

# **Lancashire Combined Fire Authority**

## **Resources Committee**

Meeting to be held on 27 March 2024

### **Local Pension Board Annual Report 2023-24**

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#### **Executive Summary**

The report presents an update on the Lancashire Fire Local Pension Board for the period 1 April 2023 - 31 March 2024.

#### **Recommendation(s)**

The committee are 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 Combined Fire Authority has delegated its functions to the Director of People and Development.

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**

One new employee representative was appointed to the Board during the year 2023-24. This appointment was carried out in accordance with the Board's Terms of Reference.

#### **Work Programme during 2023/24**

During the period 2023/24, with 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 in a challenging environment.

The focus of pension workload during this year has been reported to the Local Pension scheme Board and is primarily continued work on the implementation of the following major projects:

- The Sargeant/McCloud judgement relating to age discrimination,

- Matthews's judgement affecting on-call members commonly referred to as the 'Second Options Exercise'.

Significant work has been undertaken during the year to provide legacy and reformed scheme pensionable pay for the seven years of remedy for almost 1,000 members affected by the Sargeant/McCloud age discrimination legislation. Work has recently started to compile tax and contribution data for the remedy period. This data will enable the Local Pensions Partnership Administration (LPPA), our pension administrators to roll back member records. During 2024-25 immediate choice members and deferred choice members will receive information to remedy their situation. During the year, the Board have received and considered update reports at key project milestones.

In terms of the Matthews Second Options Exercise, the Service have identified over 600 individuals eligible to express an interest in the exercise. Calculations for exercise are complicated and, in a small number of cases, require data going back as far as the 1960's and 1970's. The Service has made efforts to contact all individuals, but for some, address data is not available or out of date. The Service will be making all reasonable endeavours to contact members over the coming months.

The challenge of implementing two significant, complex pieces of pension legislation, affecting large numbers of individuals concurrently is not to be under-estimated.

In order to retain knowledge and capacity sufficient for the implementation of the above two projects, the Temporary Pensions Advisor initially appointed in March 2022 was made permanent in September 2023. The role of Temporary Pensions Coordinator is currently vacant, and the Service is seeking to fill this role in the near future and the postholder will work to support the pensions workload, predominantly on the Matthews Second Modified Pension Scheme exercise until its completion date on 31 March 2025. It is anticipated almost 700 calculations may be required for this project.

An area of some concern is no mechanism has been finalised to deal with aggregation (RDS employee subsequently achieving a wholetime role).

In 2020/21, the Service implemented the pensionable allowances project, retrospectively applying backdated pensionable allowances for six years. As a result of this, the Service has received a number of Internal Dispute Resolution Procedures (Appeals) from employees and former employees. All applications are from members who are dissatisfied that they are not included in the pensionable allowances exercise either relating to the type, temporary nature of the allowance or that their service falls outside of the backdating period. The Board have also been informed about a number of complex cases that have been dealt at Stage 1 and Stage 2 with over this period, including through the Internal Dispute Resolution Procedure (Appeals). The individuals have a right to appeal to the Pensions Ombudsman, whilst it is believed a number have taken this option, we have only been notified of two applications.

In March 2023, the government announced that the Pensions Dashboard Programme would require additional time to deliver the connection of pension providers and schemes in accordance with the connection deadlines set out in the Pensions Dashboard Regulations 2022. The new dashboard programme is due to be announced in spring 2024 and it is anticipated that the fire scheme date would be Summer 2025.

The Board continued to focus on key areas identified by the Pensions Regulator and maintain an oversight of the key risks to the fund. The Risk Register has continued to be reviewed at Board meetings.

The Board have also received a report on how the designated Pension Scheme Manager manages the LPPA Pension Administration contract.

## **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, 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. It is anticipated that the Local Government Association will be providing remote training to Board members nationally over the next year.

## **Looking forward to 2024/25:**

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

- Implementing the requirements of the Sargeant/McCloud age discrimination legislation;
- Implementing the requirements of the Matthew's Second Options exercise;
- 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;
- 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)**

Will the proposal(s) involve the processing of personal data? Y 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 (SAB), 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 2023-24 was £7,794.86, this has been provided for within the revenue budget.

Out of pocket expenses have not been paid to members.

**Legal implications**

The Authority is required by pensions legislation to establish a Local Pensions Board for the Firefighter Pension Schemes and to convene meetings as required with a minimum of two meetings per year.

**Local Government (Access to Information) Act 1985****List of background papers**

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause