

## EAST SUSSEX FIRE AUTHORITY

<b>Panel</b>	Scrutiny and Audit
<b>Date</b>	20 July 2023
<b>Title of Report</b>	2022/23 Annual report of East Sussex Fire and Rescue Service's (ESFRS) Local Firefighters' Pension Board
<b>By</b>	John Olliver, Payroll, Pensions & HR Assurance Manager
<b>Lead Officer</b>	Julie King, Assistant Director People Services

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<b>Background Papers</b>	Local Firefighters' Pension Board meetings held on 13 April 2022, 5 October 2022 and 16 January 2023
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<b>Appendices</b>	None
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### Implications

<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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<b>PURPOSE OF REPORT</b>	To inform the Panel of the matters considered by the Pension Board during 2022/23.
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<b>EXECUTIVE SUMMARY</b>	<p>The Board has met on three occasions during this year and considered reports on matters such as:</p> <ol style="list-style-type: none"><li>1. Terms of Reference (TOR) for the Pension Board</li><li>2. Policies and guides for the board and the Firefighters Pension Scheme (FPS)</li><li>3. Current issues and updates relating to the Authority's FPS</li></ol>
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<b>RECOMMENDATION</b>	The Panel is asked to note the annual report of the Firefighters' Pension Board for 2022/23.
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## 1. MEETINGS AND ATTENDANCE

1.1 The three Board meetings were held in April 2022, October 2022 and January 2023.

<b>Board Member</b>	<b>Expected Attendance</b>	<b>Actual Attendance</b>	<b>% Attendance</b>
Mr Matthews (Fire Leaders Association)	3	3	100%
Vacant (Fire & Rescue Services Association)	3	0	0%
Mr Herbert (Fire Brigades' Union)	3	1	33%
Mr Oakman (Fire Brigades' Union)	3	0	0%
Mr Lloyd (Fire Officers' Association)	3	2	66%
Cllr Hamilton	3	2	66%
Cllr Tutt	1	1	100%
Cllr West	3	3	100%
Cllr Taylor	1	0	100%
Cllr Redstone	2	2	100%
Cllr Ungar	2	2	100%

## 2. APRIL 2022 PENSION BOARD MEETING

### 2.1 Firefighter Pension Scheme Update

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 (ESFRS). The Pensions, Payroll & HR Assurance Manager (PPHRAM) 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.

### 2.2 Firefighter Pension Scheme Risk Register

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 guidance, and the outcomes of the Policy & Resources (P&R) Panel on 20 January 2022. The Board were informed that, due to priority 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.

### 2.3 Age Discrimination Remedy and Immediate Detriment

The PPHRAM 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 (LGA) and the FBU urging the Home Office 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 PPHRAM 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.

#### 2.4 Guaranteed Minimum Pension Reconciliation and Rectification Project

The PPHRAM then updated the Board on the progress that had been made regarding the Guaranteed Minimum Pension reconciliation and rectification project. West Yorkshire Pensions Fund (WYPF) had confirmed the receipt of data transferred from Mercers and were due to confirm timescales to the Service.

#### 2.5 Internal Dispute Resolution Process

The PPHRAM 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.

#### 2.6 Local Government Association and Scheme Advisory Board Bulletins

The Board were provided with assurance that the LGA and Scheme Advisory Board bulletins had been actioned where applicable.

2.7 The PPHRAM concluded his update by committing to share dates of future LGA Pensions training sessions to all members.

### **3. JULY 2022 PENSION BOARD MEETING**

3.1 On 5 July 2022, the LGA ran a FPS Pension Scheme Training session for board members. This was a two-hour session which provided information about how the FPS operates and the responsibilities of the ESFRA Pension Board.

The LGA has a commitment to deliver training to each Fire & Rescue Service annually, so further sessions can be provided, if required, in 2023.

#### **4. OCTOBER 2022 PENSION BOARD MEETING**

##### **4.1 Pension Board Chair**

Since the April 2022 Board meeting Cllr David Tutt (Chair) had decided to stand down from the board. The Board recorded their thanks to Cllr Tutt for his time as Chair of the Pensions Board and welcomed Cllrs Redstone and Ungar as new Members.

Cllr Les Hamilton was elected as the new Chair of this board.

