

**PENSION BOARD OF NORTH YORKSHIRE POLICE, FIRE & CRIME
COMMISSIONER, FIRE AND RESCUE
LOCAL PENSION BOARD**

20 May 2021

ANNUAL REPORT 2020/21

Report of the Chief Fire Officer

1.0 Purpose of the Report

1.1 To report to Members on the activities of the Pension Board up to 31 March 2021.

2.0 Background

2.1 The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes, including those pension schemes for fire and rescue workers. The Act included the requirement for a Local Pension Board to be established by each responsible Authority.

2.2 In February 2015, North Yorkshire Fire and Rescue Service's Corporate Management Board (as it was then known) approved the creation of a Local Pension Board in respect of the firefighter pension schemes, in accordance with the requirements of the Public Services Pensions Act 2013 (the Act). This Board is known as the Local Pension Board and has been operating ever since.

2.3 The purpose of the Local Pension Board is to assist the Fire Authority in its role as the Scheme Manager of the Fire Fighters Pension Schemes: 1992, 2006, 2015 and RDS Modified. Such assistance is to:

- Secure compliance with the Scheme's 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
- Ensure the effective and efficient governance and administration of the Scheme.

2.4 The Police, Fire & Crime Commissioner is the Scheme Manager for the firefighters' pension schemes, which is a role defined by the Act. The day to day responsibilities of the Scheme Manager are now delegated to enableNY and this report therefore serves to communicate to the Fire Authority about the activities of the Local Pension Board during the 2020/21 scheme year.

2.5 The submission of this annual report on the firefighters' pension schemes of North Yorkshire Police, Fire & Crime Commissioner, Fire and Rescue Authority has been prepared to give an insight into the function of the Local Pension Board and to give assurance that the schemes for firefighters are being well managed in a climate when good governance will be of utmost importance.

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- 2.6 In addition to initial items of extra work being undertaken as public sector pensions 'remedy' slowly gathers momentum, many staff members (including those of the pensions administrator, West Yorkshire Pension Fund: WYPF) have worked remotely from home since March 2020 due to covid-19. This report will demonstrate that procedures and practices remained robust during 2020/21 to give assurance that that the Board, and other parties involved in administering the pension schemes for the Authority's firefighters' remained effective.

3.0 CONSTITUTION

- 3.1 Following changes to the constitution, the Board continues to:

3.1.1 Meet quarterly

3.1.2 Scrutinise the pensions risk register at each meeting, with updates to the risks themselves and/or their ratings applying as the Board sees fit (December 2020s meeting saw the addition of a new risk that acknowledges the resource and expertise needed to undertake both 'remedy' and 'Matthews' (the second retained firefighters pension buyback exercise that has been on the horizon for some time))

3.1.3 Maintain its standards of training; longer-standing Board members re-addressed their online training during 2020/21 (this is revisited every two years), received regular training during the year from West Yorkshire Pension Fund as well as the annual training offered by the Local Government Association's Senior Pension Adviser for the Firefighters' Pension Scheme

- 3.2 The Board's Terms of Reference was updated, and approved by the OPFCC, in July 2020 to accommodate changes agreed during 2019/20, namely:

3.2.1 Amending the reporting-line structure to reflect the introduction of the Strategic Leadership Team (from 1 April 2020)

3.2.2 The introduction of a Vice Chair

3.2.3 Allowing Member representatives to for the position of Chair (previously reserved for Employer representatives only)

3.2.4 The correct management group to forward / escalate the Board Minutes

The discussions with the OPFCC also provided clarity that the framework in place with the PFCC meant that applications from potential new Board members can be reviewed and approved by the Chief Fire Officer (delegated, if required to the Deputy Chief Fire Officer) rather than having to be referred to the PFCC.

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4.0 FORMAT OF MEETINGS

- 4.1 The Board meets quarterly (in accordance with best practice guidance from the Pensions Regulator), with meetings publicly advertised on the OPFCC's website (previously via the Authority's website). There have been no members of the public attending meetings to date. All meeting papers, together with the minutes of the previous meeting, are also published on the OPFCC's website.
- 4.2 Board members are required to declare any potential conflicts of interest to the Scheme Manager prior to each meeting, in line with the Local Pension Board's Code of Conduct including Conflicts of Interest Policy. Board members are required to complete a declaration form annually to confirm they have no interests that conflict and impede their ability to participate in an prejudiced manner on the Local Pension Board.
- 4.3 At the end of each meeting there is usually a training session for Board members on an aspect of pensions.
- 4.4 Minutes are taken at all meetings.

