

# Warwickshire Local Fire Pension Board Annual Report 2021/22

## Report by The Independent Chair

### Purpose of Report:

To report to board members on the activities of the Warwickshire Fire and Rescue Local Pension Board of the Firefighter's Pension Scheme and the Scheme Manager in 2021/22.

### Background

The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes, including the establishment of Local Pension Boards.

The Warwickshire Fire and Rescue Local Pension Board of the Firefighter's Pension Scheme ("the Board") was thus established. The Terms of Reference for the Board were last approved by Council on 1st July 2021.

A Scheme Manager must by law be appointed for the Firefighter Pension Schemes. For Warwickshire, the Scheme Manager is the Council's Section 151 Officer. Under the Council's scheme of delegations, the role of Scheme Manager has been delegated onwards to the Assistant Director of Finance.

### Report

#### 1. Board Membership

- 1.1. The Board is made up of an equal number of employer and employee representatives, with an additional Independent Chair appointed directly by the Council. Mr Martin Rehorn has been the Independent Chair for the whole period.
- 1.2. There were two changes of Board members during 2021/22, where the late Cllr Horner briefly joined the Board to be succeeded by Cllr Hammersley. There currently no vacancies.

#### 2. Format of meetings

- 2.1. Meetings are held four times a year on a quarterly basis with an agreed programme of reports.
- 2.2. Meetings are held normal held virtually and advertised on the Authority's website, with one meeting a year being held in person. There have been no members of the public attending meetings to date. The meeting agenda and papers, together with the minutes of the previous meeting, are published on the Authority's website 5 days prior to the meeting date.
- 2.3. Board members are required to declare any potential conflicts of interest to the Scheme Manager prior to each meeting, in line with the Local Firefighter Pension Board's Conflicts of Interest Policy.

#### 3. Training

- 3.1. The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes and this code sets out the

requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member. Board members and supporting officers have been made aware of the Code and its requirements

3.2. There have been several training opportunities for the Board, including:

3.2.1. Introduction to the Fire-fighters Pension schemes

3.2.2. McCloud/Sargeant

3.2.3. New Member Training

3.2.4. online training available on the Pension Regulator website which members of the Board are encouraged to complete.

3.3. Each Board member has completed a training needs analysis and the Board has a Training Policy. A record of all training is maintained by the Scheme Manager.

#### 4. Board Activity

4.1. Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by Officers supporting the Board.

4.2. The overhaul of the governance arrangements for Firefighter Pension Schemes has continued including a review of policies and training for members of the Board.

4.3. The Board receives regular reports including

4.3.1. a report from the Pension Administration Team.

4.3.2. review of Scheme statistics

4.3.3. updates on data quality measures – in line with the Pensions Regulators requirements

4.3.4. updates on current pension issues.

4.3.5. the Fire Pension Risk Register.

4.3.6. overview of IDRP cases (but not individual cases) and any breaches (none requiring attention this year)

#### 5. Current Issues

5.1. Pension Scheme Administration.

5.1.1. Following the formal procurement process, Pension Administration and pensioner payroll services, were transferred to West Yorkshire Pension Fund (WYPF) from 1<sup>st</sup> April 2022. The Board monitored progress on this transfer during 2021/22.

5.2. McCloud Decision and the Treatment of Immediate Detriment Cases.

5.2.1. As a result of findings in legal action taken by retiring firefighters nationally, the transitional protections related to the 2015 Firefighters' Pension Scheme have been found to be age discriminatory.

5.2.2. Government approach to this is to legislate for change with new Regulations expected to be in place from October 2023 which will allow a scheme member to choose whether service between 1<sup>st</sup> April 2015 and 31<sup>st</sup> March 2022 is counted in the Reformed (2015) or Legacy (1992/2006) schemes.

5.2.3. Following a Court case brought by the Fire Brigades Union (FBU) – which was settled out of court – the Home Office issued guidance on how Fire Authorities should implement the changes prior to legislation being completed.

5.2.4. The Scheme Manager has sought advice from WCC legal with regard to the application of the Home Office Immediate detriment guidance.

- 5.2.5. A decision of the Employment Appeals Tribunal in February 2021 is clear that FRAs cannot defend the discrimination on the basis that they are required to follow the legislation in force.
- 5.2.6. FRAs are therefore empowered by that decision to make payments under legacy schemes.
- 5.2.7. However, the Home Office subsequently withdrew this guidance and, with the Treasury urged Fire Authorities not to make any payment until legislation was in place. This cited the potential cost of known issues and highlighted the risks of currently unknown issues emerging. The Home Office also made it clear that any costs incurred as a result of early payment would not be refunded by government.
- 5.2.8. The Board has sought assurances that the Scheme Manager has properly considered its approach to Immediate Detriment in the light of Home Office and Treasury advice; the legal consequences and potential costs and risk and potent Regulation. It is inevitable that different Scheme Managers will reach different conclusions but the Board is content that this Scheme Manager has properly considered all the factors and therefore reached a valid conclusion.

### 5.3. Matthews/O'Brien (On-Call/RDS Modified Scheme)

- 5.3.1. The Board has monitored the Scheme Managers preparedness for this second round of access to the modified scheme.
- 5.3.2. Whilst full details are not expected until October 2023, general processes and principles can be established, particularly where tasks cannot be undertaken by WYPF (e.g. where potential scheme members do not currently have a pension record)