

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 29 March 2023

Local Pension Board Annual Report 2021-23

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Executive Summary

The report presents an update on the Lancashire Fire Local Pension Board for the period 1 April 2021 - 31 March 2023.

Recommendation

The Committee is asked to note the report.

Information

The Public Service Pensions Act (PSPA) 2013 introduced the requirement to have a Local Pension Board to assist in the governance of the Scheme. The Board has no remit as a decision-making body but is established to assist Lancashire Fire & Rescue Service (LFRS) as the Scheme Manager to fulfil its functions which cover all aspects of governance and administration of the Firefighters' Pension Scheme (FPS).

The Board's Terms of Reference requires that the Board meet approximately twice a year and that the Chair of the Board may call additional meetings. There were two meetings held per year during the period as planned.

Membership

Three new members were appointed to the Board during the year 2021-22, a Chair, one employer and one employee representative. All changes were carried out in accordance with the Board's Terms of Reference. There were no further changes to the Board membership in 2022-23.

Work Programme during 2021/22

During the period 2021/23, the hard work and commitment of everyone who has contributed to the work activities involved in fire pensions, has meant that key activities have continued to be delivered and projects progressed.

Three major projects have been the focus during this time:

- the implementation and backdating of pensionable allowances within LFRS e.g., Day Crewing Plus Allowance
- the Sargeant/McCloud judgement relating to age discrimination
- Matthews's judgement affecting on-call members commonly referred to as the 'Second Options Exercise'.

The implementation of pensionable allowances within LFRS commenced in June 2020 when certain allowances were deemed pensionable for future payments. Around April 2021 significant and complex work commenced on arrangements for backdating contributions for existing and former employees. Knowledge and capacity to undertake this project was initially sought via two existing members of the Human Resources Team. However, in September 2021 a Temporary Pensions Coordinator was appointed to assist with this workload. Over 350 individual calculations were undertaken to ensure employee pension contributions for the whole of the backdating period (1/6/2015 – 31/5/2020) were corrected, with repayment arrangements put into place where appropriate. In addition, LFRS worked with our pension administrators, the Local Pensions Partnership (LPPA) to ensure backdated pension payments to retired members.

In March 2022, a Temporary Pensions Advisor was also appointed, this role will initially focus on delivering the requirements of the Sergeant/McCloud and Matthews cases. Although complex, Officers are working with key stakeholders to gain understanding and establish the workloads involved, to successfully process the relevant pensions once the regulations are in place. Significant work has already taken place and continues. The Board has received and considered update reports at key project milestones.

The Board has also been informed about a number of complex cases that have been dealt with over this period, including through the Internal Dispute Resolution Procedure (Appeals).

The Board continued to focus on key areas identified by the Pensions Regulator and maintain an oversight of the key risks to the fund. A Risk Register was developed in October 2021 and has been reviewed at subsequent Board meetings.

Training

To support their work on the Fire Local Pension Board, Members continued to maintain and develop their knowledge and skills. External training opportunities continued to be limited due to the effect of the pandemic during this time, but members of the Board had access to the regular LGA monthly bulletins and website and have utilised The Pension Regulators Public Service toolkit to develop their knowledge. In addition, one member attended the LGA Fire pension Scheme Annual General Meeting.

Looking forward to 2023/24:

The Work Plan of the Board will focus on the principal activities of the Scheme as currently anticipated, including:

- Continuing to improve pension administration arrangements for the benefit of all members and employers of the Scheme including the continual improvement programme for the quality of data held by the Scheme.
- Appraising the impact of any revised regulations arising from the resolution to the Sargeant age discrimination and the Matthew's cases and implementing any required changes to the Scheme.
- Assessing the impact of and responding to consultations that will have an impact on the Lancashire Firefighters Pension Schemes
- Appraising the impact of the implementation of the Pensions Dashboard; and
- Enhancing Board knowledge & skills.

The Plan will be reviewed and amended where appropriate to ensure it addresses any relevant issues arising.

Business risk

The situation in relation to pension changes has a potential to cause adverse reactions both to employees internal and external to the Service.

Sustainability or Environmental Impact

Nil.

Equality and Diversity Implications

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or decision.

Data Protection (GDPR)

Personal data will be processed in line with working practices.

HR implications

There are no human resources implications arising directly from this report as the report is for information only.

Financial implications

The training of Board members is largely carried out in house at no direct cost, and national events such as the LGA conference have been free of charge so far.

The Authority continues to pay a levy to the Scheme Advisory Board, and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting the levy is to help fire authorities to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2021-22 was £12K and in 2022-23 was £6,495.72 this has been provided for within the revenue budget.

Out of pocket expenses have not been paid to members.

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: N/A