

## EAST SUSSEX FIRE AUTHORITY

**Panel** Scrutiny and Audit

**Date** 21 July 2022

**Title of Report** 2021/22 Annual report of East Sussex Fire and Rescue Service's (ESFRS) Local Firefighters' Pension Board

**By** John Olliver, Payroll, Pensions & HR Assurance Manager

**Lead Officer** Julie King, Assistant Director People Services

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**Background Papers** Local Firefighters' Pension Board meeting held on 13 January 2022

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**Appendices** None

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**Implications (please tick ✓ and attach to report)**

*Any implications affecting this report should be noted within the final paragraphs of the report*

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

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**PURPOSE OF REPORT** To inform the Panel of the matters considered by the Pension Board during 2021/22.

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**EXECUTIVE SUMMARY** The Board has met on four occasions during this year and considered reports on matters such as:

1. Terms of Reference (TOR) for the Pension Board
2. Policies and guides for the Board and the Firefighters Pension Scheme (FPS)
3. Current issues and updates relating to the Fire Authority's FPS

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**RECOMMENDATION** The Panel is asked to note the annual report of the Firefighters' Pension Board for 2021/22.

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## 1. **MEETINGS AND ATTENDANCE**

- 1.1 There were two Board meetings since our last report in October 2021 and were held in January and April 2022.

<b>Board Member</b>	<b>Expected Attendance</b>	<b>Actual Attendance</b>	<b>% Attendance</b>
Mr Matthews (Fire Leaders' Association)	2	2	100%
Mr Goodchild (Retained Firefighters' Union)	2	0	0%
Mr Herbert (Fire Brigades' Union)	2	0	0%
Mr Lloyd (Fire Officers' Association)	2	1	50%
Cllr Taylor	2	1	50%
Cllr Hamilton	2	1	50%
Cllr Tutt	2	2	100%
Cllr West	2	2	100%

## 2. **JANUARY 2022 PENSION BOARD MEETING**

- 2.1 The Pension Board considered the report of the Assistant Director People Services (ADPS) providing Members with an update on pension issues being addressed by the Fire Authority since the last meeting. The Pensions Technical Specialist (PTS) took the Board through each section of the report to provide a brief updated on key points and to allow for questions and discussion as necessary.
- 2.2 The Pension Board recorded its thanks to D Marshall for his work during his time as Assistant Director People Services (temporary) then welcomed J King who had taken on the role permanently.
- 2.3 The Pension Board discussed in detail matters relating to Immediate Detriment (ID) cases, with particular focus on the withdrawal of the Home Office (HO) Guidance on 29 November 2021, when the Government had established that dealing with ID was more complicated than had first been thought. The rescinding of this guidance had changed how the Fire Authority had to approach these payments. At its meeting on the 9 December 2021, the Fire Authority had agreed to pause ID Payments and requested that an update or revised position be taken to the next meeting of the Policy & Resources Panel. The PTS confirmed to the Board that this position had not moved on a great deal. The Service had seen the privileged Legal Advice from Bevan Brittan provided to the Local Government Association (LGA) which provided them with some further details, but which they were not permitted to share. The HO response had constituted a complete about turn on advice, where it had been to pay it, was now to not pay. It had also been made clear that there would be no Government assistance provided for costs incurred outside those of normal pension payments, including compensation, if it was made before the full legislation was in place.

- 2.4 The PTS added that the Scheme Advisory Board (SAB) had written an open letter to HM Treasury on the withdrawal of guidance requesting more information on the risks and uncertainties that they had mentioned in their assessment. This had not yet been responded to by the Treasury, but a verbal update was anticipated before the next Policy & Resources Panel meeting.
- 2.5 The Board asked how many imminent cases were affected, with particular concern being expressed about those relating to ill-health retirement. The PTS informed the Board that there were 6 cases due in the next 6 months and that 10 needed to be reviewed if it was decided to offer Category 2 payments. The Payroll, Pensions & HR Assurance Manager (PPHRAM) added that some immediate ID cases were due to retire in the next month. The Pension Board Chair requested that the P&R Panel be asked to look at the risks presented to the Fire Authority. The Board were informed that there was only one ill-health retirement anticipated but that this was significant as they would only be able to retire under ID. It was important to note though that if one person was dealt with under ID then ALL would need to be dealt with too, it could not be limited to those under ill-health only.
- 2.6 The Board asked if there was any estimate of the figures involved. The Assistant Director Resources/Treasurer (ADR/T) stated that it was massively unclear, officers were working on some estimates, but this was dependent on the receipt of legal advice and the response from the Treasury. There was great uncertainty as to what more information would be received, conversations between all parties were ongoing, including the NFCC. It was the ADR/T's view that when the Memorandum was approved there were no risk-free options available and that the risk had increased. There was also the moral obligation that the Fire Authority had to scheme members. It was felt that processing ID for those in category 1 were less risky than category 2.
- 2.7 The Board queried whether the reserve finances set aside by the Service was sufficient. The ADR/T explained that one cost would be to provide additional internal capacity to cover this and the budget proposal to P&R would cover this for 2 years. It did not include provision for extra costs from WYPF but there was funding in the reserve to cover potential software or non-scheme costs. Increases in employer contributions in the longer term, this would come through the next valuation of Schemes in 2023-25. Tactically as a Sector no provision had been made, the Government should fund this directly as it will be a hugely significant figure.
- 2.8 The PTS informed the Board that the LFA and FBU were updating their advice. Where they had originally been adamant that if you adapted framework, you had to implement it in full, they were now looking at whether to advise an adaptation of it as a piecemeal process. There was some uncertainty about whether, when agreed, this updated framework would be published.
- 2.9 The Board recorded some key hopes on behalf of the Scheme members:
- Accepting that it was difficult, Members would appreciate being provided with some clarity on costs and which were likely to be reimbursed or not;
  - The communication of risks to Members – particularly relating to repayments in the future;
  - Members were very anxious and it was important to keep them updated;

