

Devon and Somerset Fire and Rescue Authority

Local Pension Board Annual Report 2019-20

1. Introduction

- 1.1. The purpose of this Annual Report is to provide information about the status of the Devon and Somerset Fire and Rescue Authority Local Pension Board (LPB) for Scheme Members (employees and pensioners) and for the Scheme Manager (the Authority) together with a summary of issues considered in the relevant period (1 April 2019 – 31 March 2020).
- 1.2. In accordance with Sections 5 and 30(1) of the Public Service Pensions Act 2013 and Regulation 4A of the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, the Devon and Somerset Fire and Rescue Authority Local Pension Board was established in February 2015 to provide advice on the effective and efficient administration and management of the various firefighter pension schemes.
- 1.3. The Report includes commentary on the following:
 - A summary of the work undertaken by the Local Pension Board during 2019-20;
 - Detail of areas investigated and how these areas were dealt with;
 - Any conflicts of interest and how these were managed;
 - Any identified risks and other areas of potential concern;
 - Any expenses and costs incurred by the Board;
 - Gifts and hospitality received by members of the Board; and
 - Training for Board members.

2. Membership and Meetings of the Local Pension Board

- 2.1. The Authority, at its meeting on 7 June 2019, increased the membership of the Board from six to eight and amended the quorum to 50% to include at least one Scheme Manager and one Scheme Member representative.
- 2.2. The Local Pension Board is now comprised of eight members as follows:

Scheme Manager Representatives:

 - Mike Pearson - Chair (Director of Governance & Digital Services);
 - Amy Webb (Director of Finance and Resourcing);
 - Councillor George Wheeler; and
 - Satnam Singh Rai (Independent Co-opted Member appointed 19 December 2019).

Scheme Member Representatives:

- Andy Hallam;
- Peter Redbourn;
- James Leslie (from 17 October 2019); and
- Ben Redwood (from 17 October 2019).

2.3. Bob Walker obtained a promotion to Scotland Fire and Rescue Service on 3 September 2019 and was replaced by James Leslie as a Scheme Member Representative.

2.4. In addition to the above, the following officers support the Board and regularly attend Board meetings:

- Steve Pope (HR Manager and Delegated Scheme Manager);
- Caroline Gourlay (HR Reward and Benefits Manager);
- Steve Yates (Democratic Services Manager); and
- Lisa Etchell (Executive Support Assistant).

2.5. In accordance with the Terms of Reference, the Board met on four occasions during 2019-20.

3. Work undertaken by the Local Pension Board

3.1. During 2019-20, the following matters were undertaken/considered:

- Monitoring of actions log;
- Development of Risk Register;
- Development of Work Programme;
- Review of Roles and Responsibilities Documentation;
- Annual Training plan;
- Reviewed and updated the self-assessment using the Pension Regulator tool;
- Recruitment/Re-appointment of scheme members and new member induction training;
- Increased Board size and changed quorum;
- Key Performance Indicators (KPI) - Performance Measures (data collection & reporting);
- Raising Data Standards - Government Actuarial Department request for Fire and Rescue Authorities to review member data held/ provided for valuations – not a material issue for DSFRS;
- Completed the Pension Regulator (TPR) Annual Governance and Administration survey;
- Completed the Scheme Advisory Board Survey;
- Individual training using the Pension Regulator e-learning modules;
- Received regular updates from the Scheme Manager, Scheme Administrator and the Scheme Advisory Board;

- An Internal Audit report on the Board's governance arrangements;
- Reviewed potential breaches to report/record where necessary;
- Attendance at the Local Government Association (LGA) Fire Pensions Annual Conference; and
- LPB Annual Report for 2018-19.

4. Identified risks and Board actions

4.1. Risks and issues are categorised as follows:

	Action Status
	Not yet started
	In progress
	Complete

Date	Risk/Issue	Agreed Action	Status
09/05/18	Risk register and procedure for assessing and managing risks	Implement risk processes and risk register	
15/02/19	Development of key performance indicators	KPIs to reflect contract for pension administration and best practice to be developed and reported to Board	
29/05/19	Incorrect application of abatement rules	Breach recorded and reported to the Pensions Regulator	
29/05/19	Data extraction from HR system requiring extensive manual effort	Manual extraction completed, ABS produced on time. Data now produced monthly	
19/07/19	Split Pension breach	Breach recorded and reported to the Pensions Regulator	
28/10/19	Court of Appeal decision on unlawful discrimination (McCloud/Sargent & O'Brien/Matthews)	Cases remitted to ET for remedy. Significant pension administration expected in making back-dated adjustments	
18/03/20	Cyber Attack	Review WYPF business continuity plan	

