

LOCAL PENSION BOARD

Report of the Pensions Administrator / Manager

10 December 2019

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 This 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 22 November 2019 (for Wholetime Firefighters) and 15 November 2019 (for On-Call Firefighters) and compared with active membership as at 30 August 2019 (15 August 2019 for On-Call Firefighters).

3.1.1

Firefighters' Pension Schemes Membership	Wholetime	
	22/11/2019	30/08/2019
1992	47	49
2006	3	3
2015	241	230
Retained Modified	5	5
Opted Out	4 (1.33%)	28

3.1.2 The variations for wholetime membership are as follows:

- **1992 scheme** 2 retirements
- **2006 scheme** no movement
- **2015 scheme** 2 starters (WT recruitment, on-call staff on temporary WT or OSR posts)
11 existing members auto re-enrolled
2 opt outs
- **Retained modified scheme** no movement

- **Opt Outs** 2 members have chosen to opt out of the 2015 Scheme since the 1 October Board meeting. As agreed during that meeting, the number of opted out members who are still in service amounts to 4 (or 1.33% of wholetime membership).

During this pay period, North Yorkshire Fire & Rescue Service undertook it's triennial automatically re-enrolment duties. Members who were not in the pension scheme, and who were eligible to be automatically re-enrolled into it, were brought back in on 15 November 2019. This resulted in 10 being brought back. Certain individuals have since elected to opt back out. The extent of opting out following automatic re-enrolment will be reflected in the next meeting's report.

3.2

Firefighters' Pension Schemes Membership	On-Call	
	15/11/2019	15/08/2019
1992	0	0
2006	5	6
2015	297	278
Retained Modified	13	13
Opted Out	10 (2.73%)	32

3.2.1 The variations for On-Call membership are as follows:

- **2006 scheme** 1 transition to 2015 scheme
- **2015 scheme** 14 starters (new employees)
4 existing members auto re-enrolled
1 transitioned from 2006 scheme
- **Retained modified scheme** no movement
- **Opt Outs** No new members have chosen to opt out of the 2015 Scheme. As agreed during 1 October Board meeting, the number of opted out members who are still in service amounts to 10 (or 2.73% of on-call membership).

During this pay period, North Yorkshire Fire & Rescue Service undertook it's triennial automatically re-enrolment duties. Members who were not in the pension scheme, and who were eligible to be automatically re-enrolled into it, were brought back in on 15 November 2019. This resulted in 4 being brought back. Certain individuals have since elected to opt back out. The extent of opting out following automatic re-enrolment will be reflected in the next meeting's report.

3.3 The following table shows the retired members according to each scheme as at 10 November 2019 compared to 6 September 2019. All scheme pension membership continues to be split between pensioners and dependants.

3.3.1

Firefighters' Pensions Schemes Retired Membership	10/11/2019	06/09/2019
1992 (Pensioners)	437	436
1992 (Dependants – widow / partner / child pension)	83	82
2006	18	17
2006 (Dependants – widow / partner / child pension)	2	2
2015	9	9
2015 (Dependants – widow / partner / child pension)	2	2
Retained Modified	47	47
Retained Modified (Dependants – widow / partner / child pension)	0	0

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

- **1992 scheme** 2 retirement from active status implemented
1 death of a pensioner
- **2006 scheme** 1 retirement from deferred status implemented
- **2015 scheme** no movement
- **Retained modified scheme** no movement

3.4 The following table shows the deferred members of each scheme as at 10 November, compared to those as at 6 September 2019.

3.4.1

Firefighters' Pensions Schemes Deferred Membership	10/11/2019	06/09/2019
1992	30	30
2006	145	142
RDS Modified	29	31
2015	145	129

3.4.2 The variations in deferred pension members cover pensions that have come into payment, leavers and those who have opted out of the scheme (who don't qualify for a refund of their contributions).

4.0 Internal Dispute Resolution Procedure (IDRP)

4.1 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/IDRP/InternalDisputeResolutionPro.aspx>

4.2 Since the last meeting of the Pensions Board in July 2019, there have been no new IDRP complaints, however the Board may recall that a complaint that had previously been through the IDRP process during 2018 had been referred by the member to the Pensions Ombudsman.

4.3 The case concerns a former on-call firefighter who claims he was denied the opportunity to buy backdated membership of the modified 2006 section back in 2014/5. The IDRP Stage 2 decision from July 2018 upheld the Stage 1 outcome; it dismissed his claim that he was omitted from the exercise: his details were included on the spreadsheet of eligible members and that there was no reason to believe the letter did not reach his home address. As reported in the previous meeting's report, the Pensions Administrator / Manager responded to the office of the Pensions Ombudsman to reiterate the message that reasonable endeavours were taken to contact the member concerned.

4.4 The office of the Pensions Ombudsman responded on 10 October to confirm that this complaint should not be upheld. The case was formally closed down on 31 October.

5.0 Pension Board Training Update

5.1 Additional training scheduled for Board members:

- South Yorkshire Fire & Rescue Authority Local Authority local pensions board meeting – the Pensions Administrator / Manager and the Chair of the Board were due to attend on 15 October as observers.

This has been postponed until mid-2020.

- Overview of each of the Firefighters' Pension Schemes (to be delivered by WYPF) – 10 December 2019 Board meeting

6.0 Other Work Items

6.1 As reported at the 1 October Board meeting, North Yorkshire Fire and Rescue Service had to undertake its three-yearly automatic re-enrolment duties by enrolling all 'eligible' workers into a qualifying pension scheme by 30 November 2019. 15 November was chosen as the re-enrolment date and, after an assessment of who was eligible, 11 wholetime and 4 on-call firefighters were enrolled into the 2015 scheme. As the employer could choose to disregard individuals who had previously opted out in the previous 12 months, 2 wholetime and 10 on-call firefighters weren't included in the exercise.

