

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny and Audit Panel
Date	23 July 2020
Title of Report	2019/20 Annual report of East Sussex Fire and Rescue Service's (ESFRS) Local Firefighters' Pension Board
By	Judith Sarpong, Pensions Advisor
Lead Officer	Hannah Scott-Youldon, Assistant Director (People Services)

Background Papers Local Firefighters' Pension Board meetings held on 5 September 2019, 9 January 2020, 13 February 2020

Appendices None

Implications

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL		POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT To inform the Panel of the matters considered by the Pension Board during 2019/20.

EXECUTIVE SUMMARY The Board has met on three occasions during this year and considered reports on matters such as:

1. Terms of Reference (TOR) for the Pension Board
2. Policies and guides for the board and the Firefighters Pension Scheme (FPS)
3. Current issues and updates relating to the Authority's FPS

RECOMMENDATION The Panel is asked to note the annual report of the Firefighters' Pension Board for 2019/20.

1. **MEETINGS AND ATTENDANCE**

- 1.1 The three Board meetings were held in September 2019, January 2020 and February 2020.

Board Member	Expected Attendance	Actual Attendance	% Attendance
Mr Andrews (Fire Leaders' Association)	3	3	100%
Mr Goodchild (Retained Firefighters' Union)	3	0	0%
Mr Oakman (Fire Brigades' Union)	3	1	33%
Mr Lloyd (Fire Officers' Association)	3	1	33%
Cllr Ebel	3	3	100%
Cllr Hamilton	3	3	100%
Cllr Tutt	3	3	100%
Cllr Theobald	3	2	67%

2. **SEPTEMBER 2019 PENSION BOARD MEETING**

- 2.1 During the September 2019 meeting, the Board received the audit report by the Assistant Director Resources/Treasurer (ADR/T) informing Members of the audit activity in relation to the Firefighters' Pension Scheme (FPS).

The Board were reminded that the Authority has a statutory duty to ensure that it has a sound system of internal control which:

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- b) ensures that the financial and operational management of the authority is effective;
- c) includes effective arrangements for the management of risk.

- 2.2 As part of the audit work, the Authority's external auditor Ernst and Young LLP (EY) reviewed pension transactions that impact on the Authority's accounts and on Firefighters' Pension Fund account and considered risks and controls in relation to pensions administration. For 2018/19, EY gave an unqualified opinion on the Authority's accounts and identified no control issues in their audit report results.

- 2.3 As part of the 2018/2019 internal audit plan, a review of pension schemes was conducted. An opinion of 'substantial assurance' was given by the auditor, signifying that controls were in place and operating as expected in order to manage key risks and achieve system and service objectives. The auditor made one low risk recommendation which was for Orbis (the Authority's previous Pensions Administrator) to improve its internal controls. It was noted that the scope of the audit was limited and did not include those areas where the Service had already identified control issues.

- 2.4 During the meeting, the Board received the Report of Business Operations at Orbis notifying them of the Orbis Pension Administration performance and key themes. The report provided an overview of the statutory activities concerning the delivery of Firefighter Pension Administration to ESFRS to help the board measure the effectiveness of the scheme administration.
- 2.5 The Board also received an oral report from the Assistant Director (People Services) providing an update on the FPS and tasks that were currently being dealt with by the Authority's PA.

3. JANUARY 2020 PENSION BOARD MEETING

3.1 During the January 2020 meeting, the Board received three reports on:

- Terms of Reference for the Authority's FPS Local Pension Board;
- ESFRS' FPS issues; and
- Pension Policies and Guides.

3.2 Terms of Reference (TOR)

The Board received a report from the Pensions Advisor (PA) which presented a draft TOR for consideration. The original TOR had been updated following recommendations arising from The Pensions Regulator's (TPR) Governance and Administration survey 2017 and the Scheme Advisory Board's survey of local boards.

The Board was invited to consider the draft prior to submission to the Fire Authority for approval. The Panel considered each of the recommendations and raised the following specific points:

- Board Meetings: The Board agreed that the minimum number of meetings be increased to three per year.
- Term of Office: The Board agreed that it would be difficult to maintain a minimum two year term of office for the Chair of the Board due to constituent authority electoral cycles and the fact the appointments to the Fire authority were made on annual basis.

The Chair also highlighted that he was keen to encourage attendance and although it was right not to allow substitutes at meetings due to the complex nature of pension matters and training requirements, it may be necessary to review permanent appointments.

Members of the Board also suggested that the oversight of reported Breaches of Law should be added to the TOR.

