



Surrey Local Firefighters' Pension Board 20 July 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 Remedy

2.1 The Subject Matter Experts (SMEs) within the Pensions Team continue to work on the data collection exercise. The wider team have also been assisting with the exercise.

2.2 The first data return, for members of the 1992 scheme, was submitted to XPS administration on 14 April 2023. The data return for members of the 2006 scheme was due to be completed by the end of June 2023. Although the team have been working tirelessly on this project, the deadline will need to be extended to 31 July 2023 as it is taking longer than anticipated to extract and check the relevant member data.

2.3 The Pensions Team submitted a response to the McCloud consultation ahead of the deadline of 23 May 2023. The Local Government Association (LGA) also responded to the consultation, a copy of which is available on the consultation page of the FPS website.

2.4 A letter has been sent to all members affected by McCloud. This includes those who have retired and those not yet at retirement age. The communication informed members who have not yet retired, that they will receive details of their pension benefit choices by 1 April 2025 via a Remedial Service Statement (RSS) – i.e. within 18 months of the effective date of the legislation. For members who have retired, pension benefits will not be increased (where applicable), immediately when the legislation comes into force. Pension benefits will only be increased once members' RSS's are sent and the relevant contributions have been paid.

10% Pensionable Allowance

2.4 XPS were sent the updated information for members in Priority Group Three who are due an increase to their pension benefits and payment of pension arrears. Member records have now been updated and their pension payments were increased and paid at the end of June 2023.

2.5 The Pensions Team's immediate priority focuses on completing the McCloud data collection exercise before re-commencing with the 10% project. A communication to update members of Priority Groups Four to Seven was sent in April 2023. The letter informed members affected by the project, that their personalised calculations will be sent to them by the end of 2023. Once the data collection exercise has been completed, members of Priority Group Four will be contacted.

Matthews - Retained Scheme – On-Call Access

2.6 The Pensions Team have submitted their response to the Home Office's consultation ahead of the deadline of 9 June 2023.

2.7 A communication was sent to eligible members. One version of the communication was sent to those who returned an Expression of Interest (EoI) form to confirm they would like to receive further details regarding the retained pension scheme. The communication confirmed further information will follow once the legislation is in place. The second version of the letter was sent to those who has not returned their EoI form in 2021 or had responded that they were not interested in being considered for the exercise. The communication confirmed the Service would contact the cohort once the legislation was implemented as the change in eligibility criteria and how far back their pensionable service can go, may mean they would like to be registered to the Modified Pension Scheme.

2.8 The Pensions Team produced a poster to raise awareness of the Matthews Retained Second Options legislation with the action for members who believe they are eligible for the exercise to contact the Pensions Team if they have not received communications already. The poster was sent to all SFRS Station Commanders to display the posters on the station boards.

2.9 A risk register has been completed which is specific to the Matthews Retained scheme project. This risk register forms part of the Board documents pack and is available for Board members to review. The top two risk identified from the review are:

- Uncertainty of interaction between Matthews and McCloud legislation. Risk number 1.
- Ambiguity of consultation document surrounding different cohorts of member. Risk number 4.

Pension Policies

2.10 The abatement policy has now been completed and approved by the Workforce Working Group (WWG) and is available to view on the Pensions SharePoint site.

Pay Award

2.11 The backdated pay award consists of a 7% increase backdated to July 2022 and a further 5% increase from 1 July 2023. The Pensions Team submitted the pay award details, to XPS, for affected pensions, transfers, and deferred members at the end of May 2023. XPS confirmed on 20 June 2023 that pensioner benefits were increased based on the backdated pay award and will be implemented in the June pay run. There are two members outstanding due to queries which need to be resolved. Their pensions will be increased in July and the Service are in contact with the affected members.

2.12 Pay award details for active members are due to be sent to XPS with the annual end of year membership data. The information has not yet been submitted to XPS to update member details based on pay reporting issues. As a result, member projections do not show the backdated pay award. Members of the firefighter pension scheme have contacted the Pensions Team asking when the pay award data will be included. A communication to confirm when the pay award data will be included in projections will be sent to members once the Pensions Team have received the pay award data.

2.13 Further advice is still anticipated from the LGA with regards to possible impact of the backdated pay award on members tax liabilities and annual allowance calculations.

