

Report of the Deputy Chief Fire Officer

Pensions Board Update (Fire Pension Schemes)

Purpose of report

1. To provide the Policy and Resources Committee with an update on the establishment and activities of the Pensions Board.
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Recommendations

It is recommended that the following areas of progress are noted:

- (i) The Pensions Board continues to be compliant with the Public Services Pensions Act 2013.***
- (ii) Following the last report to the Policy and Resources Committee in May 2020, after advice from The Pensions Regulator, it was decided that the Pensions Board would move to four meetings per year. These were held on 22nd October 2020, 18th January 2021, 14th April 2021 and 21 July 2021.***

Background

2. The Public Sector Pensions Act 2013 requires Scheme regulations to provide for the establishment of a Pension 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 Pension 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 Policy & Resources Committee.

Update

Pension Board Training Needs

4. In order to meet the needs of the Board, members undergo regular/standard training. Since the last report, new members of the Board attended a training session by the LGA regarding remedy and are liaising with local FRAs for further training.

Composition of Scheme Membership

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

Scheme Advisory Board

6. The role of the Pension Board is to receive updates from the Scheme Advisory Board. Since the last report, the Board has received updates on a number of items, the most significant of which is that on 10 June the Home Office issued an update to the existing informal and non-statutory guidance on Immediate Detriment cases for upcoming retirements. To implement remedy in full, both primary and secondary legislation still needs to be laid down. The guidance only provides informal advice and overall responsibility for interpreting and applying the regulations still remains with each FRA. The updated guidance does not mean that Immediate Detriment needs to be applied.
7. The Board ensured that the Service was considering the legal implications of applying Immediate Detriment and not applying it and that the reasons for the decisions made were documented.

Risk Register Update

8. The Board is required to compile, update and report on any significant risks or issues related to pensions. A risk register has been in place for some time and at the meeting held on 14 April 2021 a decision was taken to standardise the risk register with the Service Strategic Risk Register (SRR) to apply a consistent approach with the most significant risks being escalated to the SRR.

Breaches

9. 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 breaches which required to be reported to The Pensions Regulator.

Sargeant Remedy Update

10. The Sargeant legal case found that the transitional protections of the Firefighters' Pension Scheme 2015 were discriminatory. A Remedy survey was launched in order to collate information around what FRAs have in place or are planning to implement due to remedy including their administration and finance arrangements. It also mentioned the Matthews case (second Modified Retained project) and asked what data was available. The Board supported structure and staffing in order to facilitate additional activities by appointing a part time Pension Administrator.

Decisions Log

11. In December 2020, 4 new members of the Pension Board (2 employer and 2 employee representatives) were recruited along with 3 shadow members as part of succession planning.
12. The Board was provided with updates from the Scheme Advisory Board with information obtained from the monthly bulletins.
13. The Pension Regulator annual returns were completed and submitted on 10 November 2020. The pause on the 2016 cost cap valuation will now be lifted. Any changes to employer rates resulting from the 2020 valuations will be delayed from April 2023 to April 2024.
14. Annual Benefit Statements for 2020/21 for protected members will not include final salary projections after 31 March 2022 as advised by the SAB. West Yorkshire Pension Fund (WYPF) has advised that they will not be sending out paper Annual Benefit Statements as these can now be viewed on their on-line portal.
15. On 19 July 2021, HM Treasury introduced the Public Service Pensions and Judicial Offices Bill (PSP&JO Bill) to the House of Lords. The Bill sets out in law how the Government will remove the discrimination identified by the courts in the way that the 2015 scheme reforms were introduced for some members (i.e. remedy). This is the primary legislation which closes the final salary schemes for accrual after 31 March 2022 and moves all remaining members into the 2015 Firefighters' Pension Scheme, whilst ensuring that existing transitional protections such as the final salary link and double accrual rate are retained. HWFRA are not proceeding with Immediate Detriment at the present time until further information is received regarding the legal framework.

Conclusion/Summary

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

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues).	The local Pension Board has been implemented in accordance with the Public Sector Pensions Act 2013 which is a new burden on Fire Authorities.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None.
Risk Management/Health & Safety (identify any risks, the proposed control measures and risk evaluation scores.	A risk register is in place with an additional one for the Sargeant ruling being created
Consultation (identify any public or other consultation that has been carried out on this matter).	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?	None