



## **Surrey Local Firefighters' Pension Board January 2021**

### **Scheme Management Update Report.**

#### **Introduction:**

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

#### **2.0 Background**

2.1 In July 2020 changes to the Delegations were approved at Council and Sally Wilson, Head of Data, Digital and Specialist Projects, was appointed to the role of Scheme Manager for the Surrey Firefighters Pension Scheme. The scheme manager is responsible for managing and administering this scheme and any statutory pension scheme that is connected with it.

2.2 The Scheme Manager is defined under rule 3 and 4 of the 2014 regulations as being the Fire and Rescue Authority as determined under section 1 of the Fire and Rescue Services Act 2004. The scheme regulations allow for the scheme manager to be delegated under rule 5 of the 2014 regulations , to such persons or employees of such person as may be authorised in that behalf by the scheme manager. However, it is important to note that the power to delegate does not absolve the Fire Authority of the responsibility of the pension scheme.

2.3 The Scheme Manager has set out a programme of work to improve pension services for its members. The workstreams are:

- Governance and Scrutiny Review
- Compliance with Fire Pension Scheme regulations and The Pension Regulators requirements
- System Integration
- Pension Administration
- Risk Management
- Pensionable allowances
- Retained firefighters access to the Modified Pension Scheme

### **3.0 Project Update**

#### **3.1 Governance and Scrutiny**

3.2 As part of the Internal Audit Action Plan 2019/20 an audit was undertaken to review the governance arrangements and key controls in place and provide assurance over the management of the five different fire pension schemes managed by the Orbis Pension Administration Team for Surrey Fire and Rescue Service.

3.3 The audit highlighted that overall governance arrangements were not clearly defined and no named Scheme Manager for FPS was in place. The report went on to highlight that a lack of formal scrutiny may lead to non-compliance not being known or addressed in a timely manner. The report also reflected on the lack of Service Level Agreements in place which may lead to ineffective ways of working with no clear responsibility and accountability.

3.4 In addition to the changes to the Delegations agreed at Council in July 2020, a Pension Administration update Report is a standing agenda item on the Local Firefighters Pension Board (LFPB), which meets four times a year. Key Performance Indicators (KPIs) have been adopted, reflecting the indicators from the Local Government Pension Scheme (LGPS). Publications and guidance, including the LGA Monthly Bulletins are also a LFPB standing agenda item. Training sessions for the LFPB members, Scheme Manager and Pension Officers had been arranged earlier in the year, however COVID impacted on the delivery of the training sessions. Training sessions will now be concluded in 2021.

3.5 Work has been undertaken to review scrutiny arrangements within other Fire and Rescue Authorities and the Terms of Reference of Audit and Governance Committee have been reviewed. A report is being finalised and will be shared with the LFPB.

#### **3.6 Compliance and System Integration**

3.7 A reconciliation of mandatory elements of the Fire Pension Scheme has been completed, alongside a compliance check on the IT Systems. A Compliance Toolkit is in development. The LGA has been contacted to ensure best practice approach is applied to the Toolkit and the current IT system integration is progressing. FireWatch, the Fire and Rescue Service workforce reporting system, is part of the integration scope for the replacement of SAP.

#### **3.8 Pension Administration**

3.9 The current Pension Administration arrangements are being reviewed. Surrey Fire and Rescue Service has gone out to tender for Pension Administration Services. By the time the LFPB meet in January this work will have concluded and the successful bid will be shared with the Board. In the meantime, work is underway with the Pension Administration Service to ensure backlog and case work can be completed and two new agents have been assigned to assist with this work.

### 3.10 Risk Management

3.11 The Local Firefighters Pension Scheme (LFPS) Risk Register has been reviewed and is a standing agenda item on the LFPB – item 9.

### 3.12 Pensionable Allowances

3.13 The 10% allowances for variable crewing hours duty system and the day related flexible duty system had been considered in the contract of employment with SFRS as non-pensionable when the payments were introduced. The variable crewing hours allowance was introduced in 2004 and day related flexible hours allowance in 2008. At this time the general view was that additional allowances were not pensionable.

3.13 The legal landscape was changed by the Norman v Cheshire case and was followed in Booth v Mid and West Wales. If the same reasoning is applied to the additional allowances, the legal advice is that both are pensionable.

3.14 A letter was sent out on 28 October 2020 to active members currently in receipt of the 10% allowances informing them that pension contributions will commence and be reflected in the November payslip. Supporting FAQs are in place and a dedicated mailbox has been created.

3.15 In addition to the initial letter to active members a holding letter was sent to non-current members on 6 November 2020. Letters to the Fire and Rescue Authorities (FRAs) for members who have transferred out are being drafted and work with Pension Administration, Finance and Legal on recovery of underpayments is underway.

### 3.16 Retained Firefighters Access to the Modified Scheme

3.17 There were 201 cases identified and written to as being eligible to join the Modified Scheme. 98 Forms (48.76%) were returned with 96 registering an interest and 2 declining the option to join. There have been a few subsequent enquires from interested individuals as to the progress of the exercise. The Service is awaiting external guidance/authorisation in how to proceed and is monitoring the possibility of a second Options Exercise. There has been one retiree and pending a resolution to the project, as an interim arrangement the pension payments are being topped on the standard 2006 Scheme pension to a level equivalent to the amount they would have received as a Modified member.

## 4.0 Summary

4.1 The Board is asked to note the update provided and to advise if any further reporting will assist the Board in monitoring of the LFPS.

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