



# North Yorkshire Fire and Rescue Authority

## Pension Board

**Meeting to be held on Monday 18 September 2017 at 1.30pm at North Yorkshire Fire and Rescue Service Headquarters (Meeting Room 2), Thurston Road, Northallerton, DL6 2ND**

Note: Pension Board Members and Substitute Members are invited to attend a Risk Register Workshop to be held on Monday 18 September 2017 at 10.30am at North Yorkshire Fire and Rescue Service Headquarters (Meeting Room 2). A buffet lunch will be available after the Workshop.

### Business

1. Minutes of the meeting held on 30 January 2017  
(Pages 3 to 5)
2. Declarations of any Personal or Prejudicial Interests
3. Pensions Update – Report of the Pensions Administrator/Manager  
(Pages 6 to 13)
4. Future Dates (Pension Board and training/events)
5. Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances.

Barry Khan  
Secretary to the North Yorkshire Fire and Rescue Authority

County Hall  
Northallerton

31 August 2017

Enquiries relating to this agenda please contact Ruth Gladstone Tel: **01609 532555, or 01347 825550** immediately prior to the start of the meeting or e-mail [Ruth.Gladstone@northyorks.gov.uk](mailto:Ruth.Gladstone@northyorks.gov.uk) Website of the North Yorkshire Fire and Rescue Service: [www.northyorksfire.gov.uk](http://www.northyorksfire.gov.uk)

# NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY

## PENSION BOARD

North Yorkshire Fire and Rescue Authority's Pension Board was established wef 1 April 2015 in accordance with statutory requirements set out in the Public Service Pensions Act 2013.

The purpose of the Board is to assist the Authority in its role as a scheme manager of the Fire Fighters' Pension Scheme. Such assistance is to:

- (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- (b) ensure the effective and efficient governance and administration of the Scheme.

The Pension Board comprises six members (3 employer and 3 employee representatives). Substitutes are permitted. The members and substitutes are listed below:-

1. Membership:

	<b>Name</b>	<b>Representing</b>
1.	Bell, Alan	Member representative – Fire Officers' Association
2.	Foster, Jonathan	Employer representative
3.	Howley, Steve	Member representative – Fire Brigades Union
4.	Rushworth, Jez (Chair)	Employer representative
5.	Simpson, Stuart	Employer representative
6.	Wall, Simon	Member representative – Fire Brigades Union

2. Substitute Membership:

	<b>Name</b>	<b>Representing</b>
	Biggs, Alistair	Fire Brigades Union
	Blades, Andrew	Fire Officers' Association
	Dryburgh, Dave	Employer

The Board's meeting papers, excluding any personal or confidential information, are published on North Yorkshire Fire and Rescue Service's website.

The Board is not a committee constituted under Section 101 of the Local Government Act 1972.

# North Yorkshire Fire and Rescue Authority

## Pension Board

Minutes of the meeting of the Pension Board held on Monday 30 January 2017 at 10.30 am at North Yorkshire Fire and Rescue Service Headquarters, Thurston Road, Northallerton.

### **Present:-**

Employer Representatives:- Group Manager Jonathan Foster, Temporary Deputy Chief Fire Officer Jez Rushworth and Group Manager Stuart Simpson.

Member Representatives:- Carl Boasman (FOA), Steve Howley (FBU) and Simon Wall (FBU).

### **Advisors in attendance:-**

Josie O'Dowd (assisting the Secretary to North Yorkshire Fire and Rescue Authority (NYFRA)), Barry Khan (Legal Adviser, Monitoring Officer and Secretary to NYFRA) and Jan Sams (Head of Human Resources).

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**All documents considered are on NYFRS's website**

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### **22. Appointment of Chair**

Considered -

The Board was advised that North Yorkshire Fire and Rescue Authority had decided that the Chair of the Pension Board would be an Employer Representative.

#### **Resolved -**

That Jez Rushworth be elected as Chair to serve until the first meeting of the Board following the Authority meeting in June 2017, subject to ratification by the Authority on 17 February 2017.

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**Jez Rushworth in the Chair**

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### **23. Minutes**

#### **Resolved –**

That the Minutes of the Board's meeting held on 30 June be noted.

### **24. Declarations of Personal or Prejudicial Interests**

No conflicts of interest were declared.

## 25. Pensions Update

Considered –

The report of the Head of Human Resources providing information on scheme membership and progress on implementation of scheme changes.