5.0 BOARD MEMBERSHIP

- 5.1 As set out in the constitution, there is an equal number of employer and employee representatives on the Board as well as substitute members. Substitute members are encouraged to attend meetings as observers, and they are able to act as Board members in the absence of one of the full members. Substitute members are also invited to attend training sessions and this helps to improve knowledge and understanding of pensions issues.
- 5.2 The Chair of the Local Pension Board is currently a representative from the employer side but could, due to recent changes to the constitution, be a representative from the member side in the future.
- 5.3 Member representatives are affiliated to the Fire Brigades Union, the Fire and Rescue Services Association and the Fire Officers Association.
- 5.4 During 2020/21 all vacancies on the Board were filled, and so it currently operates at full strength.

6.0 TRAINING

- 6.1 The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes and this code sets out the requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member.
- 6.2 There have been a number of training sessions delivered to the Board, (or attended by either a Board member or the Pensions Administrator / Manager) including:

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- 6.2.1 Local Pension Board Wrap Up training, delivered remotely via Microsoft Teams by the LGA and attended by one Board member and the Pensions Administrator / Manager
- 6.2.2 Local Pension Board Member training, delivered remotely via Microsoft Teams by the LGA and attended by six Board members and the Pensions Administrator / Manager
- 6.2.3 Overview of the various pension schemes for firefighters, delivered remotely via Microsoft Teams by WYPF following the 3 March 2021 Board meeting

Board members must also complete the Pensions Regulator's online trustee toolkit within six months of becoming a member. As mentioned earlier, this also needs revisiting every two years thereafter. All Board members are, therefore, up-to-date with their online learning.

- 6.3 The Board has a Training Register that records all training; this is maintained by the Scheme Manager.

7.0 BOARD ACTIVITY

- 7.1 Since the Local Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by Officers supporting the Board.
- 7.2 Some regular agenda items to the Board have been developed and these are:
 - 7.2.1 A report from the Pensions Administrator / Manager which provides the Board with the latest information on membership numbers across all schemes, recent (and upcoming) areas of significant pension work undertaken, and updates from the fire pensions community both locally and nationally. As well as enhancing the knowledge and understanding of Board members, this regular report serves to prompt discussion at the Board about the impact of issues on pension scheme members. This helps to achieve the Board's purpose of securing effective governance and administration.
 - 7.2.2 The pensions risk register is discussed at every meeting (again, in accordance with the Pensions Regulator's recommendations). The risk register is reviewed between each meeting by the Pensions Administrator / Manager and a member of the Board; it is then presented to the Board at each meeting, with any amendments highlighted and discussed in detail in an accompanying report. This allows the Board to keep track of the key risks and the control measures designed to manage those risks.
 - 7.2.3 The Board has set up a register of Breaches of the Pension Act 2013. The register provides details of all breaches and also areas of concern that have been considered but not felt to breach the regulations. During 2020/21 one breach occurred which was recorded on the breach register,

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but was not felt to be material and thus was not reported to the Pensions Regulator:

7.2.3.1 The Pensions Administrator / Manager did not advise WYPF of additional pay received by retirees within 12 months of their retirement.

As retirement notifications to WYPF are done 4 – 6 weeks before the retirement date, there will undoubtedly be additional monies paid to the individual. These cases were the very first cases done by the then new Pensions Administrator / Manager and, due to the time exceeding 12 months (when the matter came to light) unauthorised payment charge tax was due.

The Board agreed that the circumstances, coupled with current procedures in place (to prevent it arising again) and relatively low monetary amounts being involved, warranted it's addition to the breach register but not reporting to the Pensions Regulator.

The Head of Finance and S151 Officer were also made aware of this oversight.

As this report looks back over to 2020/21, the work previously undertaken by the Pensions Administrator / Manager will, from June 2021, be the responsibility of enableNY.

