

Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on 8 July 2025

Local Pension Board (LPB) Annual Report 2024-25

Contact for further information – Bob Warren, Pension Scheme Manager

Tel: 07867802756

Executive Summary

The report presents an update on the Lancashire Fire Local Pension Board (LPB) for the period 1 April 2024 - 31 March 2025.

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 (LPB) 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 and 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 delegated its functions to Bob Warren, then Director of People and Development. Although he has retired from that role due to the current complexity and pension agenda relating to the Age Discrimination and Part Time Workers remedies which has resulted in the implementation of new pension and HMRC legislation and the development of new policy, he has continued assisting in the pension's activity for an interim period.

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. Due to the complexities and workloads around the implementation of the age discrimination and retained duty system (RDS) modified scheme remedies four meetings were held per year during the period.

Membership

One new employer representative was appointed to the Board during the year 2024/25. This appointment was carried out in accordance with the Board's Terms of Reference.

Work Programme during 2024/25

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

- The Sargeant/McCloud judgement relating to age discrimination, this arose after the implementation of the Firefighters' Pension Scheme 2015 and followed a

successful challenge by the Fire Brigades Union (FBU) of age discrimination in relation to the protections put in place for existing members.

- Matthews's judgement affecting on-call members commonly referred to as the 'Second Options Exercise'. This arose following a legal challenge around on-call firefighters who were eligible to join the pension scheme from the start of employment.

Sargeant/McCloud Age Discrimination Remedy

During the first quarter of 2024/25 LFRS completed the pay, tax and contribution data for almost 1,000 members affected by the age discrimination remedy. This allowed our pension administrator, the Local Pensions Partnership Administration (LPPA) to issue Annual Benefit Statement – Remediable Service Statements (ABS-RSS) to active employees. 50 active employees did not receive ABS-RSS due to a number of reasons principally caused by late or non-receipt of Government guidance. As a result of this it was necessary for the Scheme Manager to report a breach of statutory duties to The Pensions Regulator (TPR).

Following the issue of the ABS-RSS's in August/September 2024, the service issued a number of internal communications via the intranet and delivered an on-line meeting to explain the ABS-RSS, contribution adjustments as a result of 'roll back' to the legacy scheme.

As a result of the 'roll-back' into the legacy scheme, approximately 80 members were notified that they had exceeded annual allowance thresholds in one of the remedy years. In October 2024, these members were issued a Remediable Pension Saving Statement (RPSS). LPPA ran two on-line workshops to assist members in completing this process. This was in addition to four workshops held internally by LFRS.

The firefighter remedy regulations provide for some decisions made by members during the remedy period to be revisited. This includes decisions to opt out of the pension scheme and whether a firefighter would have purchased additional years in their legacy scheme had they been allowed to remain in it.

LFRS has received 7 contingent decisions opt-out claims, which have been accepted by the Scheme Manager. A contingent decision is a decision taken by a member who may have taken a different decision if there had been no changes to the pension scheme. 1 contingent decision was in respect of an additional years claim from an individual who claims they would have purchased these had they been able to remain in their legacy scheme. This claim is pending a decision by the Scheme Manager. These individuals are due to be issued with a Contingent Decision Remediable Service Statement (CD-RSS) so that they can decide whether to make an election to opt back into their legacy scheme for the remedy period. These are yet to be issued as the Contingent Decision guidance from the LGA has been withdrawn. Questions raised by the LGA, trade unions and employers in relation to the contingent decision provisions in remedy legislation are yet to be resolved. The Home Office has taken legal advice to provide clarity over which pension schemes are available for individuals to opt back into. Further guidance from the LGA to scheme managers will allow these cases to proceed.

368 Immediate Choice members (retired before 1 October 2023 with legacy scheme service) were due to receive an Immediate Choice Remediable Service Statement (IC-

RSS) before 31 March 2025. 54 individuals did not receive the IC- RSS due to data processing difficulties and late notification of government guidance and the Scheme Manager notified the Pensions Regulator of this breach in statutory procedures as required. The Pension Scheme Manager in accordance with the legislative procedures also notified the Pensions Regulator that due to the necessary government guidance not being issued it was necessary to defer the deadline for the issuing of the IC-RSS for 64 individuals. The reasons for many of the delays was due to the need for the Matthews remedy to be enacted and resolved before the McCloud correction could be progressed.

Individuals who were not going to receive their RSS statement were individually notified before the deadline.

The Pensions Regulator has acknowledged the breaches and deferment and currently has not requested any further information.

The failure to issue both the ABS- RSSs and the IC- RSSs applied across all Fire Authorities in respect of the Firefighter pension schemes. Lancashire's performance in conjunction with our close liaison with our pension provider was significantly better than most Fire Services.

Understandably ex-firefighters wish the pension position to be rectified as soon as possible, and the Service understands these concerns and is not complacent and is endeavouring to progress the outstanding IC-RSSs as soon as possible. It is anticipated that all the IC-RSSs will be issued by 31.7.25.

During the year, the Local Pension Board have received and considered update reports on these matters including at key project milestones.

Matthews Second Options Exercise

The Service have identified over 600 existing and former members of staff who are eligible to express an interest in the exercise to allow members to join or purchase additional pension under the Modified Pension Scheme. The Service have made reasonable endeavours to contact all eligible members, this has involved sending several follow-up letters to each individual where necessary using their last known address. As many individuals left LFRS employment over 20 years ago this has also involved the use of a tracing service to 'track down' individuals at their current address. To date 400 individuals have responded, and the Service continues to make repeated attempts to contact individuals.

Calculations for the exercise are complicated and, in a small number of cases, require data going back as far as the 1960's and 1970's. To date approximately 270 calculations/options packs have been sent to members. This work will continue into 2025/26.

Measures are currently being explored to reduce the timeframe of putting the resulting pensions into payment.

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

An area that remains of some concern is no mechanism has been finalised to deal with aggregation. This is where an on-call employee subsequently achieves a wholetime role and would wish to combine both pension scheme benefits.

In order to create capacity sufficient for the implementation of the above two projects, the Temporary Pensions Coordinator role is currently filled on a casual basis and the postholder is predominantly supporting the administration of the Matthews Second Modified Pension Scheme exercise. This temporary post continues until 31 March 2026.

Internal Dispute Resolution Procedure and Pensions Ombudsman

In 2020/21, the Service implemented the pensionable allowances project, retrospectively applying backdated pensionable allowances for six years to existing and former employees who have worked a range of duty systems where allowances were previously non-pensionable. 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 due to the backdating period or the non pensionability of their pay associated with the temporary nature of their role. The Board have also been informed about a number of complex cases that have been dealt with at Stage 1 and Stage 2 over this period, including through the Internal Dispute Resolution Procedure (Appeals). The Service has now been contacted from the Pensions Ombudsman regarding a number of cases, information has been provided but no Pensions Ombudsman outcome has yet been advised.

Pensions Dashboard

The Pensions Dashboard Programme continues to publish regular updates and newsletters in the leadup to the pension schemes beginning their connections in April 2025. Our connection date has been advised as 31.10.2025.

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 service is involved in the LPPA project plan for implementation that is on track.

LPPA Pensions Administration

The Board have also received reports on how the designated Pension Scheme Manager manages the LPPA Pension Administration contract and reviews the administration performance.

Communications

In this difficult time for firefighters in respect of their pension entitlements the LPB oversee and provide suggestions in respect of staff communications.

Risk Register

A key activity of the LPB during the year was monitoring and reviewing the Firefighter Pensions Risk Register.

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

available, and 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 2025/26:

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 and 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 2024-25 was £9,868, 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: Insert Exemption Clause