Jan Sams, Head of Human Resources, took Members' through the report and particularly highlighted a complaint received regarding the internal dispute resolution procedure outlined at paragraph 3.4. She described a unique set of circumstances involving a seriously ill pension credit member. Attention was drawn to the fact that this is a very different scenario to that of deferred members who can access their pension earlier than 60 if they prove they are unable to work. For a pension credit member the Authority has no discretion to allow access to the pension before 60. This case was highlighted as the application of the rules seems unfair compared to deferred members who have serious ill health issues and who are able to access their pensions. The Pension Board were asked to consider the learning points for the future and it was recommended that the Pension Board write to the Scheme Advisory Board to seek their views on this scenario. It was reiterated that the circumstances are very rare and unusual, however it was recommended that the application of the procedure in such circumstances be reviewed in case such a situation arises in future. The Chair asked if members were happy that a letter be sent from him on behalf of the Pension Board highlighting the the situation and with a view to lobbying for appropriate provision in exceptional circumstances for the future. All recognised that there was no easy solution in the present case given the absence of powers to exercise any discretion in the matter. On the basis that the aim is to flag the issue with the Advisory Board for the benefit of future learning, it was agreed that Chairman to send a letter on behalf of the Pension Board.

Regarding training: attendance at the session held on 4 October with Claire Alcock was noted, also the Pension Conference held on 11 October was also felt to be beneficial as it indicated the future direction of travel. Pension Board members were asked to update their training needs analysis as a result of attending the latest training. The Chairman sought a replacement for Carl Boasman regarding the training brief and it was suggested that Alan Bell could pick up this role and work alongside the new Pension Manager.

It was reported that the auto-enrolment return had been despatched two weeks ago and it was noted that the statistics cover all Pension Schemes. Regarding the contributions holiday, it was noted that this work is now complete - 23 refunds are to be made for current and future employees, and two are to be implemented for January and March. It was noted that there is no financial impact for the Fire Authority. There was discussion of the West Yorkshire Pension Fund contract which has been replaced with a service level agreement, reducing the costs for administration by £10,500. It was noted that in future the Pension Board may wish to consider what role it will need to play in scrutinising proposed arrangements. The absence of performance reports to date was acknowledged and it was confirmed that these would be developed for the future, enabling Pension Board Members to exercise due diligence on behalf of members of the Pension Fund. On the question of pension statements not going out on time, it was advised that the West Yorkshire Pension Fund have reported themselves to the Pension Regulator. Key Performance Indicators (KPIs) will address such issues, the Pensions Technical Group nationally are working on the development of these KPIs presently. Where issues of poor performance are identified the comments of the Pension Board will be noted. It was acknowledged that there have been a large number of errors to date regarding the membership, with 21 cases flagged so far. Jan Sams confirmed that she will go back to the West Yorkshire Pension Fund

and ask how many members have come back identifying problems with their recent pension statements. Regarding future arrangements she stated that two years preparation if will be necessary if changing the Pensions Administrator. It was also reported that this year's Government Actuaries Department return has to be submitted by 10 March 2017, a month earlier than has been the case previously. Finally regarding the HMRC Annual Report it was noted that the data was not yet available, an anonymised breakdown can be provided later.

**Resolved –**

- (a) That the report be noted.
- (b) That the issue relating to the inability to bring into payment the pension, before age 60, for a pension credit member, on serious medical grounds be referred to the Scheme Advisory Board.
- (c) That a review and revision of training needs analysis be agreed.

**26. Chairman's Report**

**Considered –**

The report of the Chairman updating on the Local Pensions Board and making a number of proposals.

The Chairman commented upon his attendance the Pensions Conference 11 October 2016, and reflected that the Pension Board had now been established for two years. He noted that the guidance from the Scheme Advisory Board was still awaited to set out Pension Boards. Regarding the appointment of a new Pension Scheme Adviser it was noted that seven applications had been received to date, the closing date was the next day, 31 January 2017 and it is planned to fill the post by March. It was reported that the self-assessment toolkit produced by the Pensions Regulator will enable gap analysis. Initial consideration by the Chairman and the Head of HR suggest that the Pension Board may need to meet more frequently, it was noted that many Pension Boards choose to meet informally first to facilitate a more wide-ranging discussion. The Chairman proposed a meeting of this nature with the new Pension Adviser at which time the issue of self-assessment could be considered more fully, along with the risk register - suggesting a half day workshop format for this. News from the Scheme Advisory Board was anticipated by the summer and it was suggested that discussions about the role of the Board could perhaps involve SAB Ian Pollitt who is also very knowledgeable on tax issues.

