

Report of the Deputy Chief Fire Officer

Fire Pensions Board Update

Purpose of report

1. To provide the Committee with an update on the establishment and activities of the Pensions Board.

Recommendation

It is recommended that the Committee confirms that the Pensions Board continues to be compliant with the Public Service Pensions Act 2013.

Background

2. The Public Service Pensions Act 2013 requires scheme regulations to provide for the establishment of a Pensions Board from 1 April 2015 to assist the Scheme Manager in:
 - Securing compliance with the Scheme regulations and other legislation relating to the governance and administration of the Scheme;
 - Securing compliance with any requirements imposed by the Pensions Regulator;
 - Any other matters as detailed by the regulations.
3. The Authority established its Pensions Board at the Policy and Resources Committee on 25 March 2015. The authority to implement the Pensions Board and make appointments to the Board was delegated to the Head of Legal Services, in consultation with the Chairman of the Policy and Resources Committee.

Hereford & Worcester Update

4. Following the last report to the Policy and Resources Committee in March 2018, the Board has held three meetings, on 25 April 2018 with the previous Chair and on 10 October 2018 and 10 April 2019 with the current Chair.
5. It should be noted that the Scheme Advisory Board (SAB) suggest that four meetings per year is best practice, but the Pensions Board believes it should only meet when there is business to conduct, and finds two meetings per year is sufficient at present.

6. During the year, one Employee Representative resigned and has been replaced. Also, one Employer Representative (The Chair) has resigned and been replaced.
7. The Pensions Board Chair has attended one training session and all members have been completing online training modules hosted by The Pensions Regulator.
8. The tender process for administration services has been completed and West Yorkshire Pension Fund (WYPF) have been awarded the contract from October 2018 for an initial period of 3 years, with an option to extend by a further 2 years. Sharon Lewis has been appointed as the Pension Officer to be the key expert for the Firefighters' Pension Schemes within the Authority, to manage the contract and be the first point of contact for members. She will also support the Pensions Board.
9. The Scheme Advisory Board commissioned Aon to compile a survey for Fire Authorities in order to review administration and management costs and wants to determine how effective the scheme's administration is at a national level. The survey was of Scheme Managers (the Treasurer on behalf of the Fire Authority), Scheme Administrators (WYPF), and scheme members. In addition to publicising the survey in the Service Bulletin the Authority took the decision to post member surveys, via West Yorkshire Pension Fund to all deferred and pensioner members, to ensure maximum response. The closing date was in February 2019 and we are awaiting the findings.
10. The Fire Pensions Annual Conference was held in London on 17 and 18 September 2018 with the Scheme Manager attending on the first day and the Payroll Manager and Pension Officer attending the following day. A presentation was given on the role of the Scheme Advisory Board and the challenges ahead. Also giving presentations were the LGA, Government Actuaries Department (GAD), the national secretary to the Fire Leaders Association, Jane Marshall from Weightmans (the new legal advisor to the SAB), giving an update to pensionable pay, and a representative from Aon outlining the benchmarking exercise.
11. The Breaches Policy has now been put in place with no incidents needed to be escalated to the Pensions Regulator.
12. A review of the Risk Register is being undertaken in order to have a single register to cover both the Pensions Board and the pensions' administration function.
13. In December, judgement was handed down in the firefighters' transitional appeals case with the conclusion being that the transitional provisions in respect of moves to the 2015 Scheme, give rise to unlawful age discrimination. The Government is currently applying to the Supreme Court for permission to appeal. There is no indication of the Government's approach if permission is refused or the appeal fails.

14. There have been 2 IDRP (Internal Dispute Resolution Procedure) submitted in the past year, both of which concern pensionable pay. Both cases went to Stage 2 and both upheld the original decision of the Scheme Manager.
15. Independently of Hereford and Worcester, and for different reasons, the Staffordshire Police, Fire & Crime Commissioner also moved their fire pensions' administration to WYPF in 2018. Staffordshire FRS has also recently appointed a Pensions Officer who is carrying out a similar role to the one at Hereford & Worcester FRS and the opportunity is being taken to liaise and explore options for mutual support.

National Issues

16. Valuation of all of the 'un-funded' pension schemes took place in 2018 with new, significantly higher employer contribution rates applicable from 1 April 2019:

	Old Rate	New Rate
1992/2006M Schemes	21.70%	37.70%
2006 Scheme	11.90%	27.40%
2015 Scheme	14.30%	28.80%

17. Members will already be aware of the significant impact on the budget and MTFP. It should be noted however, that there will be no change to the member's contribution rate or accrual rate at this stage.
18. As part of the revaluation it was clear that the 2015 scheme had breached the floor of the cost cap cost and statute required this to be remedied. The proposed approach to remedy this was to increase the scheme accrual rate for current scheme members and is partly responsible for the significant increase in the employers' rate.
19. HM Treasury issued a written ministerial statement with regards to the effect of the recent court judgements on valuation (the McCloud and Sargeant cases) and the cost cap rectification process will be suspended. The new contribution rates (including the impact of rectification via increased accrual rates) will, however, still be applied.

Conclusion/Summary

20. This paper provides an update on the activities of the Pensions Board for the Firefighters' Pension Schemes (FPS) to assist the Scheme Manager in securing compliance with the Public Service Pensions Act 2013.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues).	The local Pensions Board is operating in accordance with the Public Sector Pensions Act 2013 which is a new burden on Fire Authorities
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None
Risk Management/Health & Safety (identify any risks, the proposed control measures and risk evaluation scores.	A Risk Register is in place
Consultation (identify any public or other consultation that has been carried out on this matter).	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?	None

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