

SUBJECT: LOCAL PENSIONS BOARD ANNUAL REPORT FOR 2021

REPORT OF THE FINANCE DIRECTOR

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is for the HR Committee to note and comment upon the Annual Report of the Local Pension Board (LPB) covering the period from 1st January 2021 to 31st December 2021.

2. BACKGROUND

- 2.1 Members are reminded that within the Terms of Reference of the LPB there is a provision for the LPB to produce an annual report “highlighting areas of concern and identifying good practice” to this Committee.
- 2.2 The purpose of the LPB is to assist Tyne and Wear Fire Authority (TWFA) in its role as the ‘scheme manager’ of the Fire Fighters Pension Schemes. The assistance is to:
- Secure compliance with the 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;
 - Ensure the effective and efficient governance and administration of the Scheme;
 - The Board provides an oversight of these matters and, accordingly, the Board is not a decision making body in relation to the management of the Scheme but merely makes recommendations to assist in such management;
 - The Board is not a sub-committee of the Authority.
- 2.3 The Board is made up of 6 members, 3 members acting as Employer Representatives and 3 members acting as Employee Representatives.

3. ACTIVITIES

- 3.1 The terms of reference of the board state there should be at least 2 meetings each calendar year, and the legislation for local pension boards confirms this requirement. However, the Pension Regulator believes that 4 meetings each year is more preferable, and as such TWFRAs have previously held 4 meetings each calendar year as a result.
- 3.2 The Board therefore held 4 meetings for the calendar year 2021; 18th January, 19th April, 26th July and 18th October 2021.
- 3.3 In the January Board meeting, the LPB covered the following areas:
- Reviewed the Firefighter Pension risk register for Firefighter Pensions
 - Reviewed policies relating to Reporting Breaches and Conflicts of Interest
- 3.4 In the April Board meeting, the LPB covered the following areas:
- Adopted a revised Risk Register for Firefighter Pensions
 - Reviewed the current Internal Dispute Resolution Procedure, with recommended revisions being agreed subsequently by the Human Resources Committee
 - Received an update on Remedy, and specifically Immediate Detriment. This paper was then progressed to Human Resource Committee and to full Authority.
- 3.5 In the July Board meeting, the LPB covered the following areas:
- Received a further paper in relation to Immediate Detriment and the impact of revised guidance from Home Office
 - Carried out a review of Firefighter Pension Discretions
 - Received a report on the process of monitoring pension contributions and resolving payments issues.
- 3.6 In the October Board meeting, the LPB covered the following areas:
- Received a presentation on Immediate Detriment and the proposed Framework agreed by the Local Government Association (LGA) and the Fire Brigades Union.
- 3.7 The Board also received regular reports from West Yorkshire Pension Fund (our pension fund administrators), and various update bulletins from the LGA to keep the Board and its members fully up to date with all firefighter pension issues.

4. PENSION REMEDY AND IMMEDIATE DETRIMENT

- 4.1 The Board unsurprisingly received numerous reports on Pension Remedy and Immediate Detriment, and this area will undoubtedly create significant increases to the work load of the Pensions Team within the Finance department. This is the main issue affecting fire fighter pension schemes and is likely to dominate business until it is fully resolved with government legislation not expected until October 2023.
- 4.2 The Pension team has been temporarily increased by an extra clerical member of staff to help support the additional pensions workload, and that this will be kept under review especially if more capacity continues to be required which is likely to be the case.
- 4.3 The Board was also made aware of the issues Immediate Detriment creates for the wider affected workforce, especially on pension members deciding when to retire. Specifically pension members retiring prior to 1 April 2022 without fully understanding the implications of the new pension scheme which is quite complex.
- 4.4 The Pension Board requested that a communication was sent out to all members explaining the impacts of retiring before and after 1 April 2022 which was posted on the Authority's intranet on two separate occasions to ensure as many staff as possible were made aware of the information and facts. The Board will continue to assess the need for specific communications to aid pension members.
- 4.5 The Board is very wary of the conflicting guidance and advice being received from the LGA, HMT and the Home Office in relation to Immediate Detriment and this has caused an already difficult situation to have become even more complex and uncertain, both to the Authority and to the pension member as well.
- 4.6 The Board is also aware that a further report is being drafted on recent developments on Immediate detriment with the intention of this going to the full Authority meeting in February 2022 to seek further advice and guidance.
- 4.7 It is expected that in 2022, the main focus of the Board will be that of Pensions Remedy and Immediate Detriment, both in seeking to assist the Authority during this period and to ensure that members receive timely information.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications in regards to the proposals in this report.

6. EQUALITY IMPLICATIONS

6.1 There are no equality implications in this report.

7. HEALTH AND SAFETY IMPLICATIONS

7.1 There are no health and safety implications of this report.

8. RECOMMENDATIONS

8.1 The Committee is recommended to note the contents of this report.