**Resolved –**

- (a) That the report be noted.
- (b) That a half day informal workshop be held to discuss the matters in section 3 of the report on the same day as the formal meeting of the LPB.

Concluding the meeting the Chairman recorded formal thanks to Jan Sams for all her hard work establishing the Pension Board and supporting it during its formation, and he wished her all the very best for the future.

There being no other business, the Chairman declared meeting closed at 11.20 am.

JO'D/JR

## LOCAL PENSION BOARD

Report of the Pensions Administrator / Manager

18 September 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 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 9 June 2017 compared to 23 December 2016 for Wholetime Firefighters and 15 June 2017 compared to 15 January 2017 for Retained Firefighters.

## 3.1.1

Firefighters' Pension Schemes Membership	Wholetime	
	09/06/2017	23/12/2016
1992	86	97
2006	3	4
2015	193	185
Retained Modified	8	8
Opted Out	12	12

The variations for wholetime membership are as follows:

- **1992 scheme**            3 transitioned to 2015 scheme  
8 retirements
- **2006 scheme**            1 leaver
- **2015 scheme**            3 transitioned in from 1992 scheme  
7 starters (RDS staff employed on temporary WT contracts)  
2 leavers

### 3.1.2

Firefighters' Pension Schemes Membership	Retained	
	15/06/2017	15/01/2016
1992	0	0
2006	15	18
2015	255	250
Retained Modified	29	32
Opted Out	19	17

The variations for retained membership are as follows:

- **2006 scheme**            3 leavers
- **RDS modified**        3 leavers
- **2015 scheme**        25 starters (new employees)  
2 opt outs  
18 leavers
- **Opt Outs**            2 new starters have chosen to opt out of a scheme

3.2 The following table shows the pension members according to each scheme as at 1 June 2017 compared to 1 January 2017. 1992 and 2006 scheme pension membership continues to be split between pensioners and dependants.

#### 3.2.1

Firefighters' Pensions Schemes Membership	01/06/2017	01/01/2016
1992 (Pensioners)	428	424
1992 (Dependants – widow / partner / child pension)	79	78
2006	10	11
2006 (Dependants – widow / partner / child pension)	1	1
2015	0	0
2015 (Dependants – widow / partner / child pension)	2	2
Retained Modified	36	35

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

- **1992 scheme**        5 retirements implemented  
1 death of a pensioner  
1 death of a spouse  
2 widows pensions implemented
- **2006 scheme**        1 death of a pensioner
- **RDS modified**        1 retirement implemented

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

- 2 service retirements
- 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 1 June 2017, compared to those as at 1 January 2017.

3.3.1

<b>Deferred data</b>	<b>01/06/2017</b>	<b>01/01/2017</b>
1992	30	28
2006	127	123
RDS Modified	31	32
2015	38	37

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.wypf.org.uk/Member/Fire/Active/1992/IDRP/pdf/IDRP\\_Firefighters.pdf](http://www.wypf.org.uk/Member/Fire/Active/1992/IDRP/pdf/IDRP_Firefighters.pdf)

Since the last meeting of the Pensions Board in January 2017, no new complaints have been received or completed.

#### **4.0 Pension Board Training Update**

4.1 Two items on this meeting's agenda are suitable for inclusion on Board members' personal training and needs analysis:

- i) Workshop on the need for and development of a Risk Register
- ii) Main Outcomes of The Pensions Regulator Governance and Administration Survey

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 Pensions Administrator/ Manager.

#### **5.0 Risk Register**

5.1 The Pensions Regulator has issued a Public Service Internal Controls Checklist which focusses on identifying and evaluating risks and putting in place a risk register which is reviewed regularly. There is also the suggestion that reviewing risk becomes a standard agenda item for Local Pension Board meetings. It is recognised that the Local Pension Board plays a key role in supporting the Scheme Manager and that Pension Board members should have an active role in identifying risks and driving forward improvements.

5.2 The Pensions Regulator has assessed that the following areas have the top risks associated with them in relation to public sector pension schemes:

- Scheme governance
- Record-keeping
- Internal controls
- Member communication

5.3 Through a workshop session on the need for and development of a risk register, an initial version of a NYFRS risk register has been prepared. This has been based on the Public Service toolkit example risk register and has also been designed to



capture the areas which have been highlighted in the latest Pensions Regulator Governance and Administration Survey. A decision is required on whether the initial risk register is ready to be adopted.

