

Report of the Deputy Chief Fire Officer

Fire Pensions Board Update

Introduction and Summary

The Pensions Board is established under the Public Sector Pensions Act 2013 to assist the Scheme Manager (the Fire Authority) in ensuring that the Firefighters Pension scheme is managed correctly. The report outlines the make up of the Board and its duties and outlines some of the issues being dealt with at present. The report shows that the Board is operating and carrying out its role properly. With the exception of the question of frequency of meetings (which the Board itself considers at every meeting) this Board is considered nationally as a good performer.

Background

1. The Public Sector 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:
 - a. Securing compliance with the Scheme Regulations and other legislation relating to the governance and administration of the Scheme
 - b. Securing compliance with any requirements of imposed by the Pension Regulator (TPR)
 - c. Any other matters as detailed by the regulations.
2. The Authority established its Pensions Board at the Policy and Resources Committee on 25 March 2015, where the authority to appoint Board members was delegated to the Head of Legal Services in consultation with the Chair of the Committee.
3. The Board does not manage the Scheme itself but has an overview of the way that the Scheme Manager does so.
4. The Fire Authority is the designated Scheme Manager and is responsible for the running of the firefighter schemes in Hereford & Worcester and has effectively delegated this to the Treasurer.
5. The Authority employs a Scheme Administrator to manage the day to day activities of the scheme. The administrator is currently West Yorkshire Pension Fund (WYPF), but the Authority retains the responsibility for the proper running of the schemes.
6. The Board which is made up of three scheme members (active, deferred or pensioner) and three employer representatives (officers of the FRS) is charged with supporting the Scheme Manager.

7. The Board is currently chaired by the Deputy Chief Fire Officer in his role as one of the employer representatives.
8. In addition there is national Scheme Advisory Board (SAB) which advises the Home Office in relation to the schemes nationally, and provides an oversight of the operation of Local Pension Boards.

Update on Board Activity

9. Following the last report to the Policy and Resources Committee in May 2019, the Board has met once on 24 October 2019, but the next scheduled meeting on 23 April 2020 has been postponed due to the current emergency.
10. It should be noted that the SAB suggests that it is best practice for Boards to meet at least 4 times a year. This is considered as a standing item at each Board meeting, but up until now the Board considers that two meetings continue to be appropriate.
11. Following discussion and consultation with the Chairman of the Authority and the delegated Scheme Manager (the Authority Treasurer), the Board Chair will be strongly recommending a move to quarterly meetings in future.
12. A prospective member of the Board has attended an introductory training session held at Shropshire Fire and Rescue Service hosted by Clair Alcock who is the Firefighters' Pension Advisor from the LGA
13. Between 28 September and 14 November 2018, FPS stakeholders were invited to participate in a web-based survey to measure the success of the Annual Benefit Statement process for 2018. The final research report was published early 2019 which can be found at:
<http://www.fpsboard.org/images/PDF/Surveys/ABS2018.pdf>
14. It was decided that the survey will run on an annual basis following the end of each ABS cycle with planned improvements for 2019 including separate web-based surveys for administrators and FRAs.
15. The Blue Light team, in conjunction with the Fire Communications Working Group (FCWG), have produced factsheets for members for Annual Allowance and Lifetime Allowance. In November 2019, Sharon Lewis (Pensions Officer) attended a Pensions Tax Seminar organised by the LGA along with Martin Reohorn (Scheme Manager) and Keith Chance (Assistant Chief Fire Officer). As promotions in certain circumstances can mean that members breach the Annual Allowance, Sharon Lewis has hosted 2 presentations to those who are likely to be affected detailing the responsibilities of the FRA and the individual. The 19 members who received pension savings statements from our Scheme Administrator (WYPF) were invited to attend.
16. The government launched a consultation of draft regulations implementing a cap of £95,000 on exit payments in the public sector. In respect of the FPS, there are

two types of employer payments with regards to exit that could be subject to the cap which are:

