

LOCAL PENSION BOARD

Report of the Pensions Administrator / Manager

17 June 2020

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 5 June 2020 (for Wholetime Firefighters) and 15 June 2020 (for On-Call Firefighters), and compared with active membership as at 14 February 2020 (for both Wholetime and On-Call Firefighters).

3.1.1

Firefighters' Pension Schemes Membership	Wholetime	
	05/06/2020	14/02/2020
1992	41	45
2006	2	2
2015	257	254
Retained Modified	5	5
Opted Out	12 (3.79%)	14 (4.36%)

- 3.1.2 The variations for wholetime membership are as follows:

- **1992 scheme** 3 retirement
 1 member transitioned to the 2015 scheme
- **2006 scheme** no movement
- **2015 scheme** 6 starters (WT recruitment, on-call staff on temporary WT or OSR posts)
 1 member transitioned from the 1992 scheme
 4 leavers

- **Retained modified scheme** no movement
- **Opt Outs** No members have opted out of the 2015 Scheme since the 20 April 2020 Board meeting.

3.2

Firefighters' Pension Schemes Membership	On-Call	
	15/06/2020	14/02/2020
1992	0	0
2006	5	5
2015	302	295
Retained Modified	13	13
Opted Out	14 (3.83%)	14 (3.79%)

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

- **2006 scheme** no movement
- **2015 scheme** 19 starters (new employees)
11 leavers
1 retirement
- **Retained modified scheme** no movement
- **Opt Outs** No members have opted out of the 2015 Scheme since the 20 April 2020 Board meeting.

3.3 The following table shows the retired members according to each scheme as at 12 June 2020 compared to 18 March 2020. Membership continues to be split between pensioners and dependants.

3.3.1

Firefighters' Pensions Schemes Retired Membership	12/06/2020	18/03/2020
1992 (Pensioners)	437	435
1992 (Dependants – widow / partner / child pension)	86	85
2006	19	19
2006 (Dependants – widow / partner / child pension)	2	2
2015	10	9

2015 (Dependants – widow / partner / child pension)	2	2
Retained Modified	51	51
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** 3 retirement from active status implemented
1 deaths of a pensioner
- **2006 scheme** no movement
- **2015 scheme** 1 retirement from active status implemented
- **Retained modified scheme** no movement

3.4 The following table shows the deferred members of each scheme as at 12 June 2020, compared to those as at 18 March 2020.

3.4.1

Firefighters' Pensions Schemes Deferred Membership	12/06/2020	18/03/2020
1992	31	31
2006	147	147
RDS Modified	28	27
2015	176	159

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 on this two-stage process can be found at:

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

Since previous meeting, one new IDRP application has been received.

The case involved an imminent retiree lodging their complaint that the remedy measures (to treat members affected by the transitional protections as though they had never been taken out of the 1992 scheme) haven't been applied prior to their retirement.

A response was issued that acknowledges the frustrations felt and confirms that all is being done to arrive at the promised outcome but, until guidance is received, remedy cannot be progressed. The individual has the right to escalate their complaint by applying to the second stage of the process if they still feel aggrieved, and this was pointed out within the response.

On a related note, the May LGA monthly bulletin reiterates the stance that must be adopted concerning remedy, and gives an outline on what we can expect, i.e. members having to exercise a choice, and this is included in the 'bulletins summary' section of this report.

5.0 Pension Board Training Update

5.1 Additional training scheduled for Board members:

- LGAs annual Pension Board wrap-up training arranged to be held remotely on two separate dates: 10 June and 8 July 2020. Volunteers were sought 1 June, with the outcome being:
 - Pensions Administrator/Manager attended 10 June session (slide deck to be provided)
 - Board member SH has volunteered to attend the 8 July session
- Firefighters' Pensions AGM – 22-23 September 2020
- LGAs annual Pension Board training arranged for the 19 October 2020 Board meeting

6.0 Other Work Items

6.1 All monthly postings for the 2019/20 scheme year have been issued to West Yorkshire Pension Fund (WYPF). WYPF assisted the Pensions Administrator/Manager by highlighting certain omissions from earlier months. Whilst these shortfalls in the payroll reports have been reported to North Yorkshire County Council, the Pensions Administrator/Manager has introduced additional data checks that compares the scheme members, and their pay, to the previous pay period. Other improvements, such as refining Firewatch reports to show an individual's substantive role / competency level, should result in the correct role being reflected on the annual benefit statements (something that has been an issue previously).

Moving to monthly postings of data has already proved worthwhile from a data cleansing perspective. Cases where the addresses (and National Insurance numbers) differ between Firewatch and Resourcelink (the payroll system) have already been investigated by CAO, with the individual member asked for confirmation in many cases. In addition, other issues – such as a member who should have transitioned into the 2015 scheme, along with an on-call member who continued to be paid after leaving the Service, were picked up far sooner than they would have been had the posting of data still been on an annual basis.