3.3 Firefighter Pension Schemes (FPS) Update

The Board received a report from the PA which provided an update on FPS issues being addressed by the Authority and on monthly Local Government Association/

Scheme Advisory Board (LGA/SAB) bulletin actions since September 2019. The Board discussed the following matters:

Additional Pensions Benefit (APB):

The PA informed the Board that work on the APBs for 1992 and 2006 scheme members had now been completed. The PA explained that since 2015 FPS members are not entitled to APBs, any work carried out as part of a temporary promotion by those members is not pensionable. As such, 2015 member records needed to be amended to separate the substantive pay amounts from the amounts paid for the temporary promotions so that any extra pension contributions which resulted from the sum of both amounts originally treated as pensionable can be refunded. Work on this had commenced and it was hoped would be completed by the end of February, prior to the data transfer to West Yorkshire Pension Fund (WYPF). This currently affected 105 people who had been made aware that this work was being undertaken.

Part Time Workers Directive:

It was noted that a response from the employment tribunal on whether the firefighters who had not responded to letters were struck out was still awaited. The Board agreed that if this matter had not progressed by the time it met next, it would need to look at how the matter could be escalated.

Norman Vs Cheshire – Pensionable Pay Ruling:

Twenty repayment agreements had now been made. The PA advised that work was ongoing to contact the remaining eight.

Data Issues:

The Chair expressed his concern over the lack of resources available from Orbis to resolve data quality issues. The Assistant Director for People Services reassured the Board that a scheme of improvement for Orbis, with specific deadlines, was in place. It was hoped that issues would be resolved before data transfer, however, WYPF was aware of the current issues. The PA added that WYPF had a very structured way of dealing with data correction and run reports every quarter to check for data errors. The Chair offered to formally write to Orbis to express disappointment at the progress being made. The Board agreed that a robust approach was needed where there were resources issues from a service provider.

3.4 Pension Policies & Guidance

The PA submitted a report which informed the Pension Board of policies that TPR required Fire Authorities and their Boards to have in place to ensure compliance with scheme rules and regulation. The Board was invited to comment on the draft Breaches of Law Policy and Guidance and the Local Pension Board Training Policy prior to submission to the Fire Authority for approval.

The PA highlighted the importance of having a policy to ensure that the Authority was compliant in identifying, assessing and reporting breaches. All breaches would be recorded and monitored in the Breaches Log which would be reported to the future Pension Board meetings.

The Panel also noted the requirement for Board members to undergo training to ensure that they could provide appropriate challenge and carry out their role fully. Board members were reminded of the need to complete the online training tool kit and forward their record of training to the PA.

4. FEBRUARY 2020 PENSION BOARD MEETING

- 4.1 The Board received a report detailing the Sergeant Employment Tribunal case and its current status. The PA informed the Board of the outcome of the case management hearing held on 18 December 2019 with a view to setting out the procedural steps to appropriately implement the Court of Appeal decision. On the day, the Employment Tribunal made an interim order on the firefighters' transitional protections claims after which an employer's circular from the National Employers was sent to Fire and Rescue Authorities (FRAs) informing them of the detail with a further clarification issued by the Home Office in the form of a factsheet.
- 4.2 The PA informed the Board that with regard to temporary promotions, work to identify those records requiring refunds had been completed and refunds were being processed. Letters to those affected were due to be sent at the end of February 2020. Refunds for 2019/2020 adjustments would be made via payroll and via accounts for all years prior. It was expected that all payments would be complete by mid-March. In response to questions from the Board, the PA explained that the refunds would not make a significant difference to the individual care pay amounts and changes would be reflected in the Annual Benefits Statement issued in August 2020. The Board thanked the PA for her work in resolving the issue.
- 4.3 The Board noted that with regard to individuals affected by the Norman 'v' Cheshire ruling on pensionable pay, another repayment agreement had been put in place since the publication of the report. Work would continue to secure the remainder.
- 4.4 The Board were informed that investigative work in relation to incorrect values used for the 2018/2019 Annual Benefit Statements (ABS) had been completed by Orbis. All affected members were being identified and work to correct the values was underway.
- 4.5 The Assistant Director Resources/Treasurer (ADR/T) updated the Board on the transfer of the Authority's FPS Administration and Pensioner Payroll from Orbis to WYPF. A number of meetings had taken place and although it was initially thought that 1st April 2020 was an ambitious target, officers were now cautiously optimistic. A 'go/no go' decision was scheduled to be made on 3rd March 2020. There had been a question over the ability of Orbis to provide monthly payroll updates to WYPF, however, Orbis had now confirmed that monthly updates could be provided as of June 2020, backdated from April 2020. The Chair asked that the Board be advised when the 'go/no go' decision had been taken.
- 4.6 The Board received a report which notified Members of Orbis Pension Administration performance and key themes. The Board was pleased to note that for Q2 2019-20 all cases were completed within target.

5. CONCLUSION

- 5.1 Since the last Board meeting in February 2020, the transition of the Authority's FPS Administration and Pensioner Payroll from Orbis to WYPF has completed and the Project Closure Report has been submitted to the Project Management Office (PMO) by the PA.
- 5.2 Corrective work in relation to incorrect ABS values (see 3.4) completed before the transition from Orbis to WYPF on 1st April 2020 and all affected members were written to by the Authority's PA.
- 5.3 All other FPS related work which remain open are still being dealt with and monitored by the Authority's PA.