

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE OF MEETING	28 JANUARY 2021
SUBJECT	LOCAL PENSIONS BOARD – ANNUAL REPORT
LEAD OFFICER	LINCOLN BALL – CHAIR OF LOCAL PENSIONS BOARD
LEAD MEMBER	NONE
EXEMPT INFORMATION	NONE
ACTION	NOTE

1. EXECUTIVE SUMMARY

- 1.1 This report updates the Audit and Governance Committee with the recent activities of the Local Pensions Board (for all firefighter pension schemes) and relevant aspects of firefighters' pensions administration.
- 1.2 The Local Pensions Board considers the performance of the local firefighter pensions' administrators as broadly to a good standard. There are a few areas where targets are not met with ongoing interaction to address this.
- 1.3 National issues continue to dominate firefighters pensions and in particular:
 - The mechanism to provide remedy for the age discrimination created by HM Government's introduction of the 2015 pension scheme. Amongst the issues are:
 - Long-term remedy which has been consulted upon nationally and outcomes awaited.
 - Short-term (immediate detriment) remedy. Home Office guidance was published which the LGA is currently querying.
 - Revaluation of the 2015 Pensions Scheme based on current actuarial calculations.

2. RECOMMENDATION

- 2.1 The Committee is recommended to **NOTE** the contents of the report including activities undertaken by RBFRS, the Pension Administrator and the Local Pensions Board, since the last report.

3. REPORT

Background

- 3.1 The Public Service Pensions Act 2013 makes it a legal requirement to have a Local Pensions Board for the various public sector pensions.
- 3.2 The Board exists to assist the Fire Authority in its role as Scheme Manager for the various Firefighter pension schemes.
- 3.3 The Board consists of four members –two management representatives (Mark Arkwell and Lucy Greenway) and two scheme member representatives (Lincoln Ball and Steve Collins). The Chairmanship of the Board rotates between the management and the member representatives. Currently Lincoln is the Chair and Lucy the Vice-Chair.
- 3.4 Given the significant knowledge requirements for Local Pensions Board members, good practice indicates a minimum four-year term where possible for undertaking the role.
- 3.5 The Local Pensions Board is also attempting to retain knowledge and aid succession by staggering the replacement of its members rather than losing all or most of its members at the same time.
- 3.6 The Board reports to this Committee twice per year, one of which incorporates an April to March annual report. The last report to the Committee was on 27 January 2020.

Local Pensions Board Activity

- 3.7 The Board has formally met (remotely) on three occasions since January 2020 and also undertaken a training day together. At the board meetings reports are received from the responsible managers in the Human Resources department.
- 3.8 Since last presenting to the Committee the Board has not been informed of any reports of potential breaches that needed to be reported to the Pensions Regulator.
- 3.9 The Board has continued to scrutinise the performance of the Pensions Administrator which is provided by an external contractor. As that contractor also provides services to other Fire and Rescue Services, the Board is also able to compare the level of service provided to RBFPS against that provided to other authorities. The Pensions Board has no significant concerns in relation to the performance of the administrators.
- 3.10 The Board maintains a risk assessment which is in the process of being updated and more closely aligned with the primary purpose of the Board.
- 3.11 Members of the Board undertake a variety of activities including attending regional meetings, assisting with surveys and audits and undertaking development activities.
- 3.12 Members of the board work closely with the managers in the Human Resources department and have assisted in the completion of surveys.

Annual Report Information

- 3.13 The Annual Report covers the period 1 April 2019 – 31 March 2020.

3.14 The Board has maintained scrutiny in relation to the administrator's key performance indicators and reports the following performance against the indicators for the period:

Activity	Target	No of Cases	Average of %_Met
Age 55 Increase to Pension	Next payroll	6	100%
Change of Address	20	31	100%
Change of Bank Details	20	4	100%
Death in Retirement	5	10	100%
Deferred Benefits Into Payment of Lump Sum	3	7	100%
Deferred Benefits Set Up on Leaving	10	33	61%
DG Nomination Form Received	20	7	100%
Divorce Quote	40	1	100%
Divorce Settlement Pension sharing order implemented	80	1	100%
Enquiry	5	2	100%
General Payroll Changes	20	57	100%
Initial letter Death in Retirement	5	9	100%
Life Certificate received	5	2	100%
NI adjustment to Pension at State Retirement Age	20	3	100%
NI Modification	20	3	100%
Payment of Spouses _Child Benefits	10	1	100%
Pension Estimate	10	44	91%
Pension Saving Statement	20	2	100%
Pension Set Up Payment of Lump Sum	3	16	100%
Purchase of Service Quote	20	1	100%
Respond to ad hoc queries – IAS19 info	10	2	100%
Retirement Actual	10	16	100%
Set Up New Spouse Pension	5	4	100%
Spouse Potential	10	4	100%
Transfer In Quote	10	2	100%
Update Member Details	20	23	100%
Grand Total		291	96%

