

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

1 June 2020

ANNUAL REPORT 2019/20

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 2020.

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 delegated to the Pensions Administrator / Manager and this report therefore serves to communicate to the Fire Authority about the activities of the Local Pension Board during the 2019/20 scheme year.

2.5 The submission of this, the inaugural 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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3.0 CONSTITUTION

3.1 A constitution for the Local Pension Board was approved at the time that the Board was created. Since then the Local Pension Board has approved a number of changes to the Constitution which can be summarised as:

3.1.1 increased the number of meetings per year

3.1.2 updated its risk register and discusses it at each meeting

3.1.3 extended the tenure of the Chair

3.1.4 clarified the terms of quoracy including the dialling-in of meetings

3.1.5 improved emphasis on training

The Terms of Reference has been updated to reflect these improvements, as well as other necessary amendments following the change of governance to a Police, Fire & Crime Commissioner in November 2018.

3.2 Further changes are required to the constitution, and these will be undertaken shortly after 1 April 2020. These can be summarised as:

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)

Once redrafted, the revised Terms of Reference will be issued to the OFPCC for approval.

4.0 FORMAT OF MEETINGS

4.1 During 2019/20 the Board agreed to increase the number of meetings from two to four per year (in accordance with best practice guidance from the Pensions Regulator). Meetings are publicly advertised on the Authority's website. There have been no members of the public attending meetings to date. The meeting agenda and papers, together with the minutes of the previous meeting, are published on the Authority'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.

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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.

5.3 Member representatives are affiliated to the Fire Brigades Union, the Fire and Rescue Services Association and the Fire Officers Association.

5.4 From February 2020, there is a vacant member position and employer substitute position due to these Board members' careers taking them elsewhere. Discussions are currently taking place to fill these positions.

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:

6.2.1 overview of the function of the Local Pension Board, delivered locally by the Local Government Association's (LGA) Firefighters' Pension Adviser

6.2.2 Local Pension Board Wrap Up training, delivered in London by the LGA and attended by one Board member

6.2.3 Annual Allowance and Lifetime Allowance tax training, delivered locally by WYPF following the 1 October 2019 Board meeting

6.2.4 overview of the various pension schemes for firefighters, delivered locally by WYPF following the 10 December 2019 Board meeting

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Board members must also complete the Pensions Regulator's online trustee toolkit within six months of becoming a member. This also needs revisiting every two years thereafter.

- 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 2019/20 two breaches occurred, both of which were felt material and thus reported to the Pensions Regulator. In both instances, the Policy and Scrutiny Officer (Fire & Rescue) of the OPFCC was consulted beforehand. The breaches concerned:

7.2.3.1 WYPF delaying the annual benefit statements beyond the statutory date of 31 August 2019 for members of the RDS Modified scheme. As a similar breach occurred in 2018, the appropriate outcome was to report the breach

7.2.3.2 North Yorkshire Fire and Rescue Service providing an incorrect address to WYPF that resulted in their annual benefit statement being sent to another individual. This resulted from the 2017/18 year end exercise but only came to light in November 2019. As this wasn't the first data issue from the same year end exercise

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the Board agreed that it should be reported to the Pensions Regulator as a material breach.

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

7.4.1 Employer discretions under the firefighter pension schemes were formulated into a combined document during 2019/20, and issued to representative bodies for consultation. At the time of writing, a small number of the Discretions are being reconsidered. Once finalised they will be referred back to the OPFCC. Once adopted, Discretions exercised since the previous meeting will be presented to the Board for information.

7.4.2 The Board was kept informed of progress towards sending out pension savings statements (applicable where members breach the annual allowance in a year) as well as annual benefit statements to members for 2019/2020. WYPF overhauled the look of their annual benefit statements for 2019/20, and the Board were given the opportunity to comment on them.

7.4.3 The Board is being kept up to date regarding the outcome 'remedy' resulting from the 'Sargant' age discrimination case. This, and other key areas of interest, feature in the monthly LGA Firefighters' Pension Scheme bulletins, and these are forwarded to Board members by the Pensions Administrator / Manager, with an overview of each bulletin's highlights.

7.5 The Local Pension Board is now well established and has made good progress in improving the knowledge and understanding of the Board about pension issues, and in ensuring that governance and administration of pensions is carried out effectively. Work has also been undertaken to communicate with pension scheme members about pension issues and to raise the profile of this important subject. The Board will continue 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 to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2019/2020 was £5,275 and this has been provided for within the revenue budget.

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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 is being managed and monitored by the Pensions Administrator / Manager.

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, The Pensions Administrator / Manager on behalf of Andrew Brodie,
Chief Fire Officer
1 June 2020**