6.2 For information, the criteria to be met is:

- Earnings are over a minimum amount (currently £10,000 a year / £769 per four-weeks / £833 per month)
- The individual is aged 22 or over but under state pension age.

6.3 The first contribution will be deducted from pay on pay date 22 November (wholetime) and 13 December (on-call). To date, a number of those re-enrolled have already exercised their right to opt out.

- 6.4 Historically, retirement lump sums were paid directly from North Yorkshire Fire and Rescue Service (with West Yorkshire Pension Fund (WYPF) paying the monthly pensions direct, and re-charging the amount back to us). The weekly payment run resulted in lump sums being credited to the retiring member's account on the Thursday following retirement.
- 6.5 To bring us into line with WYPFs other clients, all lump sums – and short-service refunds of contributions – will be paid by WYPF from 1 December 2019. This incurs no extra cost and results in the lump sum being credited on the first day of retirement (where all paperwork has been received in time).
- 6.6 Breaches: following the decision at the 1 October 2019 meeting a breach report was made to the Pensions Regulator concerning the delayed 2019 Annual Benefit Statements for members of the retained modified scheme. A copy of the report was circulated as part of this meeting's Board papers.
- 6.7 A further breach was identified in November concerning an on-call member's Annual Benefit Statements for 2018 and 2019 being sent to another member's address. This data breach has been added to the breach register and a decision is sought as to whether the Board consider this material and, if so, should be reported to the Pensions Regulator.
- 6.8 A separate report is submitted to Board members for discussion concerning a proposed amendment to one of the current risk ratings. This breach has been reported to the Service's Data Protection Officer as per the NYFRS Information Security Management process, and WYPF have done the same in accordance with their procedures.
- 6.9 The annual Public Service Governance & Administration Survey 2019 was completed by the Pensions Administrator / Manager and the Chair of the Board and submitted to the Pensions Regulator on 25 November. The survey is sent across all sectors of the public sector and aims to determine how well (or not!) each employer's scheme is run. It focuses on, for example, what governance documents / policies are in place, how many meetings take place each year, how many complaints have been received.

7.0 Legislative update

There have been no new items of legislation laid since the July Board meeting.

8.0 Firefighters' Pension Schemes Bulletins Summary

8.1 FPS board of Medical Referees – appointment of a new contract

The contract for providing the Board of Medical Referees (BMR) to consider a medical appeals under the FPS (in England) is currently held by health management Ltd and expired on 30th of September 2019.

The Home Office recently confirmed that it has appointed the successful applicant, Duradiamond Health Ltd, to provide the BMR from 1 October 2019.

8.2 TPR – six key processes

The Pensions Regulator (TPR), who has a statutory duty for regulatory oversight under the Public Service Pensions Act 2013 monitors six key processes as part of their annual governance and administration survey. TPR use these key processes as indicators of public service pension scheme performance.

The six processes are:

- i. Documented policy to manage board members conflicts of interest
- ii. Access to knowledge, understanding and skills needed to properly run the scheme
- iii. Documented procedures for assessing and managing risks
- iv. Process to monitor records for accuracy / completeness
- v. Process for resolving contribution payment issues
- vi. Procedures to identify, assess and report breaches of the law

In 2018, only 63% of Firefighters' Pension Scheme (FPS) across the UK reported having all six processes in place.

8.3 **Valuation data**

As valuation year 2020 fast approaches, we wish to encourage FRAs to try and mitigate as many data issues as possible by ensuring that the data you hold is both correct and up-to-date before the yearend. In particular we recommend that you ensure the following information is accurate:

- Contribution details
- Joiners and leavers
- Changes to the members details, including addresses
- Any payments that qualify for Additional Pension Benefits

8.4 **Eligibility factsheet updated**

Minor amendments have been made to the factsheet on 'Eligibility to join FPS' to correct a referencing error. Clean and tracked versions are available.

In brief, the factsheet confirms that in order for a person to be eligible for the scheme they have to be employed as a 'firefighter'. The regulations provide an interpretation of a 'firefighter', and it is for each FRA to satisfy themselves that those in the scheme are employed within this definition

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

- 9.1 WYPF 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 October 2019)						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
Transfer In Quote	2	10	2	85	100	1
Divorce Quote	1	40	1	85	100	1
Deferred Benefits Set Up on Leaving	13	10	11	85	85	7
Pension Estimate	4	10	4	85	100	5
Change of Address	4	20	4	85	100	2
Change of Bank Details	1	20	1	85	100	1
Age 55 Increase to Pension	1	20	1	85	100	14
Life Certificate received	8	5	7	85	87	2
Death Grant Nomination Form Received	2	20	2	85	100	1
Spouse Potential	1	10	1	85	100	9
Initial letter Death in Retirement	1	5	1	85	100	1
Death in Retirement	1	5	1	85	100	1
Monthly Pension	601	pension due date	601	100	100	

10.0 Recommendations

10.1 That Members note the content of the report and:

- consider whether the latest breach concerning an incorrect address being used for 2 years' annual benefit statements should be regarded as material and warrants reporting to the Pensions Regulator (paragraph 6.7); and
- consider whether the risk rating highlighted in the separate report should be changed as recommended (paragraphs 6.8)

David Hood

Pensions Administrator / Manager

28 November 2019

Background documents:

2015 Firefighters' Scheme Complaints and Dispute process:

<http://www.wyfpf.org.uk/Member/Fire/IDRP/InternalDisputeResolutionPro.aspx>

Pensions Risk Register

Pensions Risk Register Change Report