3.15 Of the two KPIs below 100% in the table above: the 'Deferred Benefits Set Up on Leaving' measure is currently at 66% (since April 2020) and the 'Pension Estimate' measure is currently at 88%. The reasons for KPIs periodically being below their target is addressed through contract meetings or sometimes the administrators will provide a reason in their monthly report to the service or quarterly bulletin to their clients. The Pensions Board is satisfied that adequate arrangements are in place to address administrative queries.

3.16 Membership of the various schemes has fluctuated during the year as many firefighters were transferred between schemes as part of the transition period

resulting from the closure of the 1992 and 2006 pensions. The numbers also fluctuate as a result of retirements and recruitment.

	1992 – Active Members	2006 – Active Members	2006 – RDS Active Members	2015 – Active Members	2015 – RDS Active Members
Apr-19	44	8	3	374	6
Mar-20	25	1	2	401	6
Change	-19	-7	-1	+27	-

3.17 Significant national issues remain in relation to Firefighters Pensions.

- Remedy in relation to the age discrimination employment tribunal remains unresolved. HM Government has concluded a consultation exercise in relation to the remedy with a government intention of placing all firefighters onto a revised pension scheme from 1 April 2022 and having a mechanism in place that addresses the discrimination issue.
- Guidance was issued in late August 2020 in relation to providing earlier remedy to those firefighters experiencing what is termed ‘immediate detriment.’ For example, those who are in the process of retiring as well as those who have been or are currently the subject of medical retirement. This matter is currently being examined.
- The Government Actuary’s Department has indicated that the revaluation of the firefighters 2015 pension scheme which was paused in January 2019 will now go ahead with the intention of incorporating the costs incurred in remedying the 1992 pension scheme age discrimination case into the revaluation.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Commitment 5 – We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.

5. FINANCIAL IMPLICATIONS

- 5.1 The Fire Authority currently makes an allowance of £100 per meeting available to each Pensions Board member. However, not all board members currently choose to receive this allowance.
- 5.2 The Terms of Reference provide for:
- All reasonable expenses incurred by board members to be reimbursed upon production of a valid expenses claim.

- Adequate resources for the board to fulfil its role including the provision of legal advice and training. The board will seek approval from the HHR&LD for such expenditure.

6. LEGAL IMPLICATIONS

- 6.1 The provision of the Local Pensions Board is a requirement of the Public Service Pensions Act 2013.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 There are no additional equality and diversity implications in relation to this report.

8. RISK IMPLICATIONS

- 8.1 Failure to comply with the requirements of The Public Service Pensions Act 2013 could result in reputational and financial loss.
- 8.2 Notwithstanding the services provided by the external pensions administrator, pensions legislation, guidance and practice is clearly complicated. The Pensions Board is very aware that there is a significant likelihood of errors from the administrators (contractors or in-house).
- 8.3 Although Pensions Board members continue to make use available training in order to increase their knowledge and understanding in relation to their role, there is currently an element of risk whilst they are working to attain this and each pension board member has their own full time role within the service.
- 8.4 Increased workloads of individual Board members may impact negatively on training and function.

9 CONSISTENCY WITH DUTY TO COLLABORATE

- 9.1 The legislation enables the establishment of joint boards with others. This is not a matter being pursued currently within Royal Berkshire Fire and Rescue Service.

10 PRINCIPAL CONSULTATION

- 10.1 The Chief Fire Officer has been consulted on the contents of this report.
- 10.2 The Chief Finance Officer has been consulted on the contents of this report.
- 10.3 The Monitoring Officer has been consulted on the contents of this report.

11 BACKGROUND PAPERS

- 11.1 None.

12 APPENDICES

12.1 None.

13 CONTACT DETAILS

13.1 Lincoln Ball, RBFRS Pensions Board Chair, 07768 034 856