



## **Surrey Local Firefighters' Pension Board 6 February 2025**

### **Scheme Management Update Report**

#### **Recommendations:**

The Board is asked to note the report and actions taken.

#### **1.0 Introduction:**

1.1 The Board has requested an update on Scheme management activities.

#### **2.0 Scheme Management Activities**

##### **McCloud - Age Discrimination Remedy**

- 2.1 XPS continue to issue statements to members where they have all the information required to do so and provide regular updates to members on progress. Priority is given where possible to those members most likely to elect for a change in benefits, although it is important to note that most members are already in receipt of the highest available benefits.
- 2.2 The Surrey Fire and Rescue Service (SFRS) Pensions SharePoint site continues to be updated as a source of reference for members.

##### **10% Pensionable Allowance**

- 2.3 The pension team has obtained legal guidance regarding the timeline for completing the project. The legal view confirmed that the critical timeline involved payments due to members, and this part of the project has been successfully completed. All cohorts of members with payments due have been settled, including all legally required payments.

The remaining tasks involve payments due to the scheme for current and deferred members. Since there are no legal repercussions for the members in this phase, the project can progress at a steady pace. The next cohort to be contacted are current active employees, and statements for these employees have been prepared and are ready for review.

With the critical payments to members completed and no immediate legal implications for the remaining tasks, the project is well-positioned to continue at a measured pace. The preparation for the next phase, involving current active employees, is on track with statements ready for review.

## Retained Settlement – Matthew’s cases.

2.4 The project continues to make good progress, with the first group of Special Pensioner members now having received their statements. Out of the 12 Pensioner statements sent out, 9 have been returned. The necessary data for these individuals has been forwarded to XPS to create pension records, and their first payments will be included in the February payroll, along with any arrears due. We had hoped they would be included in the January payroll, but XPS advised this was not possible due to not having enough resources in place.

2.5 To date the following figures, apply:

Membership	In Scope	Expressed an interest	Received statement	Elected to join Scheme
Active	37	18	16	4
Deferred	134	50	35	11
Pensioner	40	34	26	9
Deceased	7	On hold		

2.6 Of the 218 individuals identified to be in scope for the project, the Pension team has received positive responses from 94 individuals, and negative responses from 8 individuals. This is slightly less than 50% of the total membership in scope for the project. ITM has been appointed to undertake a member tracing exercise on behalf of the Pensions team. This initiative ensures compliance with the 'reasonable endeavours' clause in the legislation, aimed at contacting individuals within the project's scope. ITM, having been approved as a service provider, has been tasked with delivering this part of the project. In December 2024, the data for all employees, who have not responded to initial communications, was securely uploaded to ITM via a secure portal to progress this exercise.

2.7 The Pension Team continues to receive completed Expression of Interest (EOI) forms. To date, we have received replies from just over 48.5% of the individuals contacted. The Pension Team anticipates that this number will increase as a result of the ongoing member tracing exercise.

2.8 The Pension Team continues to report quarterly statistics to The Home Office (HO) and GAD regarding the number of cases being worked on in relation the Matthew’s second options exercise, as required.

## Amendments to the Firefighters’ Pension Scheme (England) 2006

2.9 The Home Office has initiated a consultation on proposed amendments to the Firefighters’ Pension Scheme (England) 2006, specifically addressing technicalities overlooked in the initial consultation document. The consultation, which runs from 23 December 2024 to 17 February 2025, seeks to gather views on extending eligibility for pension benefits and making technical adjustments to the scheme. Key proposals include extending the eligibility for additional death grants and providing more flexibility for members to convert standard service to special service. The consultation also proposes that the implementation deadline is extended to **31 March 2026**. The

Pension Team are preparing an informed response to be submitted ahead of the deadline.

- 2.10 As the remedy implementation has progressed several issues have been raised with regards to gaps in the regulations. These gaps may require a compensatory mechanism to resolve, but the regulations do not currently provide for compensation to be paid. In early 2025, the Home Office will commence technical workshops, consulting with stakeholders from the fire pensions sector, to establish what those gaps are and how they may be compensated for.

There is also an ongoing Employment Tribunal claim in progress relating to members who were retained firefighters and, before April 2006 became wholetime firefighters and joined the 1992 pension scheme. Currently those members cannot aggregate their retained and wholetime service and the claim seeks to remedy this position. The case is stayed until early 2025.

### **Annual Benefit Statements (ABS) / Remediable Service Statement (RSS)**

- 2.11 For members affected by the pension remedy, Scheme Managers are required to provide an Annual Benefits Statement (ABS) that includes a Remediable Service Statement (RSS). This statement will compare benefits under both the legacy final salary scheme and the reformed 2015 scheme. The legislative deadline to provide an RSS to active members is 31 March 2025. Members not within the scope of the remedy will continue to receive a standard ABS.