##### **4.2 ESFRS Risk Register – Firefighters Pension Scheme(s)**

A Risk Register has been developed in order to identify risks and ensure controls are in place to mitigate against those risks in the administration of the ESFRS Firefighter Pension Scheme(s).

The Risk Register was due to be reviewed by the end of January 2022 in particular following consideration of Immediate Detriment (ID) Cases & the withdrawal of Home Office Guidance and the outcome of the meeting of the ESFA Policy & Resources Panel on 20 January 2022. However, the resources required to continue our support to retirees and the extended sick absence of Pensions Specialist Advisor had prevented any progress being made. Work will continue in the coming weeks.

##### **4.3 Age Discrimination Remedy and Immediate Detriment**

Work is expected to increase over the coming months in preparation for the “Remedy” including identifying where data can be obtained to recreate scheme members pension records in both the legacy Final Salary Schemes and the reformed Career Averaged Revalued Earnings (CARE) Scheme for the 7-year remedy period.

In May 2022, a paper was presented to the P&R Panel of the Fire Authority, updating them on the current position of Immediate Detriment (ID). Based on the information presented, the panel agreed to support the recommendation to pause the processing of both category one and two ID cases.

There continues to be a lot of uncertainty on this issue across the industry.

As stated in previous reports, the Service has set aside £147,000 in an earmarked reserve to cover any immediate or unrecoverable costs resulting from the implementation of ID/Remedy for example pension software upgrades and non-scheme costs such as unauthorised tax charges.

To assist this process, and with other strains on the team the Payroll, Pensions and HR Assurance manager confirmed a job description had been agreed for a Pensions Administrative Assistant/Accountant with the Human Resources Business Partner and would be recruiting as soon as possible through a recruitment agency.

However, due to the extended absence of Pensions Technical Specialist this had stalled but would be activated on their return.

#### 4.4 Guaranteed Minimum Pension (GMP) Reconciliation & Rectification Project

Mercers completed the requested data transfer to WYPF who confirmed receipt and we await confirmation of the timescale for completion of this work. ESFRS do appreciate that WYPF will need to schedule this task alongside the work already underway in relation to Age Discrimination Remedy and the expected 2nd Employee Options exercise.

#### 4.5 Internal Dispute Resolution Process

Following an application from a retired employee under Stage Two of this process, with the assistance from Democratic Services, a meeting of the Human Resources Panel was arranged to review the application.

On 8 September 2022, the panel, consisting of three Fire Authority members, were presented with details of the application for their review.

In line with the agreed procedure after review, the panel sent a written response to the applicant on or around 14 September 2022. No further action required.

#### 4.6 Local Government Association and Scheme Advisory Board Bulletins

The Local Government Association (LGA) and Scheme Advisory Board (SAB) produce a monthly bulletin to keep Fire and Rescue Authorities up to date with current FPS issues and actions required to ensure compliance with regulations and ongoing scheme changes. To ensure that this Authority is keeping on top of necessary requirements and completing actions accordingly, a log of actions detailed in each monthly bulletin is kept and updated.

#### 4.7 Resourcing

Through the budget setting process the Senior Leadership Team (SLT) agreed to include extra pensions resourcing in the budget proposals to be considered by the Fire Authority on 10 February 2022 which total £160,000 over 2022/23 and 2023/24.

The intention is to fund both the Pensions Technical Specialist and some additional resource to support the processing of ID claims as previously mentioned in this report.

### 5. **OCTOBER 2022 PENSION BOARD MEETING**

#### 5.1 Pension Scheme Update

The Pension Board considered the report of the Assistant Director People Services (ADPS) which provided an update on pension issues being addressed by the Authority since the last meeting and to highlight any emergent pensions issues.

#### 5.2 ESFRS Risk Register – Firefighters Pension Scheme(s)

The Payroll, Pensions & HR Assurance Manager (PPHRAM) explained that work had been undertaken on reviewing the Firefighter Pension Schemes Risk Register.

Some additional text had been added and some risk facets had been removed as there was only one live pension scheme.

The Board were reminded that this work had been delayed due to staffing levels, a new Pensions Assistant (PA) had now joined the Service which had given the PPHRAM capacity to commence the review.

Whilst there were no “Red” risks there were significant challenges around the Age Discrimination Remedy. A new risk would be added to the register regarding the pensions dashboard.

