Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on Tuesday 13 October 2026

Pensions Update

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Executive Summary

This report provides an update on firefighter pension matters affecting Lancashire Combined Fire Authority. It summarises progress with the Age Discrimination (McCloud/Sargeant) remedy and Part-Time Workers (Matthews 2) remedy, including Annual Benefit Statement delivery. The report also highlights the associated financial, administrative and member communication implications for the Authority.

Recommendation

The Committee is asked to note the progress made to date, the ongoing work required to complete outstanding remedy cases, the arrangements in place to monitor administrator performance and regulatory compliance, and the continuing risks associated with delivery of the remaining remedy work.

Information

This paper provides oversight and the latest information on pension issues in respect of uniformed firefighters.

Internal Disputes Resolution Procedure – Stage 2 (IDRP)

The Internal Disputes Resolution Procedure (IDRP) is the formal two-stage process for reviewing complaints about pension decisions made either by the employer or the pension administrator. Stage 1 is determined by the Chief Fire Officer or Director of People and Development. Stage 2 is determined by the Appeals Committee. The purpose of the process is to ensure that pension decisions are reconsidered fairly, consistently and in accordance with the relevant regulations.

A number of existing disputes concerning the pensionability of allowances have completed the Authority's two-stage Internal Dispute Resolution Procedure, with some matters subsequently referred to The Pensions Ombudsman. The Authority has supplied the information requested in relation to those referrals and no formal determinations have been received.

No new IDRP applications or referrals to The Pensions Ombudsman were reported to the Local Pension Board on 14 September 2026.

Annual Benefit Statements

The statutory deadline for issuing 2026 Annual Benefit Statements (ABSs) was 31 August 2026. The Local Pensions Partnership Administration (LPPA) produced 1,757 statements for 1,844 eligible members, representing overall completion of 95.3%. Completion rates

were 95.3% for active members, 95.4% for deferred members and 88.2% for other eligible members.

Of 483 members eligible for a McCloud Annual Benefit Statement Remediable Service Statement, 438 statements were issued. 259 of 292 active-member statements and 179 of 191 deferred-member statements. 45 remaining cases failed to be issued by the deadline. This was due to outstanding technical and data issues, including instances where additional information was required, which prevented full completion of the ABS. LPPA will continue to progress them when the necessary information becomes available.

The Scheme Manager considers that this is a material breach and in accordance with The Pension Regulator's (TPR) guidance has reported the breach to the TPR along with an action plan.

Age Discrimination Remedy (McCloud/Sargeant)

In 2015, the Government introduced reforms to public service pension schemes, including the Firefighters' Pension Scheme 2015 (FPS 2015). Transitional protections were applied so that some members of the legacy schemes (FPS 1992 and FPS 2006) remained in those schemes for longer, or did not move to FPS 2015 at all, depending on their age. Following the legal challenge known as McCloud/Sargeant, these transitional protections were found to be unlawfully age discriminatory.

From 1 April 2022, all serving members were moved to FPS 2015. The current phase of work is the implementation of the retrospective remedy for the period 1 April 2015 to 31 March 2022. This requires eligible members to be given a choice between legacy scheme benefits and reformed scheme benefits for the remedy period.

Those members who are subject to the McCloud Remedy, who retired prior to 1 October 2023, are referred to as Immediate Choice members and are able to make a choice in relation to which pension scheme they wish to be in during the remedy period. In order to make this decision, they must be issued with a Remediable Service Statement (RSS). The Immediate Choice cohort comprised 367 members requiring an ABS RSS. By 31 August 2026, 319 statements had been issued, and 48 cases remained outstanding, comprising three tapered or unprotected cases, 33 protected-member cases and 12 beneficiary cases. Twenty-nine of the protected-member cases are linked to the Matthews remedy and cannot be completed until that work is resolved. All outstanding cases involve individual complexity, and LPPA currently anticipates completion by December 2026, subject to the availability of data, national guidance and administrative capacity.

As at 31 August 2026, 85 members had elected to receive alternative Immediate Choice benefits. Payments had been completed in 80 cases, with five remaining outstanding. Progress continues to depend on individual case complexity, completion of member documentation and administrator capacity.

The Pension Scheme Manager has reported the position on delayed RSS issuance to The Pensions Regulator (TPR), including LPPA's action plan and revised delivery timetable. The Regulator has acknowledged the original breach notification and has not requested any further information at this stage.

Implementation challenges are not unique to Lancashire Fire and Rescue Service (LFRS), and major administrative and data challenges are being experienced across

the fire sector and other public sector pension schemes. However, available sector intelligence indicates that LPPA remains ahead of the national position in progressing the age discrimination remedy.

The Local Pension Board continues to receive detailed information on outstanding cases. For the Resources Committee, the principal assurance considerations are the completion of complex cases, administrator capacity, compliance with regulatory requirements and the clarity of communications to affected members.

Contingent Decisions

The age discrimination remedy regulations allow certain member decisions made during the remedy period to be revisited where the member may have acted differently had the 2015 pension reforms not applied. These are known as contingent decisions and may include decisions to opt out of the pension scheme or, in specific circumstances, decisions relating to the purchase of additional service in a legacy scheme.

The Local Pension Board considered a detailed update on contingent-decision cases at its meeting on 14 September 2026. At that point, applications comprised five Added Pension cases, seven opted-out cases and 42 Matthews-related cases. The increase in applications reflects the progression of remedy implementation and the greater visibility of individual options as members receive further information.

Some cases remain dependent on national legislative developments affecting opted-out members of the Firefighters' Pension Scheme 1992. The Authority will continue to apply the current statutory framework and published guidance, with any material developments reported through the established governance arrangements.

Part Time Workers (Matthews 2) Remedy

The Matthews remedy addresses historic pension access for on-call firefighters who, for many years, were unable to join the Firefighters' Pension Scheme on the same basis as wholetime firefighters. For LFRS, the current focus is on identifying eligible individuals, issuing options and calculation packs, and progressing elections into payment where members choose to join the Modified Pension Scheme.

The Service has identified more than 600 existing and former employees who are eligible to express an interest in joining the Modified Pension Scheme or purchasing additional pension. Reasonable endeavours have been made to contact all eligible individuals, including follow-up correspondence and the use of a tracing service where appropriate. This work remains ongoing. The Local Government Association has raised concerns nationally regarding the inconsistency of progress across Fire and Rescue Authorities (FRAs), with some FRAs achieving over 90% response rate to expression of interest letters and other under 24% response rate. LFRS's response rate currently sits at 75%.

As at 31 August 2026, 622 individuals were within scope of the Matthews exercise. Of these, 445 had expressed an interest, 423 statements had been issued and 305 elections to join or purchase additional service had been received. This represents engagement from 71% of all individuals in scope, with statements issued to 95% of those expressing an interest. The statutory completion date for the Second Options Exercise is 31 March 2027.

From the 622 in scope individuals, 235 falls within the Special Pensioner Member cohort and are due immediate payment of pension if they elect to join. Of these 235 individuals, 215 had expressed an interest, 202 statements had been issued, and 182 elections had been received. Of these elections, 179 had been sent to the administrator and 131 pensions had been brought into payment. Thirteen statements and 15 member responses remained outstanding. LFRS has also identified 19 potential death-grant cases requiring specialist consideration, while other complex cases requiring manual intervention have been referred to the Government Actuary's Department and are expected to progress by December 2026.

Any case that enters the process, for example, the individual is traced and submits an expression of interest, must be processed by the deadline of 31 March 2027. Any case which misses this deadline will not be eligible to join the scheme. This then becomes a financial risk for the FRA as any compensatory pension would need to be paid from the Fire and Rescue Services operating budget. This is a clear financial risk. Cases can stall for many reasons, response rates from members can often be slow, progress in processing the case with the administrator has several levels of contact with the member, which can take time. These cases will be tracked on a weekly basis to ensure this risk is minimised.

Further legislation relating to the Matthews remedy came into force on 1 April 2026 following Government consultation. This legislation made amendments in relation to deceased members, additional death grants and conversion options. As a result, fire and rescue authorities have a further implementation period to 31 March 2027 to complete outstanding work and apply the legislative changes fully. The Government Actuary's Department (GAD) is also developing a calculator to support processing of additional cases arising from these amendments; the third iteration of this calculator is delayed by GAD and is now expected to be available by 11 December 2026. This provides LFRS a limited window in which to process complex conversion cases required before 31 March 2027 and this area remains of significant risk. The LGA have indicated their intention to request for a further extension in relation to these cases due to the limited time in which FRAs have been afforded to process cases.

Aggregation

One area that remains unresolved nationally is aggregation. This affects individuals who previously served in an on-call role and later moved into a wholetime role, and who may wish to combine pension benefits across periods of service.

In July 2026 the government reached agreement with the Fire Brigades Union (FBU) in relation to the outstanding break in service issue. This agreement only covers individuals who are claimants in the litigation and does not extend to non-claimants, nor does it extend to breaks in service occurring after 6 April 2000. The agreement confirms that claimants with a break in service of one month or less will not be treated as disqualified solely because of the short gap before commencement of wholetime employment.

No final mechanism has yet been confirmed for these cases, and the Service is awaiting the outcome of relevant legal processes expected during 2027-8.

There is a potential that non-claimants will submit complaints to LFRS via the IDRP process.