- Update Members that we have been advised that the LGA framework could be implemented more flexibly.

- 2.10 The Board then discussed payment of arrears due to some Members not being moved to multiplier contributions at the correct time. ESCC payroll had been asked to correct these and to calculate the figures that were now owed. ESCC had confirmed that they would be addressing this next month. The Chair of the Pension Board offered assistance, if required, as he was both an ESCC Councillor and a Member of their Pension Committee.
- 2.11 With regards to the national Guaranteed Minimum Pension (GMP) reconciliation and rectification exercise, the Pension Board were informed that the ADR/T had agreed the contract for the transfer of data from Mercers to WYPF.
- 2.12 The PTS confirmed that all actions contained within the LGA bulletins had been completed.
- 2.13 The Pension Board had undertaken training in early December 2021, conducted by the PTS, as the LGA were short-staffed and had cancelled all training. The LGA had contacted the PTS to confirm that they were now in the position to be able to deliver training again and had offered another session. The Board agreed to delay any further training until there had been further developments regarding ID.

**RESOLVED – The Pension Board:**

- noted the Fire Authority's current pension issues, actions taken to resolve them and actions awaiting completion; and
- did not identify any further information or assurance that was required from officers.

**3. APRIL 2022 PENSION BOARD MEETING**

- 3.1 The Pension Board considered the report of the Assistant Director People Services (ADPS) containing information updating those present with the status of current pension matters affecting East Sussex Fire & Rescue Service. The Pensions, Payroll & HR Intelligence Manager (PPHRIM) informed the Board that there had been no significant changes since the last meeting, but there had been lots of progress made on various matters.
- 3.2 The Risk Register had been due for review by the end of January 2022, particularly regarding Immediate Detriment (ID) cases and the withdrawal of Home Office (HO) guidance and the outcomes of the Policy & Resources (P&R) Panel on 20 January 2022. The Board were informed that, due to work being required to directly support retirees, there had not been as much progress on this as had been intended. The Chair acknowledged that those risks that were flagged as red were matters which were out of the control of ESFRS staff and accepted reassurance that this would progress as soon as possible.
- 3.3 The PPHRIM explained that there had been no movement on matters relating to the Age Discrimination Remedy or to the Immediate Detriment cases since the P&R

Meeting in January 2022, primarily due to a lack of advice from external advisors, namely the Home Office and HM Treasury. It remained the intention that an update paper be presented to the P&R Panel at its meeting in May 2022, although currently it was uncertain what the positioning of this paper would be. Correspondence was anticipated, including advice from HM Treasury and a letter had been sent to the Home Office by the Local Government Association and the FBU urging the HO to support payments under ID. The Board was reminded that the current government advice was that no one should be paid under ID until the law changes in October 2023. The PPHRIM added that ESFRS were currently recruiting for a Pensions Administrative Assistant/Accountant, the Job description had been approved and would be sent to employment agencies as soon as possible. The Board accepted this update and looked forward to a fuller update at the next meeting.

- 3.4 The PPHRIM then updated the Board on the progress that had been made regarding the Guaranteed Minimum Pension reconciliation and rectification project. West Yorkshire Pensions Fund had confirmed the receipt of data transferred from Mercers and were due to confirm timescales to the Service.
- 3.5 The PPHRIM informed the Board that the Service had recently completed its first Stage 2 Internal Dispute Resolution Process (IDRP) following an application from a retired employee. The Human Resources Panel had been convened to review the application and make its decision. In line with the agreed procedure, the Panel wrote to the applicant with the findings of their review and there were no further actions required.
- 3.6 The Board were provided with assurance that the LGA and Scheme Advisory Board bulletins had been actioned where applicable.
- 3.7 The PPHRIM concluded his update by committing to share dates of future LGA Pensions training sessions to all members.

#### **4. CONCLUSION**

- 4.1 Since this last Board meeting, Cllr Tutt has stepped down from the Pensions Board. Cllr Hamilton has agreed to Chair the Board going-forward and Cllr Unger has joined the group in Cllr Tutt's stead.
- 4.2 With these changes in mind, it was decided to cancel the July 2022 Board meeting and use the time set aside to ask the Local Government Association to run an additional training session for the Board members. This took place on 4 July 2022.