## 6.0 **West Yorkshire Pension Fund Key Performance Indicators**

6.1 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.

<b>North Yorkshire Fire (1 to 31 May 2017)</b>					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Potential Spouse Pension Enquiry	1	10	1	85	100.00
Pension Estimate Fire	2	10	2	85	100.00
Change of Address	6	20	6	85	100.00
Life Certificate Received	8	20	8	85	100.00
Death Grant Nomination Received	3	20	3	65	100.00
Payroll Changes	1	5	1	90	100.00
Change to Bank Details	1	5	1	90	100.00
Purchase of Service Quote Fire	1	20	1	85	100.00
Initial Letter Death in Deferment	1	5	1	85	100.00
Death in Deferment	1	5	1	85	100.00

## 7.0 **Main Outcomes of The Pensions Regulator Governance and Administration Survey**

7.1 A third Public Service Governance and Administration Survey was carried out across the public sector by The Pensions Regulator. A summary of the results can be found at: <http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf>

The full research report from The Pensions Regulator can be found at: <http://tpr.gov.uk/docs/public-service-research-2017.pdf>

7.2 The survey this time looked more deeply at the key risks to public sector schemes and why some schemes might be struggling to improve standards in governance and administration. The response rate was 90%, covering 98% of membership. The main issues identified and resulting actions to be taken by The Pensions Regulator are listed below.

- The top risks areas for public sector schemes are governance, record-keeping, internal controls and member communications
- Full awareness is required by Scheme Managers of their responsibilities and the fact that they remain accountable where activities are delegated

- Pension Boards are a useful resource and play a key role in supporting Scheme Managers in identifying risks and driving forward improvements
- Scheme Managers should be involved in completing the annual Pensions Regulator's survey
- Scheme Managers must attend Local Pension Board meetings
- The Pensions Regulator will, in 2017, be actively engaging with Pension Boards to provide support and make improvements in:
  - clarifying roles and responsibilities
  - educating Scheme Managers and Pension Boards via online tools and face to face
  - creating peer networks and sharing best practice
  - carrying out record-keeping duties and developing a good data improvement plan
- The expectations for data security will be set out by The Pensions Regulator as a result of inconsistencies in approach being identified and the need for weaknesses in processes to be addressed
- The Pensions Regulator has forewarned of a new requirement from 2018 which will be to report on record-keeping standards on the annual scheme return
- Further emphasis on record-keeping includes plans for automatic enforcement action if appropriate improvement plans are not put in place
- Real improvements are expected in the coming year for Scheme Managers to put in place risk registers, appropriate internal controls and processes for reporting breaches. Face to face education will be made available including information on monetary penalties where breaches are not reported or are reported late
- Guidance on The Pensions Regulator's expectation for Scheme Managers to closely monitor third party administrators is to be issued including the suggested use of financial penalties for poor service delivery under a contract or SLA
- Best practice guidance for issuing Annual Benefit Statements is available in a 'quick guide'. The Pensions Regulator expects that there will be a significant improvement in the proportion of statements which are issued on time this year. There is likely to be a much lower tolerance for the late issuing of statements than in past years and reporting of breaches will be essential

## **8.0 Year End Process and Timetable for Issuing Annual Benefit Statements**

- 8.1 The West Yorkshire Pension Fund has carried out the Year End exercise to collate the information required to produce Annual Benefit Statements. This exercise has now been finalised and the West Yorkshire Pension Fund are confident that the data is complete and that the software required to produce the statements has the required functionality to provide accurate statements. The deadline for issuing statements is 31 August 2017.

- 8.2 The Annual Benefit Statements for active members are based on the following estimated calculations:
- Benefits as at 31 March 2017, payable from the 'deferred retirement age' for the relevant scheme of 60, 65 or State Pension Age
  - Benefits as at Normal Pension Age for the relevant scheme
- 8.2.1 The statements for deferred members for all versions of the Firefighters' Pension Scheme are based on the following estimated calculation:
- Benefits calculated up to the date of leaving, uprated with the appropriate inflationary increase and quoted at a standard 'deferred retirement age' for the relevant scheme of 60, 65 or State Pension Age
- 8.3 Although the range of statements is limited, members are able to request an estimate of benefits at a chosen retirement date at any time during the year although they are limited to requesting one statement each year, unless the member is in the run up to retirement and requires a range of estimates in order to decide on their retirement date.

