



Surrey Local Firefighters' Pension Board 27 April 2023

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 – Immediate Detriment Remedy

2.1 The Bank Subject Matter Experts (SMEs) within the Pensions Team have continued working tirelessly on the data collection exercise. The wider team have also been assisting with the exercise.

2.2 A revised internal timeline was agreed with XPS, whereby first data return for members of the 1992 scheme, was due to be returned by the end of February 2023. However due to sickness and the extensive time to check the necessary information, a new deadline of mid-April has been agreed with XPS.

2.3 A risk register has been completed which is specific to the McCloud Age Discrimination project. This file forms part of the Bord documents pack and is available for Board members to review. The top two risk identified from the review are:

- Consequences if the data collection not completed on time. Risk number 1.
- Impact if XPS delay providing member's pensions, should there be a substantial number of members retiring once the new legislation is in force. Risk number 4.

2.4 The McCloud consultation was released for review on 28 February 2023. All Fire and Rescue Authorities (FRA's) have until 23 May 2023 to respond to the consultation. The Pensions Team are in the process of writing an overview of the consultation. The response will be shared with the members of the Board ahead of the consultation deadline. The Local Government Association (LGA) will also respond to the consultation which will be shared with the fire sector and the response will be reviewed by the Pensions Team.

10% Pensionable Allowance

2.5 Reminder letters were sent in February 2023 to members of Priority Group Two whom the Service has not yet heard from. To date 26 members out of 35 members of this cohort have paid their contributions and have now received their additional monies.

2.6 All members of Priority Group Three were sent their letters at the end of February 2023 and in early March 2023. The communication was sent to both members who were in scope and due additional benefits, and those who were out of scope and therefore not due any additional pension payments. For members who were due additional payments, the commuted lump sums were paid on 15 March 2023. Their pension arrears will be paid by the end of June along with their pension increases. This allows a further calculation to be completed and to take into account the impact of the pension increase in April 2023.

2.7 The Finance Team have received regular updates from the Pension Teams of the monies which needs to be paid for by the Service in relation to this exercise. This project continues to be recorded as a financial risk and is considered in budget monitoring.

2.8 The Pensions Team's immediate priority will turn to completing the McCloud data collection exercise before re-commencing with the 10% project. A communication to update members of Priority Groups Four to Seven will be sent in April 2023. The letter informs members the project is still ongoing and their personalised calculations will be sent to them by the end of 2023.

Matthews - Modified Scheme – On-Call Access

2.9 The Pensions Team have been notified by the LGA that the consultation for the Matthews legislation is now open for review. The Pensions Team will respond to the consultation by the set deadline of 9 June 2023. It is important to note, that the new legislation, is now due to come into force in October 2023. This is one month later than previously anticipated.

2.10 A letter to all members affected by the Matthew's second options exercise has been drafted. Since the last letter was sent in May 2022, the communication confirms the consultation on proposed changes to Firefighters' Pension Scheme (England) 2006 for Retained Firefighters' Pension is now open for FRA's to respond to. There are no other changes to update affected members with.

2.11 A communication is also in place to send to members who have previously stated they would not like to be contacted regarding the on-call pension scheme. A decision has been taken to contact this cohort again, as the eligibility criteria has changed since members were last contacted, and the new conditions may be more favourable for members. The change in eligibility criteria means a member may be able to utilise service from the start of their on-call career which commenced pre April 2000 on the basis they were employed between 7 April 2000 until 5 April 2006. Previously the on-call pension was only for employment during the period 7 April 2000 until 5 April 2006.

2.12 The consultation for Matthews was released on 31 March 2023. All Fire and Rescue Authorities (FRA's) have until 9 June 2023 to respond to the consultation. The Pensions Team

are in the process of writing an overview of the consultation. The response will be shared with the members of the Board ahead of the consultation deadline.

Pension Policies

2.13 The first draft of the abatement policy has been completed and is with the Scheme Manager to review before it is sent to the Workforce Working Group (WWG). Once approved by the WWG it will be placed on the Pensions SharePoint page.

Spring Budget

2.14 The Spring budget was presented by the Government on 15 March which featured key benefits for pension members. Firstly, the annual allowance limit has been increased by £20,000. This enables a member's pension pots to grow up to £60,000 in the 2023/2024 tax year and going forward before tax charges may be payable. Secondly, the lifetime allowance will also be abolished from 6 April 2023 onwards. There is now no limit to the amount of capital a member has across any of their pension schemes, however, pension commencement lump sums will remain restricted. A communication regarding the above was sent via Surrey Fire and Rescue Service (SFRS) News on 17 March 2023 to inform members of the changes.

Pay Award

2.15 On 7 March 2023 it was confirmed the FBU agreed to the pay proposal from Fire service employers. The award consists of 7% increase backdated to July 2022 and a further 5% increase from 1 July 2023. Further communications are expected from LGA as the pay proposal may impact on members tax liabilities. The Pensions Team will keep members informed.

Pensions Dashboard

2.16 A meeting took place between XPS Administration and the Pensions Team regarding the pensions dashboard. XPS confirmed the data fields held on their system is being matched to the specialist software which will be used for the dashboard.

2.17 XPS have also been reviewing the Service's data which XPS will store on our behalf on their system. At present there are no concerns with the Service's data. A data scoring exercise will take place in due course, which will highlight any data which is missing. The McCloud data collection exercise, which is underway, will help to increase the quality of data.

