



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Policy and Strategy Committee

FIREFIGHTER PENSION SCHEME ANNUAL BENEFITS STATEMENT

Report of the Chief Fire Officer

Date: 11 November 2016

Purpose of Report:

To inform Members of the delay in sending out annual benefits statements to Firefighter Pension Scheme members and of the work undertaken to report and to rectify this breach of the Pensions Act 2013.

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1. BACKGROUND

- 1.1 The Pensions Act 2013 (the Act) introduced a framework for the governance and administration of public service pension schemes, and this covers the Authority's firefighter pension schemes. The Act also defined the role of Scheme Manager, in relation to a public service pension scheme, as being responsible for various pension scheme functions including the provision of benefits information to pension scheme members annually. The Combined Fire Authority is deemed to be the Scheme Manager for Nottinghamshire's fire pension schemes with the day to day responsibilities delegated to the Head of Finance post.
- 1.2 In respect of the provision of benefits information to scheme members, the Act requires that scheme members receive a pension benefits statement by 31 August each year.
- 1.3 The Act also required the establishment of a Local Pension Board (referred to as the Local Firefighter Pension Board (LFPB) at this Authority) with responsibility for assisting the Scheme Manager in securing compliance with scheme regulations, governance and administration, and any requirements of the Pensions Regulator. The Authority's Local Firefighter Pension Board meets at least three times per year and comprises two employer and two employee representatives.

2. REPORT

- 2.1 There are now four main firefighter pension schemes in existence, with the introduction of a new firefighter pension scheme on 1 April 2015, bringing an increased level of complexity. The majority of employees are now in the 2015 firefighter pension scheme but also have preserved benefits in either the 1992 or 2006 scheme.
- 2.2 Pension administration for the Authority's firefighter pension schemes is provided by Leicestershire County Council. The pension administration system used by the pension administrator required significant changes to be made by the software supplier to deal with the complications of the new scheme and the transition of members between schemes over time.
- 2.3 Officers have been working with the pension administrator on plans to produce the first annual benefits statements after the introduction of the 2015 firefighter pension scheme by 31 August 2016, using the pension administration system. Although the issue of software changes was in the hands of the system supplier, a plan was put in place to ensure that data supplied by the Authority to the pension administrator for the purpose of producing annual benefits statements was delivered on time by 30 April 2016. The pension administrator has been in regular contact with the system supplier and has kept the Head of Finance informed of progress.

- 2.4 By June 2016 it had become apparent that the software might not be ready on time to achieve the statutory deadline and the pension administrator reported this to the LFPB meeting on 6 June 2016. The Board discussed the issue and concluded that if the software could not be relied upon to produce accurate annual benefits statements then it would be better to send statements after the deadline once it could be confirmed that the information contained in the statements was correct. The Board was aware that failure to send these statements by 31 August 2016 would be a breach of the Pensions Act and agreed that the Head of Finance should inform the appropriate parties of the breach if it did occur.
- 2.5 The Pension Administrator continued to keep the Head of Finance informed of the latest situation and confirmed on 12 August 2016, following a meeting with the system supplier, that the statutory deadline could not be met.
- 2.6 The Head of Finance informed members of the LFPB of the situation and then, acting upon the prior instructions of the Board, took the following actions:
- Sent a communication to all affected active members of the firefighter pension schemes informing them of the reason for the delay in sending annual benefits statements and indicating that statements were expected to be sent by 31 October 2016;
 - Determined that the breach of the Pensions Act 2013 was a material breach and reported it to the Pensions Regulator. The Regulator has since confirmed that there will be no action taken against the Authority.

In addition, the Chair of the LFPB sent a letter to the Chair of the national firefighter pension Scheme Advisory Board to inform him of the breach, the reasons for it and the plan to rectify the issue.

- 2.7 The Pension Administrator continued to work with the system supplier to rectify the problems as far as possible. Some issues will not be resolved until next year so the pension administration team had to do manual calculations in order to include some information on the statements, and spouse pension benefits had to be omitted this year. Annual benefits statements were finally sent out to members towards the end of October 2016 and pension scheme members are able to request spouse benefit information on an individual basis.
- 2.8 In terms of metrics, 656 active pension scheme members were affected by this issue. In addition, annual benefits statements for 198 deferred pension scheme members were issued by 31 August 2016 but 150 of these had to be re-issued after the statutory deadline because they had been printed on the wrong template. This latter issue will not occur again as the Pension Administrator's processes have been amended.
- 2.9 The Pension Administrator now has a plan in place to work with the supplier to ensure that all issues are rectified for the 2017 annual benefits statements and that the next statutory deadline can be achieved.

3. FINANCIAL IMPLICATIONS

- 3.1 The work undertaken by the system supplier to incorporate the 2015 firefighter pension scheme had already been charged for earlier in the year at £9,821 and this has been met from existing budgets.
- 3.2 The Pensions Regulator has confirmed that no further action will be taken; therefore there will not be a financial penalty in respect of the breach.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

This issue affected all active firefighter pension scheme members, who were kept informed of the situation.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been completed as this is not a policy change.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The Pensions Act 2013 sets out the requirement to communicate annual benefits statements by 31 August each year and the reporting of breaches of the Act to the Pensions Regulator. Although the statutory deadline was not met this year, the Pensions Regulator was informed of the breach and the Authority has provided further information to the regulator's office, upon request.

8. RISK MANAGEMENT IMPLICATIONS

The risk of breaching the Pensions Act requirements was added to the LFPB risk register at an early stage, and plans to manage the risk were put in place and monitored. The focus now will be on ensuring that legal requirements are met in future.

9. RECOMMENDATIONS

That Members note the contents of this report.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER