



Surrey Local Firefighters' Pension Board 28 July 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 Service has received the data collection template from XPS Administration and the pensions team have met with the payroll team at Surrey County Council to go through the information required. The template for the exercise is extensive and more complex than originally thought. Additionally some of the information required was unclear so a meeting with XPS took place on Tuesday 21 June 2022. This proved to be very useful and clarified the details the payroll team needed to provide and where additional support was required from the pensions team within the Service. XPS confirmed 31 December 2022 is the deadline the exercise ideally needs to be completed by.

2.3 The LGA shared with FRA's, member benefit illustrations which had been created to provide active members with guidance as to how their pension benefits may change once remedy has been taken into account. This document was shared via SFRS News on 29 April 2022.

2.3 The Service was made aware on 6 June 2022, of the FBU's plans to register through the courts, immediate detriment claims for each FBU member who has not received the final part of their pension benefit due to the retraction of the immediate detriment framework. Whilst this is an industry wide issue, the Service is reading any new advice and guidance which is released to respond accordingly. The Service is also taking legal advice on the application of the immediate detriment framework.

2.4 Age Discrimination – Move to FPS 2015

2.5 Following the transfer for all active members to be part of the FPS 2015 pension scheme as of 1 April 2022, a communication was sent to members who were previously protected. This communication notified members of features of the FPS 2015 which they may not previously have been aware of. The features include:

- The new contribution rates
- Opportunity to transfer (nonclub basis)
- 12 month deadline to transfer in pension schemes from another occupational schemes or personal pension schemes
- Opportunity for members to provide a death grant nomination
- Cohabiting partner nomination is available.

A template was provided by the LGA and the letter was sent out to protected members on 22 April 2022.

2.6 XPS notified the Pensions Project Team at the end of April 2022, in the eighth edition of XPS' *'Fire in the Loop'* publication, of the requirement to collate pension contributions paid by members during the remedy period of 1 April 2015 to 31 March 2022. This will then be used to compare to the contributions that should have been paid if members had remained in the remedy scheme. This is a task the team will commence shortly as part of the data collection exercise.

2.7 10% Pensionable Allowance

2.8 A second meeting took place with the regional FBU representative to receive more detailed information about the concerns FBU have with the 10% pensionable allowances project. The concerns raised were expected and further legal advice has been requested to ensure the Service's approach to the project remain appropriate. Further discussions will be required with the FBU to finalise the process the Service will adopt with regards to the project. A joint communication has been drafted to make members aware that the FBU and Service are discussing this matter, which has led to a pause in the project.

2.9 Calculations have been completed for the Priority Group Three and calculations have nearly been completed for the majority of Priority Group Four. Calculations will continue to be worked through by the project team.

2.10 Modified Scheme – On-Call Access

2.11 The Pensions Team responded to the LGA's short survey on 14 June 2022. This was ahead of the deadline provided. The purpose of the survey was to provide information on the number of individuals who will be in scope for the second options exercise.

2.12 Training

2.13 From the training which took place in March 2022 for all Local Pension Board members, a number of actions were highlighted. An update on the progress of these actions has been provided:

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

2.14 The Pension Regulator – “six processes” factsheet

2.15 The Pensions Project Team worked through the six processes and shared their analysis of where the Service stands against these performance indicators. This document was shared with the Board on 24 April 2022.

2.16. The LGA informed FRA's in Bulletin 57, that updates to the six processes factsheet has been completed following the release of the 2020/2021 survey by TRP. The revised factsheet provides updated guidance for FRA's and will assist to complete future survey's from TRP. The Pension Team will also review their analysis against the revised framework provided by the LGA and report to the Board if there are any further changes to make.

2.17 Pension Policy

2.18 The Pension Project Team have been creating an overarching policy for the SFRS pensions. This has been shared with Board members and the Workforce Working Subgroup

within the Service to review. There have been some amendments to make which are being worked through accordingly.

2.19 Audit

2.20 The internal auditing team at Surrey County Council have commenced an audit on the contract between XPS Administration and Surrey Fire and Rescue. The objective of the audit is to ensure the controls are operating as expected, key risks are identified and managed and the service objectives are achieved. This forms part of the auditing teams statutory framework.

2.20 Pension Team Resourcing

2.21 A business case is currently underway to request for a new member to be recruited to join the pensions team. The new role would take ownership of Pensions Team inbox and manage responses accordingly, and draft basic letters, communications and liaise with other departments both internally and externally where required. This would allow the Pensions Project Officer and Senior Pensions Advisor to work through more technical and challenging issues and provide additional support for the Bank staff.

2.22 New Pension Board Member

2.23 The Local Firefighter Pension Board received one application for the new employee representative on the Local Firefighters Pension Board. The panel unanimously confirmed for the one applicant to be appointed. The successful applicant has been notified and is due to attend the Local Firefighter's Pension Board meeting on 28 July 2022.

2.24 Ill Health Retirement

2.25 It has been confirmed the Pensions Project Team will take overall ownership of the Ill Health Retirement (IHR) process and will liaise with HR where appropriate. The IHR process is currently being reviewed by the relevant teams. The objectives of the review are to ensure a policy and corresponding documentation is in place, and to provide clarity of the process the employee and all line managers need to follow. Regular meetings have also been scheduled throughout the year for any key risks to be highlighted and shared to the Scheme Manager.

2.26 Incorrect pensionable pay and salary details submitted to XPS

2.27 A new risk has been added to the risk register due to the ongoing investigations to assess the number of members who have incorrect pensionable pay and salary information on their record.

2.28 It is important to note the level of risk on the Local Firefighters' Pension Board risk register is different to the risk level on the SFRS risk register due to the use of difference categories. The Board is asked to consider whether the categories used in the SFRS risk register should also be adopted for the Local Firefighter Pension Board Risk Register.

2.29 Risk Management

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

2.21 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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