

Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

14 February 2022

Pensions Administration Service Activity and Performance update

Recommendation(s)

The Local Pension Board is asked to note and comment on this report

1. Executive Summary

- 1.1 This report updates the Board on key developments affecting the administration of the Fire Pension Scheme and the performance of the Pensions Administration Service (PAS).

2. Financial Implications

- 2.1 Any financial implications are dealt with in the body of the report

3. Environmental Implications

- 3.1 None

4. Change of service provider

- 4.1 The transfer of the administration of firefighter pensions and pensioner payroll service to West Yorkshire Pension Fund (WYPF) is progressing. The project team with representatives from the service areas affected are meeting on a fortnightly basis, to ensure the project remains on track.
- 4.2 A communication has been sent out to all Fire scheme members to inform them of the change of provider, very few queries have been received from this. A reminder communication will be sent out again before 1st April 2022.
- 4.3 Warwickshire has set up a collaboration group with other Fire Authorities within the region that also use WYPF. Included in this group are Hereford and Worcestershire, Shropshire, and Staffordshire Fire Authorities. The aim of this

group is to share experiences and look for best practice in the way services are provided by WYPF.

5. Immediate Detriment

- 5.1 On 28th November 2021, the Home Office (HO) withdrew the guidance they provided for Immediate detriment cases. The explanation provided for the withdrawal is that further work is being undertaken between HMT and HMRC on drafting the remedy in the McCloud bill. This suggests that the gaps and uncertainties regarding tax implications for rectification cases are considerably greater than what was first thought. (See Appendix 1).
- 5.2 The government announcement was received after the release of the memorandum of understanding (MoU) (Appendix 2) which has been put together by the Local Government Association (LGA) and the Fire Brigade Union (FBU). Fire Authorities were asked if they would adopt the framework, partially, fully, or not at all. WFRS had decided to fully adopt the framework and had begun to contact affected members, those being members who had retired under the 2015 pension scheme (FPS 2015) and could now have their benefits assessed following the MoU framework. WFRS had already decided to process immediate detriment cases for affected members who are or have retired since August 2020 when the original HO guidance was released.
- 5.3 Following the withdrawal of the HO guidance, WFRS paused any further processing of rectification cases, pending further legal advice.
- 5.4 The service has 5 members who have been identified as ¹category 1 cases following the MoU framework and has processed 10 category ²2 cases.

¹ Category 1 Members who, at the date of this MoU, are employed by an FRA and: (a) become eligible to retire (for any reason, including ill-health) and draw any pension and/or lump sum benefit and want to have all their benefits paid from their Legacy Scheme (not the 2015 Scheme); or (b) do not qualify for a lower-tier (and therefore higher-tier) ill-health pension under the single pot ill-health retirement arrangement provided for in the 2015 Scheme and are therefore left without an immediately payable pension, but would be entitled to such a pension under their Legacy Scheme

² Members who, at the date of this MoU: (a) have already retired (for any reason, including ill-health) and who are receiving a pension under the 2015 Scheme, and who wish to be treated as having retired as a member of their Legacy Scheme; or (b) have left the fire and rescue service and did not qualify for a lower-tier (and therefore higher-tier) ill-health pension under the single pot ill-health retirement arrangement provided for in the 2015 Scheme, and are therefore left without a pension in payment but would be entitled to such a pension under their Legacy Scheme

6. Consultation on regulation changes

- 6.1 On the 8th November the HO released their consultation: *Amendments to the firefighters' pension schemes in England 2022*. The closing date for the consultation was 2nd January 2022.
- 6.2 The amendments detailed are required to deliver the first set of changes to remove the transitional protections from the Firefighters' Pension Scheme (FPS) 2015. The changes enact the policy announced in February of this year and are consequential to the provisions in the Public Service Pensions & Judicial Offices Bill (PSPJO). The changes are intended to come into force on 1st April 2022.
- 6.3 This is part of the package of measures the government intends to use to remove age discrimination; the second phase will address the issue of giving members a retrospective choice of benefits for the remedy period. A separate consultation will be issued sometime this year for this.
- 6.4 LGA have provided a response on behalf of FRAs and so WFRS has not submitted an individual response to the consultation.

7. McCloud/Sergeant project update

- 7.1 The project is progressing, communications regarding the transfer of all active members to the FPS 2015 scheme on 1st April 2022 have been sent out to all affected members.
- 7.2 The collection of payroll data has begun and will be shared with WYPF once the transfer of the service has been completed. It is understood that the administration software has not yet been updated to hold the data required for members in scope.
- 7.3 WFRS have requested that a project plan should be put together by WYPF and WFRS to document processes and decisions made on the processing of cases once legislation is in place.

8. Breaches

- 8.1 There are currently no breaches recorded.

9. Internal Dispute Resolution Procedure (IDRP)

- 9.1 There is currently 1 outstanding stage 1 appeal. This follows a determination by the Pensions Ombudsman which has instructed WCC to revisit the decision made previously for this case.

10. Matthews/O'Brien – 2nd modified retained exercise

- 10.1 There have been no further updates, however it is anticipated that the legislation required for this will come into force on 1st April 2022.

11. Cost control mechanism

- 11.1 Unions across the public sector have launched a judicial review against HMT about including McCloud/ Sargeant remedy costs in the cost control mechanism. The FBU, GMB, and BMA argue that the cost of rectifying the discrimination should not be met by scheme members. The provisional results of the 2016 cost cap valuation showed that all public service schemes were cheaper than expected. This would have led to a reduction in contributions or improvements in benefits from April 2019 had the cost control process not been paused.

12. LGA bulletins

- 12.1 The LGA release a monthly bulletin to those involved with the governance and administration of Firefighter Pension Schemes. Board members should receive a copy of the bulletin as it is circulated by democratic services. Since our last board meeting following bulletins have been released: 51, 52 and 53.

13. FRA remedy self -assessment survey

- 13.1 Earlier this year the Scheme Advisory Board released a survey to FRAs to gauge what preparations they are making for implementing both the McCloud/Sargeant remedy and for the 2nd retained modified retained exercise following the Matthews case. WFRS responded to the survey and have now been provided with the results, which are to be discussed in this meeting. The survey benchmarking results can be seen at Appendix 3 and WFRS responses are Appendix 4.

14. Timescales associated with the decision and next steps

- 14.1 None.

Appendices

Appendix 1 – Home Office withdrawal of Immediate detriment guidance

Appendix 2 – MoU framework

Appendix 3 – Remedy Self-assessment survey benchmarking results

Appendix 4 – WFRS responses to remedy self-assessment survey

Background Papers

1. Background paper 1 - HO consultation phase 1 – removal of age discrimination
[Consultation on firefighters' pensions prospective remedy \(accessible version\) - GOV.UK \(www.gov.uk\)](#)
2. Background paper 2 - LGA response to HO consultation –
<https://www.fpsregs.org/images/Age-discrimination/Home-Office-public-service-pension-schemes-consultation-response-Fire-FAQs-4-February-2021.pdf>

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The report was circulated to the following members prior to publication:

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Other members: