

LOCAL PENSION BOARD

Report of the Head of Human Resources30th January 2017

PENSIONS UPDATE

1.0 Purpose of Report

- 1.1 To provide Members with information on scheme membership and progress on implementation of scheme changes.

2.0 Introduction

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

3.0 Schemes Membership Information

- 3.1 The following active memberships of the firefighters' pension schemes are taken from pay data as at 23rd December 2016 compared to 10th June 2016 for wholetime firefighters and 15th January 2017 compared to 15th June 2016.

3.1.1

Firefighters' Pension Schemes Membership	Wholetime	
	23/12/2016	10/06/2016
1992	97	105
2006	4	4
2015	185	179
Retained Modified	8	8
Opted out	12	6

The variations for wholetime members are as follows:

- **1992 scheme** 4 transitioned to 2015 scheme
4 retirements
- **2015 scheme** 4 transitioned in from 1992 scheme
1 opt in
7 starters (RDS staff employed on temporary WT contracts)
3 opt outs
3 leavers
- **Opt Outs** 6

3.1.2

Firefighters' Pension Schemes Membership	Retained	
	15/01/2017	15/06/2016
1992	0	0
2006	18	26
2015	250	245
Retained Modified	32	35
Opted out	17	18

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The variations for retained members are as follows:

- **2006 scheme** 2 transitioned to 2015 scheme
1 retirement
5 leavers
- **RDS modified** 1 transitioned to 2015 scheme
2 leavers
- **2015 scheme** 2 transitioned in from 2006 scheme
1 transitioned in from RDS modified scheme
3 additional (not reported on 15/06/2016 due to nil pay volunteer status)
22 starters (new employees)
1 starter (WT/RDS)
1 opt in
1 auto-enrolment
2 opt outs
24 leavers
- **Opt Outs** Changes are due to opt out notifications received after re-auto enrolment exercise, new starters who have chosen to opt out of a scheme and leavers who had opted out of a scheme whilst in service.

3.2 The following table shows the pension members of each scheme as at pay date 1st January 2017, compared to those at 1st June 2016. 1992 and 2006 pension membership has been split for pay date 1st January 2017 to illustrate pension members and dependent pension members; this will continue to be split for future reports.

3.2.1

Firefighters' Pension Schemes Membership	01/01/2017	01/06/2016
1992 (Pensioners)	424	501
1992 (Dependents – widow/partner/child)	78	Not split
2006	11	10
2006 (Dependents – widow/partner/child)	1	Not split
2015	0	0
2015 (Dependents – widow/partner/child)	2	0
RDS Modified	35	30

The variations for pension members are as follows:

- **1992 scheme:** 4 retirements implemented
1 deferred pension into payment
5 deaths
2 widow's pensions implemented
1 pension credit member's pension implemented
1 pension ceased (status unknown)*
1 child pension ceased

* **pension** may re-commence (contact lost but no death notification received)
- **2006 scheme:** 2 adjustments for pensioners who have pension costed to both NFPS and RDS Modified scheme according to regulations.

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- **2015 scheme:** 2 new dependant members (death in service)
- **RDS modified:** 3 retirements implemented (2 x delayed due to no paperwork received from members)
1 deferred pension into payment
1 adjustment for pensioner who has pension costed to both NFPS and RDS Modified scheme according to regulations.

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

- 5 Service retirements
- 1 Ill health retirement
- 1 medical appeal against IQMP decision on Ill Health Retirement (appeal held, outcome currently awaited)

3.3 The following table shows the deferred members of each scheme as at 1st January 2017 compared to those at 1st June 2016.

3.3.1

Deferred Pension Members	01/01/17	01/01/16
1992	28	29
2006	123	112
Retained Modified	32	33
2015	37	22

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, this can be accessed at:
http://www.wyfpf.org.uk/Member/Fire/Active/1992/IDRP/pdf/IDRP_Firefighters.pdf

Since the last meeting of the Pension Board in June 2016, 1 complaint has been received as follows:

- Stage 1 – not upheld: the complaint relates to not bringing into payment a pension credit member's pension before age 60. The complainant is seeking the pension to be brought in to payment on serious medical grounds; however the scheme regulations do not permit this payment. To date, an appeal to Stage 2 has not been received, but a complaint has also been lodged with the Pensions Ombudsman. This case will be explained further at the meeting, as a confidential issue. Members may then consider that a referral of the issue to the Scheme Advisory Board is required.

4.0 Pension Board Training Update

4.1 On the 4th October 2016 further training took place for Local Pension Board members, six members of this board, two members from the Scheme Advisory Board and a new member from another Local Pension Board attended the event provided by the Local Government Associations Pensions Advisor. The training covered the following issues:

- Roles & Responsibilities of a Pension Board Member and the training required
- Introduction to the Firefighter Pension Schemes
- The Pension Regulator Governance & Administration Survey Results

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- 4.2 Board members are requested to review and revise their original personal training needs analysis and return this as soon as possible to the Head of Personnel and Pensions in order that further training can be facilitated.
- 4.3 The Chairman attended the Annual Fire Pensions Conference on the 11th October 2016; at this conference the Scheme Advisory Board provided an overview of their workplan covering:
- Support and advise Local Pension Boards
 - Taking a lead on communications
 - Ensure cost effectiveness of scheme administration
 - Advise on best practice
 - Benchmark administration

with Sub-Groups set up to consider the following:

- Cost effectiveness
- Improve scheme administration
- Ensuring effectiveness of local pension boards

5.0 **Auto Enrolment**

- 5.1 Members will recall that under the rules of auto enrolment the Service has to repeat the auto enrolment process on all opted out employees, reassessing their earnings to ascertain if they should be re-auto enrolled. The exercise has been completed and the return, based on data on the re-enrolment day 1st September 2016, made to the Pension Regulator prior to the deadline of 30th January 2017. The following is an extract from the response; please note this also covers the Local Government Pension Scheme:

Information to be provided	Response
The total number of staff employed on your re-enrolment date	795
The number of staff you had to put back into a pension scheme	26
The number of staff who were already members of a pension scheme on your re-enrolment date	699
Are you using the defined benefit transitional period?	Yes 30/09/2017
The number of staff who do not fall into the above categories	70

6.0 **Pensions Contribution Holiday**

- 6.1 The Government has agreed to introduce an employee contributions holiday for members of the 1992 Firefighters' Pension Scheme who accrue the maximum 30 years' pensionable service prior to age 50. The amendment regulations giving effect to this change came into force on 30 September 2016. This will apply from the point of accruing maximum service in the Scheme until the member's 50th birthday. This change will be applied retrospectively to 1st December 2006. Any affected scheme members who continue in employment beyond their 50th birthday will need to either resume paying contributions until retirement, or choose to opt out of the pension scheme, at which point their pension will be deferred.
- 6.2 In late October 2016 the Service received Home Office guidance and a return for the implementation of the employee contributions holiday, they required the return completing

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by the 18th November. Work to identify individuals affected had taken place on the expectation of a tight timetable; however the level of information covering contributions and taxable income required checking individual payslips and converting these to monthly pay (in some cases covering up to 3 financial years). This level of work was unexpected but the deadline was achieved. There are 23 refunds to be made for current and former employees with 2 contribution holidays being implemented in January and March 2017.

- 6.3 GAD have undertaken a review of data supplied and, in late December 2016, the Home Office have made additional grant payments to individual Fire & Rescues Authorities (FRA) and have confirmed they are content for FRAs to proceed with making the necessary refund payments to affected 1992 Scheme members. This work is planned to commence in early February 2017.
- 6.4 The LGA Pensions Adviser has provided a template letter that is being used to contact qualifying firefighters to notify them of the broad timescales and processes involved in paying the refunds. The letter also includes a mandate to enable the scheme to pay the unauthorised tax charge on behalf of the employee and asks them to declare any additional income that may have been received outside their employment as a firefighter which they have used to claim additional tax relief on their firefighter pension contributions during the period to be refunded; work on this element of the implementation is ongoing. It is expected that all refunds will be made by the end of this financial year.

7.0 West Yorkshire Pension Fund

- 7.1 The contract with WYPF has now been replaced with a Service Level Agreement (SLA), based on exactly the same specification as the contract but at a significantly reduced cost. As part of this SLA monthly client reports are being provided, these include the development of key performance indicators which will be reported to future meetings of the Pension Board.

8.0 Annual Pension Benefit Statements

- 8.1 One of the requirements of the Firefighters' Pension Scheme Regulations 2014 (183(2)) is that benefit statements must be issued by 31st August. WYPF are also using this date for all the other firefighters' pension schemes benefit statements. WYPF, along with other pension administrators, encountered delays in the provision of new software to calculate the 2015 scheme benefit statements. This is a complex issue as the new software must take account of the other schemes and transition dates where relevant.
- 8.2 As the benefit statements were not issued by the deadline it was considered a breach of the Pensions Regulators Code of Practice and regarded as of 'material significance', therefore on behalf of all the scheme managers for who they provide pensions administration WYPF notified the Pensions Regulator of this breach, the reasons why, and the revised deadline of December 2016. WYPF have notified the Service that the annual pension benefit statements have been produced and issued.

9.0 Government Actuaries Department (GAD) return

- 9.1 A commissioning letter was received from GAD by NYFRS on 1st December relating to the provision of summary membership data together with cash flow data as at 31st March 2017. The timetable, contained within the commissioning letter reflects faster financial closing deadlines which become statutory in 2017. The summary data and cash flows are required by 10th March 2017 (mid April for previous years' returns). The data collection spreadsheets and user guide are expected to be received during January.

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10.0 HMRC

10.1 HMRC Annual event report for tax year 2015/16 and associated payments are currently being finalised in order to be submitted by 31 January 2017. Items to be reported include:

- Unauthorised payments e.g. where commuted lump sum payments exceed the maximum permitted by HMRC;
- Scheme sanction charges – this is a separate charge to income tax on the scheme administrator when an unauthorised payment is made;
- Members who have received a pension savings letter e.g. where a member's savings in a pension input period exceed the annual allowance.

11.0 Recommendation

11.1 That Members note the content of this report and:

- i) consider referring to the Scheme Advisory Board the issue relating to the inability to bring into payment the pension, before age 60, for a pension credit member, on serious medical grounds.
- ii) agree to review and revise their training needs analysis.

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17th January 2017

Background documents

http://www.wypf.org.uk/Member/Fire/Active/1992/IDRP/pdf/IDRP_Firefighters.pdf

Firefighters' Pension Scheme Regulations 2014 (183(2))