being progressed presently are split as follows:

- 8 service retirements
- 1 medical appeal against an IQMP decision on the level of ill health retirement benefits (submitted to the Board of Medical Referees)

3.3 The following table shows the deferred members of each scheme as at 1 August 2018, compared to those as at 1 February 2018.

3.3.1

Deferred data	01/08/2018	01/02/2018
1992	32	27
2006	156	150
RDS Modified	36	35
2015	107	79

The variations in deferred pension members cover pensions that have come into payment, leavers and those who have opted out of the scheme.

3.4 There is an Internal Dispute Resolution Procedure for dealing with any complaints. Initial information can be accessed at:
<http://www.wypf.org.uk/Member/Fire/2015/Active/AppealsComplaints/AppealsAndComplaints.aspx#Ombudsman>

3.5 Since the last meeting of the Pensions Board in April 2018, one complaint has been received and has gone through both Stage One and Stage Two of the Internal Dispute Resolution Procedure. A copy of the public minutes of the meeting of the Appeals Committee for Stage Two can be found at:
http://www.northyorkshire.gov.uk/useruploads/files/committee-papers/appeals/july_2018/2018-07-25_-_fire_-_appeals_-_minutes.pdf

4.0 HMRC Requirements for Pensions Taxation

4.1 A training session on pensions taxation, arranged by the LGA and provided by Barnett Waddingham, was attended by Jez Rushworth and the Pensions Administrator/ Manager on 15 November 2017.

4.2 The Pensions Administrator/ Manager will provide a further overview of the pensions tax rules with examples of how Scheme members can incur a tax charge and the action which is required by the employer and affected individuals on an annual basis and at the time of retirement.

5.0 Pension Board Training Update

5.1 Three items on this meeting's agenda are suitable for inclusion on the Pension Board Training Register:

- i) The Pensions Administrator/ Manager will provide an overview at the Workshop prior to the main Pensions Board meeting of the latest initiatives from The Pensions Regulator which are:
 - 21st Century Trusteeship and Governance Programme

- New tools for Pension Board Members
 - ii) The additional session on Pensions Tax Issues at the beginning of the main Pension Board meeting mentioned under item 4.0
 - iii) The information supplied in item 8.0 about the use of the Pension Board Breach of Law Policy and The Pension Regulator's expectations when looking at potential breaches which may be materially significant and require reporting. Also the suggested method of recording this process, even if a breach is not identified.
- 5.2 It was intended that The Pension Regulator's e-learning should be completed again by 31 August 2018 but since the last meeting new members have joined the Pension Board and a revised date for completion needs to be agreed.
- 5.3 A further version of the Training Register has been circulated to Pension Board members. If members are happy with the revised layout, this can be published on the Pension Board area of the NYFRS website.
- 5.4 Due to the timing of the session on the agenda for the Annual Firefighters' Pension Conference this year it is not possible for Pension Board members to attend. There is a governance session on Day One, on 17 September 2018, but this is not until 16:30. Three members of the Pension Board had expressed an interest in attending but it has been decided that it is not practical to attend for such a short session. Anna Binks, Pensions Administrator/ Manager, will be attending on both days and will feed back relevant information to Pension Board members.
- 5.5 An event was held on 9 May 2018 which was a joint event covering Fire and Police Local Pension Board Governance. The event was well attended by a cross-section of attendees with a variety of roles involving the Police and Fire Pension Schemes. Interesting comparisons were made between the Fire and Police Pension Boards, including a description of how the Police Pension Boards have collaborated to develop joint boards which bring together a number of authorities. Presenters from the Home Office and The Pensions Regulator gave updates on recent activities and initiatives. The slides from the meeting can be found at the following link under Training:
<http://www.fpsboard.org/images/PDF/Bulletin8/Bulletin8.pdf>

6.0 Risk Register

- 6.1 An initial risk register was adopted at the meeting on 18 September 2017. The Scheme Advisory Board suggests that items pertinent to the Risk Register are a recurring item for Pension Board meetings and for Pension Board members to challenge whether the Risk Register control measures are suitable and processes in place are sufficiently robust.
- 6.2 Since the last meeting there has been progress made or action taken in the following areas which are included in the Risk Register:
- i) An Internal Audit report has been issued by Veritau providing an overall opinion of 'Substantial Assurance'. Areas of improvement were identified and the following items have been addressed since the last meeting:

- Updated detailed procedural guidance for business continuity has been completed
 - Additional checks on the setting up of new pensioners by the third party administrator have been put in place including checks for spouses' pensions
 - The Year End return has been successfully submitted using the 'Monthly electronic return' interface method
- ii) A full Data Review is in progress. West Yorkshire Pension Fund are developing a system of 'data scoring' based on The Pension Regulator's guidelines. Full information on this exercise will be provided when it is available.
- iii) The General Data Protection Regulation (GDPR) responsibilities of NYFRS and of the third party administrator, West Yorkshire Pension Fund, have been identified and the required documentation has been developed and is provided to Scheme members at suitable points as well as appearing on the NYFRS website. The Risk Register has been updated with a specific statement on GDPR.
- iv) West Yorkshire Pension Fund have confirmed that they will be submitting data for the next National Fraud Initiative exercise which will commence in November 2018. This exercise acts as an additional level of 'mortality screening' in identifying possible matches of deceased individuals. West Yorkshire Pension Fund also have a separate monthly exercise to identify deceased pensioners so that potential overpayments of pension can be avoided, where family members do not provide prompt notification of the death of a pensioner.

