

Report of the Deputy Chief Fire Officer

Pensions Board Update (Fire Pension Schemes)

Purpose of report

1. To provide an update on the establishment and activities of the Pensions Board.
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Recommendations

It is recommended it be noted that:

- (i) *the Pensions Board continues to be compliant with the Public Services Pensions Act 2013;*
- (ii) *in line with the recommendations of The Pensions Regulator, the Pensions Board now meets four times a year; and*
- (iii) *progress continues to be made on a range of issues as described in the report.*

Introduction and Background

2. The Public Sector Pensions Act 2013 requires Scheme regulations to provide for the establishment of a Pensions Board from 1 April 2015 to assist the Scheme Manager in:
 - Securing compliance with the Scheme regulations and other legislation relating to the governance and administration of the Scheme.
 - Securing compliance with any requirements imposed by The Pensions Regulator.
 - Any other matters as detailed by the regulations.
3. The Authority established its Pensions Board at the Policy and Resources Committee on 25 March 2015. The authority to implement the Pensions Board and make appointments to the Board was delegated to the Head of Legal Services, in consultation with the Chairman of the Policy and Resources Committee.

Update

4. Since the last update delivered to the Policy and Resources Committee on 3 May 2023, the Board has met on four occasions: 23 May, 29 August, 29 November 2023 and 28 February 2024.

Pension Board Training Needs

5. Recommendations from The Pensions Regulator (TPR) have been supported to enable the Board to have sufficient knowledge of the pension schemes and their roles as Board members, most recently:
 - The LGA led an online introductory Pension Board training session for HWFRS, SFRS and WFRS on 3 November 2023.
 - TPR – Conflicts of Interest Training was undertaken by new members.
 - Additional EDI training carried out across HWFRS was deemed equal to the TPR EDI training guidance and signed off by the Board.
6. In addition to the above training related materials and activities, all members have access to The Pensions Regulator's online e-learning modules to enable members to actively participate and discuss Board issues; the training covers all pension schemes as well as the role as a Pension Board member.

Composition of Scheme Membership

7. At each meeting, the Board receives and reviews data on the scheme membership across the Service. Membership has stayed consistently high and no trends have been identified.

Scheme Advisory Board Update

8. FPS Member website: a new page relating to the 2015 Remedy is now available and an article updating staff was published in the Service Bulletin. In support of the website becoming available a Triple Play video was also released to ensure all staff were kept up to date regarding the latest positions for both rulings (McCloud/Sargeant & Matthews).
9. Cost Cap Mechanism: a claim was brought by the FBU re. cost cap calculation. The High Court ruled the Treasury's approach was not unreasonable, but the FBU are now applying for permission to appeal directly to the Court of Appeal.
10. Immediate Detriment: the Board has ensured that the Service is dealing with this in line with the guidance and legislation and that the reasons for decisions on implementation are being documented accordingly.
11. Contingent Decisions Guidance: this relates to members who would have made a different decision had they known about remedy. The Board decided the guidance would be adopted and decisions on its application would be devolved to the Scheme Manager.

Risk Register Update

12. The Board is required to compile, update and report on any significant risks or issues related to pensions. The Pensions Board Risk Register has now been finalised and aligned to the Service Strategic Risk Register (SRR).
13. Three items that are worthy of note are:
 - PEN05 – an additional sub risk was added to highlight the impact of the workload needed to address both the McCloud/Sargeant Remedy and the second options exercise being carried out in relation to the Matthews case.
 - PEN011 – was agreed to be archived as not considered to be a risk (Failure of Employer to pay employee contributions).
 - PEN013 – was agreed to increase the likelihood score from 2 to 3 (Failure to interpret the amended rules following Matthews and McCloud/Sargeant).

Breaches

14. The Board is required to be made aware of any breaches to the law where that breach is likely to be of material significance. Since the last report, there have been no conflicts of interest or significant breaches. However, there has been a technical breach in relation to the deadline date for contacting staff as part of the second options exercise that will be reported.

