



## **Surrey Local Firefighters' Pension Board 28 April 2022**

### **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**

##### **2.1 McCloud - Age Discrimination – Immediate Detriment Remedy**

2.2 The Home Office withdrew its informal guidance on immediate detriment in November 2021. This led to Fire and Rescue Authorities reconsidering their position regarding the Fire Brigade Union (FBU) and Local Government Association (LGA) Immediate Detriment Framework (IDF) Memorandum of Understanding (MoU). The information provided to date by the LGA, indicates there are many complex issues involved with the McCloud case and until the legislation is implemented in October 2023, the financial risks to both the member and the Fire and Rescue Authority (FRA) remains high. So far, the message to FRA's continues to state IDF should only be adopted if deemed appropriate for each individual FRA. The Service anticipated a legal update would be provided by Bevan Brittan via the LGA at the start of 2022 with respect to the IDF, however this has not yet been issued.

2.3 From information gathered at the LGA coffee mornings, there are some FRA's in the country who are processing Immediate Detriment claims. However, this seems to be mainly due to applications being in progress before the LGA published the MoU or the number of members affected being very low so the level of risk is low.

2.4 Monthly meetings have commenced with XPS on the McCloud project as a platform to answer any questions and gain guidance on how to proceed. These have proved to be very useful.

2.5 The Service is waiting for the template from XPS so the data collection exercise can commence. On 23 March 2022, XPS confirmed there would be a delay in sending the template to the Service due to an error whereby data is not included on the template even

though it is held on the system. This is an error affecting all clients XPS is working with. Once the template is received, the exercise will take approximately six months to complete and will require resource and input from a number of teams within the Service and Surrey County Council (SCC). This exercise will be of great benefit, not only for the project but as part of a data cleansing exercise too.

2.6 A communication was received on 4 April from the LGA which shared a letter signed by both the LGA (on behalf of FRA's) and the Fire Brigades Union sent to the Home Office on the processing of the age discrimination remedy. The letter highlighted the challenges FRA's currently face which is preventing benefits due to members to be paid and ways in which these can be progressed by the Home Office amending legislation or offering greater flexibility. The Service welcomed this communication from the LGA and FBU, as we want to progress in this area for both scheme administration and for members. However as no further guidance was provided to FRA's on how to continue on this project, the Service's stance remains the same and implementing immediate detriment remains paused.

## **2.7 Age Discrimination – Move to FPS 2015**

2.8 As part of the remedy for the age discrimination which occurred due to the introduction of the FPS 2015 pension, all active firefighters, regardless of age and legacy pension scheme membership, moved to the FPS 2015 pension scheme on 1 April 2022.

2.9 A communication was sent to all active members to confirm their pension contributions would be made to the FPS 2015 scheme from 1 April. This letter was sent the week commencing 11 March 2022. The letter informed members who were part of the FPS 1992 or FPS 2006 pension schemes that their contributions may also change from 1 April 2022 and how this may affect them at retirement. Included in the letter was a myth busting factsheet in relation to the McCloud / Sargeant remedy.

2.10 The payroll team were also notified that members of the FPS 1992 and FPS 2006 scheme would now be members of the FPS 2015 pension scheme. As a result their contributions may need to be adjusted to meet the rules of the 2015 scheme. The Payroll team have confirmed this has been implemented.

## **2.11 10% Pensionable Allowance**

2.12 After the letters to Priority Group One members were sent in December 2022, a communication was received from the regional FBU representative to inform the Service that legal advice was being sought regarding the content of the letter. The Service had sought its own legal advice prior to the letters being sent, however the decision was made to pause sending communications to members in the next cohorts. This was on the basis that should the feedback from the FBU require a different approach this could be actioned in a more efficient manner and be less confusing for members. A meeting with the FBU took place on 13 April 2022. Now the feedback has been received, a further meeting is required to work through the concerns raised. This relate to members paying contributions to the Service if they do not receive any additional pension benefit and the date the Statute of Limitation should commence from. The Pensions Project Team anticipate there will still be some time until the matter is resolved, so communicating to members of Priority Group Two onwards remains paused. This delay will impact not only when priority groups are contacted but also when the project will finish.

2.13 Calculations have been completed for the Priority Group Two and are underway for Priority Groups Three and Four. Calculations will continue to be worked through by the project team.

## 2.14 Modified Scheme – On-Call Access

2.15 In January 2022 an update was sent to all members who submitted their Expression of Interest form. The communication informed members their wishes had been noted and further information would be provided to them once an update from the Home Office was provided. The communication also noted calculations will be provided once further guidance has been provided to FRA's.

2.16 It is important to note that previous communications to members stated once the Expression of Interest deadline passed, calculations would be undertaken and provided to members. The reason for the change in stance has been due to the delay in information from the Home Office regarding how to proceed, the complexity of the project as there are further factors to consider, and a cautious approach being adopted by the Service. If the Service were to provide calculations, we may find at a later date the method or interest to factor in calculations would be incorrect and need to be reworked. So far there has been one member who has noted the change in stance and has contacted the Service via the pension reform inbox on this matter.

