

Pension Board Annual Report 2018

Report of the Chief Fire Officer

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1 Purpose of Report

This report brings the Pension Board Annual Report 2018 to the Standards
and Human Resources Committee for information.

2 Recommendations

The Committee is asked to note the Pension Board Annual Report 2018, as
attached at the Appendix to the report.

3 Background

The Pension Board has produced the attached report which sets out the work
that it has undertaken over the past twelve months.

The Committee is asked to note the report which will be made available to all
members of the Pension Schemes.

4 Financial Implications

There are no financial implications arising from this report.

5 Legal Comment

There are no legal implications arising from this report.

6 Equality Impact Assessment

There are no equality or diversity implications arising from this report.
An e-EQIA is not, therefore, required.

7 Appendix

Pension Board Annual Report 2018

8 Background Papers

There are no background papers associated with this report.

Shropshire and Wrekin Fire and Rescue Authority Pension Board

Appendix to report on
Pension Board Annual Report 2018
Shropshire and Wrekin Fire and Rescue Authority
Standards and Human Resources Committee
26 March 2019

Chair's Report 2018

Purpose of the Pension Board

The Pension Board (the Board) has been operational since 2015 and its purpose is to assist Shropshire and Wrekin Fire and Rescue Authority in its role as a Scheme Manager of the Firefighters Pension Scheme (the Scheme), particularly with regard to:

- (a) Securing compliance with the Pension 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;
- (b) Ensure the effective and efficient governance and administration of the Scheme.

The Board holds three meetings per year (recently increased from two per year), with the minutes from these meetings coming to the Fire Authority's Standards and HR Committee.

Membership

The Board has four members, two of whom represent the employees and two of whom represent the employer. During 2018 these were:

Employee Representatives

- Matthew Lamb – The Fire Brigades Union (FBU)
- Tony Talbot – The Fire and Rescue Services Association (FRSA)

Employers Representatives

- James Walton – Service Treasurer (Shropshire Council)
- Andy Johnson – Deputy Chief Fire Officer

Board meetings are also attended, and very much supported, by officers with specific responsibilities for the management and administration of the Scheme. This includes Lisa Vickers (SFRS) and Vicky Jenks (Shropshire Council), who implement most of the actions that fall out of the meetings.

It is pleasing to note that membership of the Board has remained constant for the last two years. This means that the Board's level of knowledge, experience and confidence is good. However, it is not being complacent and therefore members of the Board continue to undertake appropriate training and attend relevant conferences in order to keep up to date with this very complex subject. This is greatly aided by the excellent coordination role undertaken by the national Scheme Advisory Board (SAB) and also by taking advantage of the excellent training tools available through the Pension Regulator's (TPR) website.



Shropshire and Wrekin
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Activities of the Board

The Board does not administer or manage any part of the Scheme, but it does oversee the decisions that are made - and it can, and does, make recommendations for improving the efficiency and effectiveness of scheme administration.

It also has a role in overseeing the introduction of new regulations as they relate to the Scheme. A good example of this, during 2018, was the introduction of the General Data Protection Regulation (GDPR), which requires that the personal data required for the purposes of administering the Scheme is collected, held and stored correctly. The Board has gained assurance that the Scheme is compliant with GDPR, including informing Scheme Members about how their data is used.

During 2018 the Board has also worked with its administrator and software providers to implement its first comprehensive Data Quality review, which will now become an ongoing annual process. The 'data scores', obtained as a result of this process, are being used to prioritise the work included in the Scheme's "Data Quality Action Plan", which will support further improvements in the accuracy and completeness of the data used to underpin this important area of work.

The Board also coordinates the response to numerous national surveys, that look at many different aspects of Scheme management. It then reflects on the results from such surveys and ensures that the Service and the administrator take on any relevant learning.

A particular focus of improvement over the last 12 months, has been in encouraging the increased use of the Member's Pension Portal. This new online system provides all members with easy access to their Annual Benefit Statements; information about any tax implications they may have due to exceeding their Annual Allowance; and even a Benefits Projector, which allows them to explore how changing their actual retirement date might impact on their pension benefits. The Board have been encouraged by the number of members who have already registered on the portal (currently standing at nearly 50% of all Fire Pension Scheme members, compared to only 26% for members of the Local Government Pension Scheme), but is keen to see these uptake figures further improved during 2019.

The Member's Pension Portal can be accessed via the following link:

<https://www4.shropshire.gov.uk/altairMSSWeb/login>

This link enables members of either the Fire Pension Scheme or the Local Government Pension Scheme to create a log-in for the Shropshire County Pension Fund Member Self Service website



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The year ahead

As is the case in many areas of work, the pensions arena is full of much uncertainty over the coming year. Specific matters of interest to the Fire Authority include:

- (a) How the planned changes to the employers' contribution rate, introduced as a consequence of the latest Scheme valuation process, will be reflected in the Service's future funding settlements with Government. As highlighted in the Fire Authority's financial reports, whilst the Government has provisionally agreed to fund 90% of the Fire Service increase during 2019/20, how it will be reflected in the 2019 Comprehensive Spending Review is yet to be determined. This leaves the Service with significant uncertainty about how the, approximately, £1m increase in employer contributions will be covered in future years;
- (b) In December 2018, the Court of Appeal ruled that the 'transitional protection', offered to some members as part of the 2015 Pension Reforms, amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. If this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes. With the provisional estimate indicating that the judgment could cost the equivalent of around £4 billion per annum, for the national Scheme as a whole, the uncertainty around what impact this could have locally is obviously a matter of greatest importance, both to the Service and the members of the Pension Scheme affected by the ultimate decision.

The Board will ensure that the Fire Authority and local members of the Pension Scheme itself are kept informed on these matters as the implications become clearer.