Matthews Remedy

15. The Matthews case concerned On-Call firefighters who, prior to 2006, were not eligible for membership of the Firefighters' Pension Scheme. This issue was partially addressed in 2006 by the creation of the 2006 Modified Scheme and On-Call firefighters who were within scope were given the option to purchase backdated pension benefits (the 'first options exercise'). As a result of the Matthews decision, the range of firefighters (and former On-Call firefighters) who are within scope has been significantly broadened. It has also become apparent that a significant number of people who should have been in scope did not appear within the first exercise. This is a national issue and not one specific to Hereford & Worcester FRS.
16. There are three blocks of staff within the exercise: current employees, former employees (with last known addresses) and others for whom addresses have been archived.
17. In response, the Pensions Manager has sent letters out to approx. 500 eligible members with an Expression of Interest form. The Service/team has identified 22 members for whom we have no known addresses and will subsequently use a tracing agency to try and establish contact. This is a time-consuming exercise, and it is anticipated that each case is likely to take around 3 hours to complete. Therefore, a decision was taken by the Board to seek approval from SLB to bring in temporary support to complete the work to meet the set deadline date; this person has now commenced.

Sargeant Remedy Update

18. Relevant legislation has now been amended by Parliament which puts in place all the remedy measures previously discussed and delivers options for individuals who were moved out of the 1992 and 2006 legacy schemes to have their service during the remedy period (April 2015 – April 2022) recalculated as though they were still members of the legacy scheme for that period. All firefighters moved into the 2015 Scheme from 1 April 2022.
19. The GAD Calculator for remedy is now in place and has been used by the Pensions Manager, although initial use has identified some further issues/complications with the software which have been reported. Under the regulations, the Remediable Service Statements (RSS) need to be issued by 31 March 2025; however, West Yorkshire Pension Fund (WYPF) are aiming to issue the Annual Benefit Statements by August 2024. To support this, they requested we provide them with the figures from the calculator by late spring 2024.
20. The legislation sets out to resolve the various tax implications around issues such as the Authority's payment charges or lump sum payments and other such issues. However, a recent technical issue regarding interest payments and relevant tax charges against the interest payments now requires further clarification from HMRC.

Decisions Log

21. A number of decisions have been taken and recorded by the Board that are worthy of note:
 - The Privacy Notice has been updated to cover data sharing between FRSs in relation to the Matthews case.
 - Discretions were agreed, along with the guidance and delegated authority devolved to the Scheme Manager regarding contingent decisions.
 - The Board agreed an uplift in administrative support for the Pensions Manager to support the additional workload created by both the Matthews and Sargeant cases.

Conclusion/Summary

22. This paper provides an update on the activities of the Pensions Board for the Firefighter Pension Schemes (FPS) to assist the Scheme Manager in securing compliance with the Public Service Pensions Act 2013.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues).	The local Pensions Board has been implemented in accordance with the Public Service Pensions Act 2013 which is a new burden on Fire Authorities.
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<p>Strategic Policy Links & Core Code of Ethics (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)</p>	<p>None</p>
<p>Risk Management/Health & Safety (identify any risks, the proposed control measures and risk evaluation scores.</p>	<p>A Risk Register is in place with an additional one for the Sargeant ruling added to the Strategic Risk Register.</p> <p>Note the additional link between the Pensions Board Risk Register and Payroll data and subsequent Risk Register.</p>
<p>Consultation (identify any public or other consultation that has been carried out on this matter).</p>	<p>None</p>
<p>Equalities (has an Equalities Impact Assessment been completed? If not, why not?)</p>	<p>None</p>
<p>Data Protection Impact Assessment (where personal data is processed a DPIA must be completed to ensure compliant handling).</p>	<p>All data is processed via third parties (e.g. WYPF).</p> <p>Note the update Privacy Notice linked to data sharing.</p>