6.2 A pensions induction session was rolled-out via Microsoft Teams to the January 2020 wholtime recruits. These took place on four dates during May / June, and covered such things as an overview of the benefits available (to the individual and their loved ones) as well as what needed to be done to transfer-in previous pension benefits.

6.3 Since the previous meeting, the pre-retirement seminar scheduled for 21 May was cancelled and re-booked for 1 September. Whilst it's uncertain whether social distancing will still be in situ on that date, measures are now in place that will enable

the event to proceed in a webinar format should it come to that. The Pensions Administrator/Manager will liaise with the pension board during mid-July as to how the event should proceed.

6.4 A couple of communications were issued to scheme members since the previous meeting. An article concerning the importance of up-to-date address, marital status and nomination beneficiary details (for death benefits) was published in the May monthly bulletin, along with the link to the video advertising WYPFs 'mypension' online service issued in June.

6.5 As reported at the previous meeting, there are a range of tax-related events that need notifying (along with the tax paid!) to HMRC either quarterly or annually, depending on the event. Examples include annual allowance tax breach payments, and 'unauthorised' lump sum payments from the 1992 scheme.

As part of the administration function, WYPF now undertake these tax duties on our behalf, with the first instance being the quarterly accounting for tax return in mid-May.

6.6 At the previous meeting, the Pensions Administrator/Manager included the first draft of his annual report; a document new to North Yorkshire Fire and Rescue Service, but considered to be best practice by the Scheme Advisory Board as it covers the constitutions and format of meetings, along with training etc. The Pensions Administrator/Manager was asked to update the report, with the view of it being agreed and a copy provided to the Independent Joint Audit Committee.

6.7 Attempts to fill the substitute member vacancy has proved unsuccessful; another attempt has been made by widening the request. An article asking for expressions of interest was placed in the forthcoming weekly bulletin. With regards to the Member vacancy, a similar form of words was given to a FOA representative who will circulate it on the board's behalf.

6.8 The Firefighters' Pension Scheme Discretions policy that was ratified during December 2019 are still progressing. These are back with the the Pensions Administrator/Manager to amend slightly to indicate those discretions that are, in reality, delegated to WYPF as part of the day-to-day administration. Once updated, they will be referred back to the FBU.

Once fully-endorsed, they will be finally adopted by the OFPCC and published. Future Board meetings will confirm where a discretion has been exercised by the Pensions Administrator / Manager.

7.0 Legislative update

SI	Reference title
2020/193	The Social Security Revaluation of Earnings Factors Order 2020
2020/230	The Public Service Pensions Revaluation Order 2020
2020/235	The Guaranteed Minimum Pensions Increase Order 2020
2020/290	The Pensions Increase (Review) Order 2020
2020/299	The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2020
2020/342	The Finance Act 2004 (Standard Lifetime Allowance) Regulations 2020
2020/372	The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2020

8.0 Firefighters' Pension Schemes Bulletins Summary

FPS contribution rates 2020-21

Banded contribution rates were introduced to the Firefighters' Pension Scheme 1992 and the Firefighters' Pension Scheme (England) 2006 by Statutory Instruments 2012/953 and 2012/954 respectively.

These rates have subsequently been amended each year by an amendment order to the schemes. The most recent amendments, which came into force on 1 April 2015, listed the rates applicable from 2015-16 to 2018-19, including contribution rates for Special Members of the Firefighters' Pension Scheme (England) 2006.

The Firefighters' Pension Scheme 2015 was introduced on 1 April 2015 by SI 2014/2848. Regulation 110 set out details rates applicable from 2015-16 to 2018-19. For 2019-20, FRAs were instructed that the 2018-19 rates would continue to apply, due to the pause of the cost-cap mechanism. These rates will continue to apply for 2020-21. The contribution rate factsheet reminds FRAs of the contribution rates set out in the above Regulations and Orders which will apply from 1 April 2020.

Top Up grant 2020: Collection of pensions accounting data – action required

On 8 April 2020, the Home Office sent an email to Claim Certifiers (and Claim Administrators) to advise that FRAs should now all be working towards submitting audited 2018/19 and unaudited 2019/20 pensions income/expenditure data as part of this year's top up grant claim.

[The final accounts and audit process has been extended so top up grant and GAD disclosure numbers are still provisional until the audit concludes in September. The annual work on the forecasting of pensions expenditure and grant for 2021/22 onwards will commence in August – provided by the Head of Finance. There were no other items of a Payroll nature considered relevant for this meeting].

Ill-health retirement applications

Our colleagues on the pensions team recently contacted the Association of Local Authority Medical Advisers (ALAMA) regarding inconsistency in the approaches taken by IQMP providers during the COVID-19 crisis.

ALAMA confirmed that the following instruction has been posted to their website: "During the current COVID-19 crisis, it is important to continue to progress ill health retirement applications. It is also particularly important that assessments remain fair and reasonable, and that should include requesting GP and specialist reports as required. There has never been a requirement for these assessments to be face to face, therefore paperwork reviews, with telephone clarification if needed, is the most appropriate way to progress these.