7.3 Other areas of governance which have been discussed at Board meetings include:

7.3.1 Employer discretions under the firefighter pension schemes were formulated into a combined document during 2019/20, and issued to representative bodies for consultation. A number of minor amendments were taken into account, and they were adopted and agreed at the December 2020 meeting. The discretions are housed on WYPF's website for members.

7.3.2 Monthly submission of key membership data (pay, contributions, addresses and new members to the scheme) processes were refined during 2020/21, with additional checks and balances introduced to ensure evidence that the pay amounts being advised were accurate.

7.3.3 Contracts of employment and job advertisements now contain reference to the pensions 'annual allowance', and how increases in pay could affect an individual's tax position.

7.3.4 During 2020/21 the Board was informed of the continuing developments with the 'Sargant' age discrimination case. On 16 July HM Treasury (HMT) published their consultation containing proposals to remedy the majority of public sector pension schemes, in line with the result of the Sargeant judgement. The consultation closed on 11 October. The Pensions Administrator/Manager

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emailed the workforce on 5 August with a brief overview of the main points, after liaising with the Board for their input.

Following HM Treasury's response to the opinions raised by participants to the consultation on 4 February 2021, the Board once again peer reviewed the message issued to scheme members by the Pensions Administrator/Manager.

- 7.3.5 During December and January, delegates from the Board attended webinars organised by either the National Fire Chiefs Council or the Chartered Institute of Public Finance & Accounting on the subject of 'immediate detriment' (ID) following the Home Office 'guidance' issued in August 2020.

ID intends to bring forward the remedy measures for those members retiring before the legislation and necessary guidance is in place. This aspect absorbed the majority of time for all parties concerned with public sector pensions, with opinions divided between fire and rescue services as to honour the ID instruction or not. Although developments continue in this area (with the latest being a national framework underway to arrive at a uniform national approach towards ID), the Board were kept abreast of which members ID could apply to throughout 2021 and up to 31 March 2022.

- 7.3.6 The Board continue to receive the monthly LGA Firefighters' Pension Scheme bulletins, with extracts of the most topical articles also featuring in the quarterly pension update report, presented at Board meetings.

- 7.3.7 Looking into the future, the Chair of the Board suggested the Board should conduct its own assessment to understand where the gaps in governance are.

- 7.4 The Local Pension Board continues to progress towards improving its knowledge and understanding about pension issues, and in ensuring that governance and administration of pensions is carried out effectively. Communications to members on key subject matters was maintained throughout 2020/21; in addition to the remedy consultation messages, new wholetime recruits received a pensions presentation covering all aspects of the scheme. The Board continues to ensure that good practice is maintained and ongoing improvements are made in line with advice from the Scheme Advisory Board and The Pensions Regulator.

8.0 FINANCIAL IMPLICATIONS

- 8.1 The training of Board members is largely carried out in house at no direct cost, and national events such as the LGA conference have been free of charge so far. Where Board members have to travel to attend training events this cost is contained within existing budgets.

- 8.2 The Authority continues to pay a levy to the Scheme Advisory Board and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting this levy is to help fire authorities

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to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2020/21 was £6,655.21 and this has been provided for within the revenue budget.

9.0 HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

9.1 There are no human resources or learning and development implications arising directly from this report. The members of the Board are required to achieve and maintain knowledge and understanding of pensions and this requirement was being managed and monitored by the Pensions Administrator / Manager. Into the future this will be the responsibility of enableNY.

10.0 EQUALITY IMPLICATIONS

10.1 An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service.

11.0 CRIME AND DISORDER IMPLICATIONS

11.1 There are no crime and disorder implications arising from this report.

12.0 LEGAL IMPLICATIONS

12.1 The Local Pension Board was created to fulfil the requirements of the Public Service Pensions Act 2013.

13.0 RISK MANAGEMENT IMPLICATIONS

13.1 The risks associated with pension governance and administration are set out in the Board's risk register, which is actively managed by the Pensions Administrator / Manager and monitored by the Board.

14.0 RECOMMENDATIONS

14.1 It is recommended that Members note the contents of this report.

15.0 BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

**David Hood, Pensions Administrator / Manager on behalf of Andrew Brodie, Chief
Fire Officer
20 May 2021**