Members queried whether West Yorkshire Pension Fund (WYPF) had undertaken any exercises to assess their cybersecurity. WYPF confirmed that the fund’s IT was provided and supported by Bradford City Council they did not know the exact provision, but there was an approved Disaster Recovery Document regarding the fund. The Assistant Director Resources/Treasurer (ADR/T) agreed to circulate a previous Cybersecurity response to the Board.

### 5.3 Age Discrimination Remedy and Immediate Detriment

The PPHRAM informed the Board that there had been no change in the position regarding the Age Discrimination Remedy “Remedy,” but that it remained difficult. It was anticipated that work would increase over the coming months in preparation for the Remedy and although the template had not been supplied, it had been sent by Civica to WYPF and was anticipated to be in place by the end of January.

The ADR/T added that this remained a key topic of discussion and that the new remedy was still expected in October 2023, the Government and NFCC positions remained unchanged, and the Immediate Detriment (ID) Framework had not been updated. The Tax regulations were now published and appeared to be a broadly sensible approach and the building blocks needed to resolve the situation seemed to be coming together. There were now other influences on individuals’ decisions on whether to retire, including the cost of living crisis and industrial Action. It was important, however, to remember that ID or Remedy did not prevent any individual from retiring.

### 5.4 Part-Time Workers Directive – 2<sup>nd</sup> Options Exercise

The PPHRAM explained that the legal case relating to extend pensions scheme membership to part time firefighters, previously excluded, was expected to be delivered in 2023. Several applications had already been received and the Pensions Team would be working to identify those eligible and collating the data required to contact the cohort and provide the options open to them. The Board asked if this would create some unaccounted for liability as a result. The ADR/T confirmed it would potentially add to liabilities, the impact being limited. Based on the size of the scheme, the difficulty will be collating the information, it is possible that this could go back to the 1970’s. The concern being how do individuals provide any necessary evidence past pay grades, the LGA was looking into a national pay rate to be used in these circumstances. WYPF added that the Home Office stance was that if pay records exist then they must be used, but that there would be a national list for those who do not

have those records. Individuals who were eligible would be provided with the figures to apply. The Board requested that this should be added to the Risk Register.

#### 5.5 Guaranteed Minimum Pension (GMP) Reconciliation & Rectification Project

The PPHRAM addressed the Guaranteed Minimum pension (GMP) project, a plan was in place with WYPF to undertake this work on behalf of the Service. The requested data has been transferred to WYPF who will be providing the Service with a timescale for completion, the Service appreciated that this would need to be scheduled in alongside work already underway as previously discussed at the meeting. It is hoped that the timeline would be available soon and the Board would be interested to see it at the next meeting.

#### 5.6 Local Government Association and Scheme Advisory Board Bulletins

The PPHRAM and WYPF confirmed to the Board that they were up to date with the completion of actions arising from the LGA Scheme Advisory Board update Bulletins.

#### 5.7 Pension Board Training

The Board were grateful for the inclusion of the LGA training slides in the papers for this meeting. The PPHRAM agreed to circulate the link to the Mandatory Pensions Regulator training to all the Board Members. It was agreed that another session from the LGA would also be appreciated, the suggestion was made that this be undertaken on an annual basis, the PPHRAM would arrange for this to be in place in the Summer.

#### 5.8 Update from the Pension Scheme Administrators

The Board were provided with an update from WYPF as the scheme administrators. The monthly reports were being updated for month 12, after which everyone would be on the 2015 scheme. There was a request for ESFRS to get its data submitted in a timely way to assist WYPF in issuing pensions statements on time. There was a request for ESFRS assistance with tracing individuals (very often contact details are out of date and only became apparent on an individual become eligible for their pension) in the run up to the implementation of the Pension Dashboard in September 2024. The Board requested that the WYPF key performance indicator (KPI) quarterly figures be included in future reports to the board to get a clear view of performance.

**RESOLVED** – The Pension Board agreed to:

- i. note the Authority's current pension issues actions taken to resolve them and actions awaiting completion; and
- ii. approve the FPS risk register including the addition of matters relating to the Part Time Workers Directive Second Options case.

### 6. CONCLUSION

- 6.1 Over the past 12 months both ESFRS and WYPF have continued to build their relationship whilst balancing the extensive efforts required to understand, plan collect data for the corrective actions arising from McCleod/Sargeant.

6.2 We are very pleased to report that the Annual Benefit Statements were produced ahead of the agreed timetable this year.