## **9.0 Consolidation of Employment Tribunal Cases Relating to Discrimination**

- 9.1 Separate pensions discrimination cases for judges and firefighters are expected to be heard as one case by the Employment Tribunal, following original conflicting judgments.
- 9.2 The tribunal for the Firefighters in February this year ruled that transitional arrangements for the 2015 Firefighters' Pension Scheme did not discriminate on the grounds of age, sex or race. However, in the case for the judges, the Employment Tribunal held that the Ministry of Justice and the Lord Chancellor had discriminated against younger judges by requiring them to leave the Judicial Pension Scheme in April 2015, whilst allowing older judges to remain in the scheme, and that this discrimination could not be justified. The government, however, has appealed the decision.
- 9.3 Due to the overlapping issues in the two cases, the Employment Tribunal has made an order to consolidate the appeals, meaning they would hear both appeals through the same process. However, at this stage the judges could raise an objection to the consolidation.

## **10.0 Survivor pensions and nomination forms (the Brewster Judgment)**

- 10.1 Following the judgment by the Supreme Court that a nomination form is not required to be completed in order to give an entitlement to a surviving partner's pension, advice has been issued by the Home Office on the action which can be taken by Scheme Managers. This area impacts on the 2006 Scheme only as there is no such provision to provide a partner's pension under the 1992 Scheme and the 2015 Scheme already allows for the payment of a partner's pension without a nomination being present.
- 10.2 The advice is that section 3 of the Human Rights Act 1998 can be relied upon as the legal basis for not requiring a nomination form when establishing an entitlement to a partner's pension under the 2006 Scheme. Section 3 provides that, as far as

possible regulations must be read and given effect in a way which is compatible with the European Convention on Human Rights.

- 10.3 Members of the 2006 Scheme may still complete a nomination form if they ask to make their wishes known and would like to provide details of their partner, to be recorded on their pension record.

## **11.0 HMRC**

- 11.1 The HMRC requirement to carry out an Annual Allowance exercise in order to assess whether a tax charge applies includes the option in certain circumstances for members to pay for the tax charge through the 'Mandatory Scheme Pays' method. This allows the member to take a reduction to their pension benefits at retirement in order to pay for the tax charge. The method is known as Scheme Pays as it is the pension scheme which makes the payment of the tax charge to HMRC by the usual deadline.

- 11.2 The circumstances under which the Mandatory Scheme Pays method can be used are limited and due to recent changes in the Annual Allowance calculations it is possible for Scheme members to be in a position where part of the tax charge can be paid under the Mandatory Scheme Pays method but the remainder cannot. HMRC have addressed this issue by allowing pension schemes to specify certain circumstances where Scheme members can use a 'Voluntary Scheme Pays' method.

- 11.3 For the Firefighters' Pension Scheme it has been decided that amendments should be made to the Regulations in order to formally introduce a Voluntary Scheme Pays option for the following scenarios:

- Transitional members with service in one of the 1992 or 2006 Schemes, and the 2015 Scheme, are able to access a Voluntary Scheme Pays arrangement in the same way that a protected 1992 or 2006 scheme member, or a member with service only in the 2015 Scheme, can do so through Mandatory Scheme Pays.
- Scheme members with a tapered annual allowance are able to use a Voluntary Scheme Pays arrangement to pay a tax charge in a circumstance where the pension growth in one scheme (or more schemes) is less than the £40,000 general Annual Allowance limit but more than their own tapered Annual Allowance limit.

- 11.4 As it will take some time for the Regulations to be amended, in the interim advice was needed on whether FRAs could carry out the proposed Voluntary Scheme Pays process in the absence of legislative changes. The LGA has taken legal advice and it has been concluded that FRAs are able to operate the Voluntary Scheme Pays process in relation to the two areas which have been proposed.

## **12.0 Recommendations**

- 12.1 That Members note the content of the report and:

- i) approve the initial version of the risk register
- ii) agree to review and revise their training needs analysis

**Anna Binks**

Pensions Administrator/ Manager

16 August 2017

**Background documents:**

[http://www.wyfp.org.uk/Member/Fire/Active/1992/IDRP/pdf/IDRP\\_Firefighters.pdf](http://www.wyfp.org.uk/Member/Fire/Active/1992/IDRP/pdf/IDRP_Firefighters.pdf)

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

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf>

The Pensions Regulator's Public Service Survey 2017

<http://tpr.gov.uk/docs/public-service-research-2017.pdf>

The Pensions Regulator full research report on Governance and Administration 2017