If it is not possible to get reports, an assessment should be based on whether reports are likely to influence your decision further, and whether you have enough objective evidence to make an opinion. Opinions should always be 'on balance of probability'. There will be times when you simply don't have sufficient objective evidence to support ill health retirement, and you have been unable to get clinical reports. You should suggest that the applicant request copies of clinical reports direct from their GP."

FPS 2015 Added Pension factsheet

A new factsheet on FPS 2015 Added Pension has been published on the factsheets tab of the FPS Regulations and Guidance website.

This factsheet has been prepared by the FCWG to provide information and examples to members who may be interested in buying added pension. The factsheet includes an application form for a quote request.

Age discrimination update

We are conscious that it has now been six months since the tribunal determination in the Sargeant case for age discrimination and as yet we have been unable to provide further information on what to expect.

The position at the moment remains as per FPS Bulletin 28 - January 2020 that all entitlements including immediate ones should remain under the existing rules for the time being.

We understand that this position will no doubt be disappointing and frustrating to members. In order to reassure them it may help to confirm that the Government accepted the Courts' findings in the Sargeant and McCloud legal cases and are committed to treating claimants and non-claimants in the same manner. However, the discussions on remedy are ongoing and the guidance required for processing immediate cases is still not available. The need for this information to be made available as soon as possible is frequently highlighted to the Home Office and HM Treasury.

We understand from written statement HCWS187 that initial proposals are to return members to their former final salary scheme for the 'remedy period', but to offer a choice to the member, including those who were deemed protected in the final salary scheme, to receive benefits based on the current Career Average Revalued Earnings (CARE) scheme if it is better to do so. At this stage it is not clear when the end of the 'remedy period' will be, however, it is not expected to be before 2022, as the current working assumption is that it will take three years to bring in these proposals.

As yet we do not know when the member might make the choice. We understand that this could be either:

1. At the end of the remedy period, this will be the same time right across public sector,
2. At the members retirement age.

We appreciate that those who are retiring in the more immediate future may want more certainty over their benefits. The Scheme Advisory Board (SAB) requested data on immediate events from each Fire and Rescue Authority (FRA) in order to highlight the number of immediate cases that cannot be progressed because of a lack of guidance. Unfortunately, only 28 of the 45 English FRAs responded to this request, despite an extension to 16 March 2020.

The information we did receive was used in a paper to the SAB and subsequently supplied to government to highlight the number of immediate cases faced and the necessity for guidance to be supplied. We are continuing to actively push for that guidance as soon as possible.

Our understanding is that if firefighters retire before remedy has been applied to the schemes, they will remain eligible for their position to be remedied retrospectively

and benefits recalculated if necessary. The Sargeant factsheet released by the Home Office stated that individuals will keep benefits they have accrued regardless of changes needed to remove discrimination.

In the meantime, it is important that FRAs ensure they are ready to remedy the benefits once this guidance is available and we want to take the opportunity to remind you of our guidance on ill-health cases in FPS Bulletin 28 - January 2020 to ensure that you have an IQMP decision under both schemes if necessary.

Annual Local Pension Board wrap-up training 2020

We are once again running our popular annual Local Pension Board (LPB) wrap-up session, for board members who are either new to the board or those wanting an opportunity to refresh themselves on the principles of governance for the Firefighters' Pension Schemes. Details of our previous wrap-up sessions can be found [here](#). We are delighted to welcome Nick Gannon from TPR who will be joining us for a session on last year's TPR governance and administration survey results; you may wish to read the six key processes factsheet to refresh yourselves on the processes that TPR monitors.

We are running this session via Zoom across two dates: 10 June and 8 July, from 11:00 until 13:30.

[if anyone else is interested in attending the 8 July webinar, please contact the Pensions Administrator/Manager].

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.

North Yorks Fire (1 to 31 May 2020)						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
Deferred Benefits Set Up on Leaving	8	10	8	85	100	2
Pension Set Up Payment of Lump Sum	1	3	1	85	100	1
Retirement Actual	1	10	1	85	100	1
Change of Address	4	20	4	85	100	1
Change of Bank Details	1	20	1	85	100	2
Death Grant Nomination Form Received	2	20	2	85	100	6
Initial letter Death in Retirement	2	5	2	85	100	1
Death in Retirement	2	5	2	85	100	1
Update Member Details	3	20	3	100	100	0

10.0 Recommendations

10.1 That Members note the content of the report and:

- approve the Annual Report for submission to the OFPCC and inclusion on the Service's Pension Board area of its website (paragraph 6.6)

David Hood

Pensions Administrator / Manager

17 June 2020

Background documents:

2015 Firefighters' Scheme Complaints and Dispute process:

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

Annual Report

Pensions Risk Register

Slide deck from Local Pension Board Wrap-Up Training