Resources

The implementation of the Age Discrimination (McCloud/Sargeant) remedy and the Part-Time Workers (Matthews 2) remedy continue to place significant demands on both LFRS and its pension administrator, LPPA. LPPA has increased its staffing resource to support the additional workload but has lost key individuals from the business with the appropriate knowledge to process complex cases. LFRS continues to manage remedy implementation alongside business-as-usual pension administration responsibilities. Dealing with cases continues to be complex, challenging and resources intensive.

The Government has extended the deadline for completion of the Part-Time Workers (Matthews 2) exercise to 31 March 2027. This provides additional time for fire and rescue authorities to complete outstanding cases and incorporate the effect of subsequent legislative changes.

The concurrent implementation of two substantial and complex national pension remedy programmes remains resource intensive. To support delivery, the temporary Pensions Coordinator role continues to provide additional administrative capacity, with the current arrangement in place until 31 March 2027. The postholder is primarily supporting the administration of the Part-Time Workers (Matthews 2) exercise.

Dashboards

The Pensions Dashboard Programme aims to enable individuals to access their pension information online, securely and all in one place. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their FPS and State Pension.

LPPA remains connected to the pensions dashboards infrastructure and is now focused on operational readiness, data quality, record matching and the accuracy of value data. The dashboard is expected to become available to members during summer or autumn 2027, subject to the formal Dashboard Available Point and national implementation arrangements. Continued monitoring is required because connection alone does not demonstrate full operational readiness.

Business Risk

The principal risks remain delays in completing complex remedy cases, dependence on manual calculations and evolving national guidance, administrator capacity, incomplete historic data and the potential for inconsistent or delayed member communications. These factors may result in member dissatisfaction, complaints, regulatory scrutiny, additional administration costs and financial liabilities. Mitigation includes regular monitoring through the Local Pension Board, escalation of overdue or complex cases, targeted member contact and continued liaison with LPPA and national pension bodies.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

The Service is required to implement the pension regulations as per legislative requirement. Challenges exist if the guidance is subsequently deemed not to comply with the Equality Act.

Data Protection (GDPR)

No identifiable sensitive or personal data is contained within this report.

The remedy requirements will require processing of personal data. The processing will be for a legitimate reason.

HR Implications

Local Pensions Partnership Administration (LPPA) administers pension schemes on behalf of seven fire and rescue authorities. As a result, LFRS is dependent on LPPA's wider delivery programme and prioritisation across all participating authorities, rather than solely on local demand.

This creates ongoing employee relations and communication challenges, particularly for Grey Book employees affected by the pension remedy programmes.

The scale and complexity of the changes, together with the time required to implement them, can lead to understandable frustration and may affect confidence and morale if not managed carefully.

However, measurable progress has been made during the last six months. This includes the retrospective adjustment of pension benefits for members making elections under the age discrimination remedy, together with progress in addressing the backlog of Special Pensioner Member cases. These cases are now increasingly being managed by LPPA as part of business-as-usual administration.

Financial implications

The pension remedy programmes continue to have significant financial implications for LFRS. While some costs remain subject to final calculation, the Authority is required to manage a combination of direct pension liabilities, administrative costs and remedy implementation expenditure.

In relation to the Age Discrimination (McCloud/Sargeant) remedy, the Service continues to record remedy-related costs in order to support claims for reimbursement from Government where this is applicable. However, administration associated expenditure is not recoverable.

Overall, the financial position remains complex and will continue to be monitored closely as national remedy programmes progress, outstanding cases are resolved, and final liabilities are confirmed.

Legal Implications

The matters set out in this report arise from statutory pension scheme requirements, associated remedy legislation, and the Authority's responsibilities as Scheme Manager for the Firefighters' Pension Schemes. Legal compliance is therefore central to the administration of the Age Discrimination (McCloud/Sargeant) remedy, the Part-Time Workers (Matthews 2) remedy, and the consideration of contingent decision cases.

The Authority is also required to operate and determine pension disputes in accordance with the Internal Disputes Resolution Procedure and to respond appropriately to any complaints or determinations issued by The Pensions Ombudsman. In addition, the delay in issuing certain remediable service statements has been reported to The Pensions Regulator and remains subject to ongoing monitoring.

A number of aspects of remedy implementation continue to depend on further national guidance and, in some cases, additional legislation. The Authority's approach is

therefore to proceed on the basis of the current statutory framework and published guidance, while keeping any emerging legal developments under review to ensure decisions remain lawful, consistent and defensible.

Local Government (Access to Information) Act 1985

List of background papers

Paper:
Date:
Contact:

Glossary

ABS - Annual Benefit Statement
FBU - Fire Brigades Union
FPS - Firefighters' Pension Scheme
FRA - Fire and Rescue Authorities
GAD - Government Actuary's Department
IDRP - Internal Disputes Resolution Procedure
LFRS - Lancashire Fire and Rescue Service
LPPA - Local Pensions Partnership Administration
RSS - Remediable Service Statement
TPR - The Pension Regulator