

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

10 February 2025

## Governance and Policy Update

### Recommendation

That the Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme notes and comments on the governance and regulatory updates affecting Firefighter Pension Schemes set out in this report.

### 1. Executive Summary

- 1.1 This report provides a summary of governance issues relating to the firefighter pension schemes and policy updates.

### 2. Policy Updates

#### TPR Code of Practice review

- 2.1 The Pension Administration Service is currently undertaking a review of the Firefighters' Pension Scheme's governance arrangements to check compliance against the Pension Regulator's Code of Practice. This review will be completed using the AON Code of Practice modeler tool. West Yorkshire Pension Fund have also been working with the AON tool to complete their own compliance review.
- 2.2 The Pensions Administration Service will be working with West Yorkshire Pension Fund to complete the review. Due to pressures from both the age discrimination remedy project and the Matthews project, results of the review will be reported in mid-2025.
- 2.3 The Terms of Reference and Conflicts of Interest policies that are currently scheduled for review on the forward plan will be completed and reported back as part of the wider general code of practice review.

### 3. Regulatory Updates

#### Age Discrimination Remedy

- 3.1 Guidance has now been prepared by the Local Government Association

(LGA) and shared with scheme administrators for applying the age discrimination to non club transfers and cross border transfers. A non club transfer is moving your pension outside of the public sector schemes

- 3.2 At the last pension board meeting, we updated that HMRC had published its offsetting guidance for the unauthorised payment charge that is to be used for Immediate Choice (IC) members who previously received an unauthorised payment. Following feedback from administrators, LGA held a joint working group with selected administrators across both police and fire, Government Actuary Department (GAD), and Home Office to help identify any potential gaps within the guidance. LGA has confirmed that the Home Office has agreed to commission GAD to work with the working group to consider these potential gaps in the guidance, and if identified, produce a note to feedback to HMRC. If it is considered that there are not any gaps in the guidance, they will work to establish what additional guidance is needed for the sector to compliment the HMRC guidance and publish this.
- 3.3 LGA has published scheme manager guidance on the remediable powers that they have to reduce or waive liabilities arising from remedy. The guidance illustrates what powers scheme managers have and provides some example scenarios of when scheme managers may consider using this discretion.

### **Second Retained Exercise**

- 3.4 On 23<sup>rd</sup> December the Home Office published its consultation on the policy changes for the Matthews second options exercise. Responses must be received by 17<sup>th</sup> February 2025. Warwickshire representatives will be attending meetings with the Home Office to discuss the consultation ahead of decisions around a response.
- 3.5 The consultation covers a number of points, including -
- The payment of a missed pension lump sum / survivor's missed pension payment in respect of a deceased individual who would have been entitled to a pension (or a higher pension) under Matthews remedy.
  - The extension of the eligibility criteria for an 'additional death grant' payment, so that it is also payable in respect of those individuals who did not join (or did not get an opportunity to join) the modified scheme during the 2014 Options exercise.
  - Individuals who joined the modified scheme as special deferred members the option to convert relevant standard service in the 2006 Scheme to special service in the modified scheme.
  - For a minor clarification to be made to an existing reference to 'additional death grant'.
  - Eligible individuals with periods of 'opted out' service in the standard 2006 Scheme to count this towards their special service.
  - Flexibility to apply new provisions beyond 31 March 2026.
  - The closure deadline of the 2023 Options exercise to be extended by 12 months to 31 March 2026.

- Members who join the modified scheme as special pensioner members, and who are in receipt of a 'member initiated early payment of pension', the ability to convert their standard service to special service.

### **Member Contribution Consultation**

- 3.6 On 21<sup>st</sup> November 2024, the Home Office launched a 10-week consultation around proposed updates to the member contribution structure.
- 3.7 The consultation looks at changes required to achieve the target member contribution yield. Currently there is a 0.2% shortfall in expected return versus required return for this valuation period. Proposals also look at the definition of pay that is used to appoint members to a contribution rate and changes to the contribution band structure.
- 3.8 The consultation aims to:
- Achieve the target yield over 1<sup>st</sup> October 2025 to 31<sup>st</sup> March 2027, and over future valuation periods.
  - Update the member contribution structure to encourage scheme participation and reduce opt outs.
  - Ensure the member contribution structure is administratively sustainable.
  - Ensure due regard to the public sector equality duty.

### **Pension Dashboards**

- 3.9 In December 2024, The Pensions Regulator (TPR) published updated pension dashboard guidance. This includes a new section on registration codes which outlines the action trustees need to take.
- 3.10 The update also incorporates DWP's guidance on staged connection. The expectation is for schemes to connect in line with this guidance, and to consider and mitigate the risk if they delay connection.
- 3.11 The draft data standards, reporting standards and Code of Connection have been updated, following industry feedback and experience with the voluntary participants for testing.
- 3.12 Ongoing developments: while testing is ongoing, and with further developments, the guidance highlights where schemes need to be alert to these developments and to speak regularly to providers to ensure they are up to-date.
- 3.13 On 22<sup>nd</sup> October 2024, Emma Reynolds, Minister for Pensions, issued a written ministerial statement reiterating the government support for pensions dashboards and reported that the Pensions Dashboards Programme (PDP)

is making good progress.

### **Pension Board Training**

3.14 The Local Government Association has launched Local Pension Board Training. Available dates are -  
Wednesday 17 September 2025 11:00 – 15:30 (in person – 18 Smith Square, London)  
Thursday 22 January 2026 10:00 – 14:00 (MS Teams).

3.15 If Board members are interested in attending, please contact Lisa Eglesfield who will arrange the booking.

3.16 The sessions are aimed at members of Fire Local Pension Boards with attendees hearing from a range of speakers including:

- Local Government Association;
- Scheme Advisory Board;
- Fire LPB Effectiveness Committee Chair;
- The Pensions Regulator; and
- The Pensions Dashboard Programme.

## **4. Financial Implications**

4.1 There are no financial implications arising directly from this report.

## **5. Environmental Implications**

5.1 There are no environmental implications arising directly from this report.

## **6. Timescales associated with the decision and next steps**

6.1 None

## **Appendices**

None

## **Background Papers**

None

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

Local Member(s): n/a

Other members: Cllrs Dahmash and Gifford