2.18 The Pensions Team were notified by the LGA on 3 March 2023 that the Department for Work and Pensions had announced a reset which will push back the delivery of the pensions dashboard. This is due to the architecture of the site requiring a review. The new delivery date of the dashboard and the revised staging date for the Firefighter Pension Scheme, have not yet been announced.

Guaranteed Minimum Pension (GMP) Reconciliation

2.19 Mercer and XPS are now in contact with each other to finalise the GMP project. The reconciliation project is due to be completed by the end of 2023. Mercer are currently waiting for XPS to provide the data required for the rectification phase of the project.

Auto Enrolment

2.20 In recent months, there has been a slight increase to the number of people considering or wishing to opt out of the firefighter pension scheme.. Should a member choose to opt out of the scheme, eligible members will be automatically re-enrolled into the scheme within the Service's three year cycle. The next auto enrolment cycle will take place in 2025 for all eligible members. The Pensions Team will provide an update in early 2025 to alert members.

Unit 4 / My Surrey

2.21 It has been confirmed that Unit 4 / My Surrey will be going 'live' later this year. Conversations have taken place with the project team to ensure the files shared between XPS and the current SAP system will work with the new software. No areas for concern have been identified.

2.22 Discussions have also taken place with the Data Archiving team responsible for storing data from SAP once Unit 4 is live. It has been confirmed SAP will be available as a read only option until September 2023, and the Pensions Team can have access to the data archiving platform.

1992 Pension Scheme Commutation Factor Update

2.23 The Government's Actuary Department (GAD) released an update on 3 April to confirm the commutation factors for the 1992 Firefighters Pension Scheme (1992 scheme) has increased with immediate effect. Whilst the 1992 scheme is closed to future accrual, members who have 1992 Scheme membership will now benefit from an increased commutation factor. The commutation factors for the 1992 scheme are dependent on a members age at retirement. For example, if a member retires at 50 years of age, the commutation factor on their lump sum has now increased from 24 to 26.2.

Communications

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

- **10% Allowance Project:** letters were sent to all Priority Group Three members. The communication confirmed to the member whether they were in or out of scope to receive an additional commuted lump sum and pension arrears. The letters were sent on 10 March 2023.
- **10% Allowance Project:** letters were sent to all members of Priority Group Four to Seven members to provide an update that the project is still underway and they will be contacted by the end of 2023.
- **Call for substitutes:** An advert was placed in SFRS News on 3 March 2023 to notify members of a substitution place which was available on the Local Firefighter's Pension Board.

- **Impact of the Spring budget:** On 17 March 2023, an update was provided in SFRS News to inform members of the how the budget announcement may affect their firefighter pension schemes.
- **McCloud Update:** On 17 March 2023, an article in SFRS News informed members of what to expect once the McCloud legislation is implemented in October 2023.
- **Update to Station Commanders:** An email was sent to all Station Commanders on 28 March 2023, to share details of the McCloud ruling and how this will impact affected active members from October 2023.

2.25 The Team have recently reviewed the SharePoint pages and added additional content. The changes are now available for all members to view and include:

- Further information on the Firefighter Pension Schemes page.
- A Planning for Retirement page with retirement specific Frequently Asked Questions (FAQ).
- A separate updated general FAQ page.
- Dedicated page to the McCloud / Age Discrimination project.

2.26 Since the Pensions SharePoint site was shared with members of the Service, there has been a total of 1058 visits to the site. As of end of March 2023, 29 individual members have visited in the past 30 days. The average user spends 12 minutes visiting the site.

New Pension Board Member

2.27 An advert was placed in SFRS News to inform members of the Service of substitution places available on the Local Firefighter Pension Board. One application was received and submitted to the panel. The panel unanimously confirmed the applicant was appointed. The successful applicant has been notified and is due to attend the Local Firefighter's Pension Board meeting on 27 April 2023.

Training from the LGA

2.28 Training for the members of the Local Firefighter's Pension Board took place on 12 April 2023.

2.29 From the training the LGA delivered in March 2022 to the Board, a number of actions were highlighted. These actions are applicable to all FRA's in England. An update of the progress the Service has made on the actions can be found below. The table will shortly be updated to reflect the next steps SFRS is to take.

Project	LGA Advised Actions	Status
McCloud / Age discrimination	<ol style="list-style-type: none"> 1. Monitor optant outs. 2. Update websites and other resources. 3. Consider possible upcoming Independent Qualified Medical Practitioner (IQMP) referrals. 4. Collection and cleansing of remedy data. 	<ol style="list-style-type: none"> 1. Ongoing 2. Ongoing 3. Underway 4. Underway
McCloud - Immediate detriment	<ol style="list-style-type: none"> 1. Continue to consider adoption of the framework. 2. Maintain communication with members and local rep bodies. 3. Continue data collection work for cases. 	<ol style="list-style-type: none"> 1. Underway 2. Underway 3. Underway
Matthews / Modified	<ol style="list-style-type: none"> 1. Respond to consultation (in due course). 	<ol style="list-style-type: none"> 1. To action

Pensions dashboard	<ol style="list-style-type: none"> 1. Consider how to connect. 2. Consider what resources will be needed. 3. Begin / continue to cleanse data. 	<ol style="list-style-type: none"> 1. Underway 2. To action 3. Underway
Abatement	<ol style="list-style-type: none"> 1. Review existing policies. 2. Revisit previous cases if required. 3. Monitor cases for consistency in decision making and processes followed. 	<ol style="list-style-type: none"> 1. Underway 2. To action 3. Ongoing

Risk Management

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

3.0 Summary

3.1 The Board is asked to note the update provided.

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Sources/background papers: N/A

Annexes: N/A