2.17 Communications were received from the LGA on 15 March 2022 regarding the modified scheme. It confirmed "*regulations to implement the second options exercise in England will be drafted by the Home Office and consulted on before they are laid before Parliament. The Home Office has a maximum period of 18 months to draft, consult, and introduce the necessary secondary legislation*". This update along with the LGA guidance at the bi-weekly coffee mornings, has confirmed the second exercise will open around September 2023 and will be known as the '2023 exercise'.

2.18 Based on the guidance above from the LGA, the Pensions Project Team has sent a communication to SFRS News with the update on the modified project. This will be published on 15 April 2022. The team also sent an update letter the week commencing 4 April, to members who confirmed they would like more information on the modified project.

2.19 It is important for the Board to note the period when the 2023 exercise is due to open, falls simultaneously with the launch of the legislation for the McCloud / Age Discrimination Remedy secondary legislation. This will mean additional resourcing will be required throughout 2023 and into 2024. This has been highlighted as action F8 on the risk register and we are considering the control measures to implement.

## 2.20 Training

2.21 Training for all Board members and the Pensions Project Team took place on 29 March 2022. The training provided by the LGA was a technical update covering hot topics of age discrimination, immediate detriment, Mathews/modified, pension dashboards, abatement and the cost control mechanism. This proved to be a very useful and insightful afternoon for all attendees.

2.22 – From the training it highlighted a number of action points for the Service to complete. These were:

Topic	Tasks	Status
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McCloud / Age discrimination	<ol style="list-style-type: none"> <li>1. Ensure all remaining members are transferred into FPS 2015 from 1 April 2022 on payroll</li> <li>2. Send cohort-specific 1 April 2022 letter to all members*</li> <li>3. Distribute 'Your questions answered' factsheet</li> <li>4. Monitor optant outs –new factsheet available!</li> <li>5. Communicate opt in message.</li> <li>6. Update websites and other resources</li> <li>7. Consider possible upcoming IQMP referrals</li> <li>8. Send follow up letter to former protected members</li> <li>9. Collection and cleansing of remedy data</li> </ol>	<ol style="list-style-type: none"> <li>1. Completed</li> <li>2. Completed</li> <li>3. Completed</li> <li>4. Underway</li> <li>5. Completed</li> <li>6. To action</li> <li>7. Underway</li> <li>8. To action</li> <li>9. To action</li> </ol>
<b>Immediate detriment</b>	<ol style="list-style-type: none"> <li>1. Continue to consider adoption of the framework</li> <li>2. Maintain open comms with members and local rep bodies</li> <li>3. Continue data collection work for cases</li> <li>4. Calculate potential liabilities to assess financial risk</li> <li>5. Consider alternative to not adopting Framework</li> </ol>	<ol style="list-style-type: none"> <li>1. Underway</li> <li>2. Underway</li> <li>3. To action</li> <li>4. Completed</li> <li>5. Completed</li> </ol>
<b>Matthews / modified</b>	<ol style="list-style-type: none"> <li>1. Identify those in scope</li> <li>2. Find out what steps were taken for 2014 exercise</li> <li>3. Provide aggregation numbers to LGA by 31 May 2022</li> <li>4. Respond to consultation (in due course)</li> </ol>	<ol style="list-style-type: none"> <li>1. Underway</li> <li>2. Underway</li> <li>3. Underway</li> <li>4. To action</li> </ol>
<b>Pensions dashboard</b>	<ol style="list-style-type: none"> <li>1. Consider how to connect</li> <li>2. Consider what resources will be needed</li> <li>3. Begin / continue to cleanse data</li> </ol>	<ol style="list-style-type: none"> <li>1. To action</li> <li>2. To action</li> <li>3. Underway</li> </ol>
<b>Abatement</b>	<ol style="list-style-type: none"> <li>1. Review existing policies</li> <li>2. Revisit previous cases if required</li> <li>3. Monitor cases for consistency in decision making and process followed</li> </ol>	<ol style="list-style-type: none"> <li>1. Underway</li> <li>2. To action</li> <li>3. To action</li> </ol>

## 2.23 The Pension Regulator – “six processes” factsheet

2.24 The Pensions Project Team have worked through the six processes and are waiting for clarification on one aspect before this document is shared with the Board. The item to be finalised are the process for resolving contribution payment issues. From the initial review it appears the Service is in a positive position with respect to the processes recommended for FRA's to follow by the LGA.

## 2.25 Pension Policy

2.26 The Pension Project Team have been working through an overarching policy for the SFRS pensions. This has been shared with the Board members for review.

2.27 The Pensions Project Team have also highlighted a number of additional policies which need to be created to ensure best practice. These have been set as a team objective to be completed by end of June 2022.

## **2.28 Risk Management**

The Local Firefighters Pension Scheme (LFPS) Risk Register has been reviewed and is a standing agenda item on the LFPB.

## **2.29 Summary**

The Board is asked to note the update provided.

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**Sources/background papers:** N/A

**Annexes:** N/A

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