Guaranteed Minimum Pension (GMP) Reconciliation

2.14 The reconciliation project is due to be completed by the end of 2023. For the next phase of the project Mercer have asked if the benefit specification can be signed off by the Service/XPS to use for the calculations Mercer will be undertaking. XPS have explained that they do not feel it is their responsibility to check the benefit specification template. The Pensions Team have contacted their legal adviser to determine if Weightmans may be able to review the benefit specification template.

Pension Dashboard

2.15 The Pensions Team were notified on 9 June 2023 by the LGA that the Department for Work and Pensions (DWP) had laid the Pensions Dashboard (Amendment) Regulations 2023. The amending regulations include a connection deadline of 31 October 2026. Further guidance is required from the DWP to confirm this staging date applies to all schemes with 100 or more relevant members at the scheme year end between 1 April 2023 and 31 March 2024, or if there will be a later staging date for FRAs.

XPS/FRA Meeting

2.16 On 25 May 2023 a meeting was hosted by XPS Administration to discuss the preparations and challenges faced by fire authorities with regards to implementation of the McCloud Age Discrimination legislation. The meeting was attended in person and on-line by pension team representatives from Cheshire, Cleveland and Surrey Fire and Rescue fire authorities, as well as the Local Government Association (LGA). This meeting provided a forum for discussion of the perceived difficulties and challenges presented by the legislation. Discussions included data collection difficulties, benefit calculation challenges, and the importance of communicating with members to manage expectations. The LGA confirmed they have commissioned their communications team to prepare a member video to include time scales associated with the 18-month McCloud timetable. It was suggested that this will be distributed via the LGA website. It was also suggested that the Fire Authorities share their communications with each other, to establish a consistent approach.

Communications

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

- **McCloud Update:** On 17 May 2023, a communication was sent to all affected members of what to expect once the McCloud legislation is implemented in October 2023.
- **Matthews Update:** On 24 May 2023, a communication was sent to all members confirming their eligibility for the Second Options exercise and advising further updates will follow once the legislation is in force.
- **Matthews Retained Poster:** On 31 May 2023, a poster to raise awareness of the Second Options exercise was sent to all Surrey Station Commanders for display on station boards. A supplementary email was also sent to Station Commanders to provide background to the Matthews Retained project and the action required for members as stated on the poster.
- **Reminder of SFRS Pensions Team:** On 5 June 2023, a poster to raise awareness of the SFRS Pensions Team was sent to all Station Commanders. An email was also sent to Station Commanders to confirm a poster would be sent to their stations. An item was included in SFRS News on 9 June 2023.
- **Planning for Retirement News item:** An article was added to SFRS news on 23 June 2023, prompting members thinking about retirement to visit the Pensions Information SharePoint site for information and guidance.
- **Backdated Pay Awards News Item:** An article was published in SFRS news on 7 July 2023 regarding pension projections and the impact of the backdated pay awards.

2.18 Since the Pensions SharePoint site was shared with members of the Service, there has been a total of 2482 visits to the site. The below table shows a summary of site traffic since 1 April 2023.

Time Period	Total Number of Visits to the SharePoint Site	Number of Visits to Pensions SharePoint Site in this period	Number of individual member visits	Average time spent visiting the Site
1 April – 27 June	2482	1005	209	2 minutes 26 seconds

It is important to note that the analytical information available, from the Pension SharePoint site, is limited as it is only possible to track the most popular pages in the previous 7 days. This has not been included as it does not represent a useful overview of site use.

Training from the LGA

2.19 From the training the LGA delivered to the Board in March 2023, the actions for the Service to work through, have been updated. These actions are applicable to all FRAs in England. An update of the progress the Service has made on the actions can be found below.

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	<ol style="list-style-type: none"> 1. Consider adoption of the Immediate Detriment Framework. 2. Maintain communication with members and local rep bodies. 3. Continue data collection work for cases. 	<ol style="list-style-type: none"> 1. Completed 2. Completed 3. Completed <p>All items are completed as the Service has taken the decision to not adopt IDF as the legislation is due to be implemented in October 2023.</p>
Matthews / Modified	<ol style="list-style-type: none"> 1. Respond to consultation. 2. Identify members in scope. 	<ol style="list-style-type: none"> 1. Completed 2. Completed
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. Completed 2. Underway 3. Ongoing

Risk Management

2.20 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

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