5. Statutory Breaches

- 5.1. Two statutory breaches were reported to the Regulator during the period, one concerning delays in the issuing of Annual Benefit Statements and another relating to how split pensions had been dealt with.
- 5.2. There is a legal requirement to provide an Annual Benefit Statement (ABS) to all active members by no later than the 31 August each year in accordance with Public Service Pensions Act 2013. The Service's Pension Administrator, West Yorkshire Pension Fund (WYPF), had a delay in the production of ABS statements for members of the Firefighters' Pension Scheme (FPS) 2006 Modified Scheme. There had also been delays for these members for the previous financial year, however, this had been due to complications in the data transfer from our previous pension administrator to WYPF. This time the delay has been across all WYPF fire clients as it had not been possible to develop an automated approach in time and ABS statements were prepared manually. This impacted approximately 70 active members and since it was a breach of our statutory duties, it was reported to the Pension Regulator. The Pension Regulator confirmed that they did not intend to take any enforcement action but noted that "a failure to provide eligible scheme members with an ABS may affect their confidence in the Scheme as well as their ability to plan and make decisions about their retirement. It is also indicative of possible wider governance and administrative failings."
- 5.3. In terms of the split pension, there had been an incorrect application of the entitlement to two pensions (Rule B5A within the FPS 1992 Scheme) by our previous pension provider, however, the split pension regulations concerning applying only one split and using equivalent indexing had only recently been highlighted by the LGA Pension Advisors. The matter had been corrected through WYPF but had resulted in an Internal Disputes Resolution case. This matter was again a breach of the law and one that was reportable to the Pension Regulator. Again, the Pension Regulator confirmed that they did not intend to take any further action and that they were satisfied that the matter had been resolved.
- 5.4. Whilst both breaches were assessed as being reportable, the Regulator was satisfied with the remedial action taken and no regulatory action has been taken.

6. Devon and Somerset Fire and Rescue Service Website

- 6.1. Further information regarding the Local Pension Board can be found on the Service website:
<http://www.dsfire.gov.uk/AboutUs/Pensions/index.cfm?siteCategoryId=2&T1ID=193>

7. Scheme Membership

- 7.1. The Board has not received details of scheme membership numbers to date but this has been included in the work programme for 2020/21. The Delegated Scheme Manager has been asked to develop a report for consideration at each Board meeting that details: membership numbers; opt out numbers; new starters; and retirements.
- 7.2. Analysis of scheme membership numbers will be reported in future annual reports.

8. Conflicts of Interest

- 8.1. Members of the Local Pension Board are required to declare any personal, prejudicial, or conflicts of interest. Board members are asked at each meeting to declare any conflicts that may have arisen.
- 8.2. There have been no declarations made by any Board members, advisor or attendee at any meeting of the Board during the relevant period.

9. Expenses and Costs

- 9.1. Members of the Board, together with the Head of Human Resources (as day-to-day Scheme Manager) attended the Local Government Association Fire Pensions Annual Conference in September 2019. There was no cost associated with this conference other than travel and subsistence which amounted to £1,171.
- 9.2. One former Board Member had been appointed to the Scheme Advisory Board Administration and Benchmarking Committee. The remit of the Committee is to provide guidance to the Scheme Advisory Board to assist understanding of the value and cost of appropriate administration for firefighter's pensions schemes. The Committee considers how administrators can best be supported, centrally, by identifying and sharing best practice. The Board Member attended one meeting in London last year, incurring travel costs of £257.
- 9.3. Total Local Pension Board expenditure for 2019-20 was, therefore, £1,428.

10. Gifts and Hospitality

- 10.1. No declarations of gifts or hospitality were made by members of the Board during the relevant period.

11. Knowledge and Understanding

- 11.1. Board members have completed, or are in the process of completing, e-learning modules on the Pension Regulator's website. Details of each Board member's training is published on the Service website.
- 11.2. Monthly updates from the scheme administrator, the West Yorkshire Pension Fund, and the LGA's monthly Firefighters Pensions Schemes Bulletin are shared with Board members.
- 11.3. Completion of the Regulator's self-assessment toolkit identified a need to develop a process for completion of individual training needs analysis for Board members and the creation of individual training plans/records. This has been included in the work programme for 2020/21.

12. Legislative and advisory updates

12.1. In accordance with statutory requirements, members of the Board have been provided with regular legislative updates together with updates from the Pension Regulator and the Scheme Advisory Board. The following have been provided during 2019-20:

- information on the management of risk and controls;
- information on managing conflicts of interest;
- Firefighters Pensions Schemes Bulletins No. 19 to 30 inclusive, setting out updates and news on a range of issues relating to Firefighters Pensions Schemes