- The ability for an FRA to enhance the commutation payment for a firefighter with over 25 years' service over age 50 to the full quarter rate commutation. The authority is required to pay the difference between the restricted commutation and enhanced commutation from its operating account.
 - In FPS 2006 and FPS2015, FRAs can allow firefighters to retire from age 55 with an unreduced pension. However, the authority is required to pay the difference between the unreduced and reduced pension into the firefighter notional pension fund for each year the pension is in payment.
17. HWFA will only give consent if this can be demonstrated to be in the best financial interests of the Fire Authority.
 18. The consultation has closed but no update has been released.
 19. New guidance to pensionable pay has been issued after the High Court Judgement in Booth v Mid and West Wales. HWFA policies were reviewed and it was determined that no action was necessary as existing policies were compliant with the ruling.
 20. A breach was reported to The Pension Regulator (TPR) as WYPF failed to send out all the Annual Benefit Statements by the allowed date. 31 individuals from the RDS Modified Scheme weren't sent out until mid-October. This was not a material breach but the Pensions Board agreed with the Scheme Manager's decision that it should be reported. The problem was a system reporting one and applied to all WYPF fire clients; this has now been resolved and it is not envisaged that it will be repeated.
 21. There are 2 new IDRP cases concerning overpayment of Injury Pensions. Under the regulations, members must inform the FRA if they are receiving any DWP benefits. After conducting a review following liaising with the DWP, West Yorkshire Pension Fund identified members who were being overpaid and some who were being underpaid due to them not advising the FRA of changes to their benefits. The members who were affected had their pensions amended and those who were overpaid were contacted to advise them of the situation and to arrange repayments.
 22. A third IDRP has been received in relation to pensionable pay, but repeats a previous IDRP which went to Stage 2, Members Panel for decision. The current policy does not permit rejection of complaints from an individual which repeats the same complaint from a different individual.
 23. The Administration and Benchmarking review carried out by AEO in 2018 was completed and the final report was published which can be accessed below. Costs indicated in the report cannot be taken at this stage to be a completely accurate reflection as this is a first attempt to analyse how much the scheme costs to run and some FRAs were not able to provide any costs.

24. The annual FPS AGM was held over 2 days on 24 and 25 September 2019 with our Pension Officer attending both days and our Payroll Manager attending the second day. A presentation was given on the role of the Pensions Board by Bedfordshire Fire and Rescue Authority with a TPR update following on the first day. On the second day a summary was presented of the review outcomes of the AON Administration and Benchmarking review along with 3 technical workshops, a short presentation by the new Head of Police and Firefighters' Pensions at the Home Office and an update of the recent court and Pensions Ombudsman decisions.
25. After being appointed Chair of the West Midlands Regional Fire Officers Group, our Pension Officer attended a Technical Group meeting in February 2020 and also the Fire Communications Working Group a few days later for updates on the firefighters transitional appeals case (McCloud and Sargeant case).
26. McCloud and Sargeant case update: A case management hearing was held on 18 December 2019 and an interim order was produced. The Order anticipates that the final determination on that remedy issue in regards to membership of the 1992 FPS should be resolved around mid-July 2020, although it should be noted that even when we have a final determination on that issue it may be some time before this part of the remedy can be put into effect for all claimants. The LGA have asked the Fire Authorities to provide them with information for members who are due to retire under the ill health regulations, and those members with an immediate event (retirement). The LGA are working with the Home Office, however implementation is very complex given that some members will be better off in the new schemes and there are a number of issues that need central government direction which are being considered by the Treasury with the input of Home Office and other Government Departments.
27. A ruling was made in the Court of Justice European Union (CJEU) in the case of Mr O'Brien. Elements of the judgement are likely to impact on RDS firefighters as the CJEU concluded that periods of service prior to the transposition date of the Part Time Workers Directive in 2000 were to be taken into account when calculating pensionable service for fee paid judges. In effect, this means that this is an additional case similar to the RDS Modified Retained settlement project but whole period of RDS employment will be included rather than from 1 July 2000 which was previously calculated. We are awaiting further information from the LGA.

Conclusion/Summary

28. This paper provides an update on the activities of the Pension Board for the Firefighter Pension Schemes (FPS) to assist the Scheme Manager in securing compliance with the Public Services Pensions Act 2013, and confirms that the Board operation continues to be compliant with the Act.