The payroll team has encountered significant challenges and complications in identifying and extracting the correct pay elements for different ranks of firefighter members. The pension team has been collaborating with the payroll team, diligently testing the data and resolving errors. However, due to software complications, further manual manipulations have been necessary, which has delayed the process. The payroll team are actively working to resolve these issues and are committed to ensuring all errors are corrected. The Financial Year end report was submitted to XPS on 24 January 2025. The payroll team are now working on the Scheme Year end report and aim to have this ready for submission to XPS by 14 February 2025.

XPS have confirmed they will provide a timeline for publishing the statements following receipt of the data. Scheme members have been informed of the delays, and the Pension Team will continue to update them on progress.

If an accurate ABS cannot be provided by 31st August 2024, this is classed as a breach. If a breach is material, it must be reported to The Pensions Regulator (TPR).

The Pension Team have reported the breach to tPR and will provide a further update before the end of January 2025.

### **Pension Savings Statements (PSS)**

- 2.12 There are two critical statements: the Pension Savings Statement (PSS) and the Remediable Pension Savings Statement (RPSS). The PSS is applicable to individuals who exceed the annual allowance of £60,000 for the 2023/24 tax year, while the RPSS reviews the tax years within the remedy period and assesses the impact of the pension remedy on the individual's tax position.

The McCloud remedy project has introduced additional complexities to the process of generating the Pension Savings Statements (PSS). Individuals affected by the remedy who exceed the annual allowance for the 2022/23 and/or 2023/24 tax years must comply with a new reporting framework via HMRC digital services. Members who breach the annual allowance in the 2023/24 tax year and are eligible to receive a PSS must complete a self-assessment with HMRC by 31 January 2025.

The Local Government Association (LGA) has informed HMRC that members may not be able to accurately assess or report their 2023/24 Annual Allowance position until their remedial period has been resolved. HMRC acknowledges this situation and suggests that members submit an estimate by 31 January, with a 12-month period to revise this figure and provide accurate information. HMRC has issued detailed guidance for members on how to proceed if they do not know their pension input details by the self-assessment filing date.

Regarding the Remediable Pension Savings Statements (R-PSS), HMRC has confirmed that mitigations are available to members who do not receive all necessary information by 6 October 2024. The remediable tax regulations allow a three-month reporting window from the date a statement is received. However, these mitigations do not extend to pension schemes.

It is important to note that services may incur penalties if statutory deadlines are missed. However, HMRC has confirmed that no penalties will apply to members if delays are due to pending PSS. Due to the increased annual allowance, this requirement affects less than 5% of those under review.

Guidance notes and an [FAQ factsheet](#) has been published by the Local Government Association (LGA) and the information is also available on the Pensions [SharePoint](#) site.

### **Guaranteed Minimum Pension (GMP) Rectification**

- 2.13 The Pensions Team have requested an update on the completion of the GMP rectification from XPS and for details of any issues.

### **The Pension Regulator – General Code of Practice Compliance Report**

- 2.14 In March 2024, the Pensions Regulator (TPR) introduced the new General Code of Practice (the General Code), which consolidates ten of its existing fifteen codes of practice into a single, comprehensive code. This new code aims to provide clear and consistent expectations regarding the governance and administration of pension schemes.

Key aspects of the General Code include:

1. **Effective System of Governance (ESOG):** The code emphasizes the importance of establishing an ESOG.
2. **Own Risk Assessment (ORA):** Schemes with over 100 members are required to conduct an ORA at least every three years, with the first ORA due by 2026.

The General Code applies to trustees and managers of all occupational and personal pension schemes.

The Scheme Manager has prepared the attached report for the Pension Board's review. This initial assessment of SFRS's compliance with the General Code highlights areas needing further investigation or action to meet ESOG expectations.

The Board is asked to consider the attached report and agree priority areas for future action.

## **Pensions Dashboards**

2.15 The government is introducing pensions dashboards in 2025 to provide clear information about individuals' pension savings across multiple pots, including the State Pension. These dashboards will help reconnect individuals with lost pensions. On average, people are estimated to have around eleven different pension pots by retirement.

Public sector pension schemes are expected to connect to the dashboards in October 2025. The dashboards will initially show savings amounts, projected retirement income, and links to useful information and tools.

Schemes will have legal responsibilities to:

- Register with the Money and Pensions Service (MaPS) and connect to the dashboard.
- Handle personal information and match members to their pensions ('find requests').
- Provide pension information to members through the dashboard ('view requests').
- Cooperate with MaPS, maintain records, and report specific information.

Pension administration companies, like XPS, will connect via existing software. MaPS has set standards for data format, system connections, and reporting.