7.0 Other Work Items

- 7.1 The Pensions Administrator/ Manager circulated a list at the last meeting of existing material to be reviewed and has asked for comments on potential improvements.
- 7.2 There is a national Fire Schemes Communications Group which works on updating documentation for Scheme members. The latest documents which have been completed are as follows and will be circulated at the meeting for consideration and comment by Pension Board members:
- Promotional Leaflet for New Members of the 2015 Scheme
 - CARE Build Up Flyer
 - Topping Up Your Pension Leaflet
 - Short Guide to the 2015 Scheme

8.0 Annual Benefit Statements

- 8.1 The West Yorkshire Pension Fund have carried out the exercise to issue this year's Annual Benefit Statements. The statements which have a deadline of 31 August 2018 were all issued on time. The statements which had not been issued by that date relate to deferred members of the RDS Modified Scheme where a later date for issue applies, of no later than 1 April 2019. However, the West Yorkshire Pension

Fund have set a deadline to issue these statements of 30 September 2018 and an update will be provided on progress at the meeting.

- 8.2 An issue had been identified for some active member statements where the current role was out of date on the statement, although the correct financial information has been used to calculate the estimated benefits. Updated information on the current role at the relevant date had been provided to the West Yorkshire Pension Fund by NYFRS but had not been used. The West Yorkshire Pension Fund had not made it clear that this part of the 'electronic interface' was not functional at the time of NYFRS submitting the Year End data. It is proposed that a communication be circulated which explains this issue and also provides an example of the calculation of the average pay which is used in the calculation of benefits. The pay used is the average of the pay across the year from 1 April 2017 to 31 March 2018 rather than the rate of pay as at 31 March 2018. Pension Board members will be asked for comments on the suitability of the communication to members.
- 8.3 The NYFRS Pension Board has a procedure for reporting breaches of the law to The Pensions Regulator. Even where a breach is not identified, The Pensions Regulator recommends that when a relevant issue is considered in connection with a possible breach this process should be recorded. An example Breach Process Tracker has been drafted for discussion by Pension Board members and for completion in connection with this year's Annual Benefit Statement exercise. The suggested tracker will be circulated at the meeting for comment.

9.0 **West Yorkshire Pension Fund Key Performance Indicators**

- 9.1 The West Yorkshire Pension Fund provides monthly reporting on administration matters and Key Performance Indicators (KPI). The latest KPI results are shown below. There are no concerns to report.

North Yorks Fire (1 to 31 July 2018)					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Divorce Quote Fire	2	40	2	85	100
Divorce Settlement Pension Sharing order Implemented Fire	1	80	1	100	100
Pension Estimate Fire	10	10	10	85	100
Deferred Benefits Into Payment of Lump Sum	2	3	2	85	100
Change of Address Fire	1	20	1	85	100
Change of Bank Details Fire	1	20	1	85	100
Age 55 Increase Fire	1	20	1	85	100
Enquiry Fire	1	5	1	85	100
Life Certificate received Fire	8	5	8	85	100
DG Nomination Form Received Fire	4	20	4	85	100

Initial letter Death in Retirement FIRE	2	5	2	85	100
*Death in Retirement FIRE	2	5	1	85	50

*Death in Retirement Fire – 1 case took 7 days.

- 9.2 The West Yorkshire Pension Fund have started to provide updates on progress in carrying out the Guaranteed Minimum Pension Reconciliation exercise. This exercise relates to the ending of 'contracting-out'. No update has been provided at the time of preparing this report but the West Yorkshire Pension Fund have made a commitment to provide an update to fire authorities and direct to the Local Government Association. This will relate to their ability to fully complete the Guaranteed Minimum Pension Reconciliation exercise by 31 December 2018.
- 9.3 West Yorkshire Pension Fund have appointed the company Accurate Data to assist with address tracing where an up to date address is not held. This is particularly useful for tracing those members with deferred benefits who have not kept in touch with the fire authority or pension fund.

10.0 Recommendations

10.1 That Members note the content of the report and:

- i) agree the revised version of the Training Register
- ii) note the progress made on the issuing of Annual Benefit Statements, consider whether any action is required under the reporting of breaches policy and record this on the Breach Process Tracker
- iii) Agree the communication to be sent to Scheme members on the issue of out of date role information appearing on some of the Annual Benefit Statements

Anna Binks

Pensions Administrator/ Manager
31 August 2018

Background documents:

2015 Firefighters' Scheme Complaints and Dispute process:

<http://www.wypf.org.uk/Member/Fire/2015/Active/AppealsComplaints/AppealsAndComplaints.aspx#Ombudsman>

Public minutes of the meeting of the Appeals Committee for a Stage Two case:

http://www.northyorksfire.gov.uk/useruploads/files/committee-papers/appeals/july_2018/2018-07-25_-_fire_-_appeals_-_minutes.pdf