XPS will be issuing a Dashboard Connection Readiness Report which will be specific to SFRS.

## **Member Contribution Structure Review**

2.16 The Home Office has launched a consultation on proposed updates to the Firefighters' Pension Scheme (England) Regulations 2014, focusing on the member contribution structure. Running from 20 November 2024 to 29 January 2025, the consultation seeks input on adjusting contribution rates and tiers to meet the target yield of 13.2% and ensure the scheme remains sustainable and fair. Key proposals include revising pay thresholds, introducing additional tiers, and considering a marginal contribution structure. The consultation also explores methods for future-proofing the scheme by indexing thresholds to pay awards or the consumer price index (CPI). The Pension team is preparing an informed response for submission prior to the deadline.

## **Pre-Retirement Course**

2.17 Following positive feedback from the courses held by Affinity Connect in 2023, and 2024, further courses are planned with Affinity for 2025. This will continue to be publicised in the staff newsletter and full details are available on the Pensions Information SharePoint site.

## Training

2.18 In accordance with the new tPR compliance code, we are obligated to ensure that our team and Pension Board members possess a comprehensive knowledge and understanding of pensions. The Local Government Association (LGA) is proposing training sessions next year aimed at new pensions team members and Pension Board members, at a cost of £295 plus VAT per person.

Additionally, there is an opportunity to pursue a more formal qualification in partnership with Barnett Waddingham. The Level 2 Award in Pensions Essentials (APE) qualification is designed for those new to pensions, though it is not specific to the Firefighters' pension scheme. The cost of this qualification is £950 plus VAT per person.

Furthermore, a course for Scheme Managers is currently in development and is expected to launch in September 2025. This will be added to our team training plan as soon as further details are released.

The board / team has been booked onto the LGA training in June 2025.

## Pension Team Resourcing

2.19 The Pensions Support Assistant role has been filled and the team is up to capacity.

## Unit 4 Payroll Adjustments

2.20 Payroll continue to correct the contribution errors for SFRS Scheme members and will contact the affected members to arrange for the under/overpayments to be adjusted. The Pensions Team will continue to oversee progress of the project.

## Communications

2.21 The following communications have been sent since the last local Pension Board meeting took place:

- **New Starter Information Slide Deck:** The pension information starter pack has been updated for distribution to new starters. The Pension Team visited Wray Park to give a presentation to new recruits on 4 December 24 and have also arranged further visits for 2025.
- **Employee contribution rate review:** An article was published in SFRS news on 28 November 2024 advising members of the employee contribution rate review and the Home Office consultation.
- **Matthews Remedy podcast:** An article was published in SFRS news on 4 December 2024 informing members of a podcast available to view on the FPS website providing an overview of the second options exercise
- **Information on Pensions tax and self-assessment:** An article was published in SFRS news on 13 January 2025 to inform members of ongoing issues and delays with publishing Annual Benefit Statements and Remediable Pension Savings Statements
- **Pre-retirement course:** An article was published on 28 January 2025 advising members of online pre-retirement course dates for 2025, run by Affinity Connect.

- **Pensions Tax and Self-Assessment:** An email was on 23 January 2025, sent to all members identified as having previously received a Pensions Savings Statement to alert them to the HMRC reporting requirements related to 2023-24 tax year

2.22 The Pensions SharePoint site continues to be updated as a source of reference for members. Since the last Board meeting, updates have been added as follows:

- **McCloud Age Discrimination:** update regarding Remediable Pension Savings Statements and tax implications
- **Member factsheets:** Annual Allowance and Remediable Pension Savings Statements
- **Frequently Asked Questions:** Annual Benefit Statements and Pension Savings Statements
- **Matthews Second Options Exercise:** Link to podcast on the FPS website
- **Pre-retirement course:** updated with new dates for 2025
- **Pension Walk in sessions:** SharePoint has been updated to alert members to Walk In sessions offered by the Pension Team every Thursday morning at Woodhatch.

A summary of site usage, for the period 1 October 2024 to 31 December 2024, is shown below

- In the last 90 days there were 375 visits in total.
- In the last 30 days the average time spent visiting the site was 2 mins 17seconds; and in the last 90 days 100% of visitors accessed the site via a desktop device.

Analysis of the data shows the most popular pages visited in the last period, were:

- Home page
- Firefighter Pensions Schemes; and
- McCloud Age Discrimination.

## Risk Management

2.23 The Local Firefighters Pension Scheme (LFPS) Risk Register has been reviewed and is a standing agenda item on the LFPB. The Board is asked to note the changes in the risk register and the overview of changes since the last meeting.

## 3.0 Summary

3.1 The Board is asked to note the update provided.

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**Sources/background papers:** None

**Annexes:** N/A

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