

## **Report to West Sussex Fire & Rescue Service Local Pension Board**

**3 April 2023**

### **Pension Administration**

#### **Report by Chief Fire Officer (Scheme Manager)**

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#### **Summary**

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. The following are highlighted:

- There were 1,659 members in the Scheme at 31 March 2023. This is an increase of 49 members since 1 April 2022.
- Over the past 12 months, 126 casework items were completed by the team, and all are with the service level timescales. On 28 February 2023, 11 casework items were in progress with the team, West Sussex County Council, members or other third parties.
- 51% of members have now registered to use the Member Portal which allows access to Annual Benefit Statement or payslips and the opportunity to update personal details.
- Work continues at a national and local level in advance of 1 October 2023 implementation date for the McCloud Remedy. The [Consultation](#) on Firefighters' Pension Scheme retrospective remedy has been published, with a deadline for responses of 23 May 2023. Meanwhile a suite of illustrative member scenarios to provide members with a better understanding of the implications of the McCloud remedy on their benefits have been published by the Scheme Advisory Board.
- A [Memorandum of Understanding \(MoU\)](#) was agreed in March 2022 to provide a remedy to eligible retained firefighters by offering backdated access to the Firefighters Pension Scheme 2006 as special members. The regulations to implement this are currently being drafted by the Home Office.
- The implementation date for the government led "Dashboard" project, which provides a single website for individuals to access with information about pensions held, has been extended following a 'Written Ministerial Statement'.

#### **Recommendations**

- (1) The update is noted.
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## Proposal

### 1 Background and context

- 1.1 The purpose of the Board is to assist West Sussex Fire and Rescue Authority in its role as a scheme manager of the Fire Fighters' Pension Scheme including to assist with improvements to customer service, monitor performance against indicators and assist with the development of improved administration and governance structures and policies.
- 1.2 The Pensions Board risk register recognises the following:
- The risk that partnership expectations not met in delivery of administration service.
  - The increased resource associated with Scheme changes (O'Brien/Matthews, McCloud, Immediate Detriment)
  - The importance of data quality
  - A dependency on payroll
- 1.3 Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The administration team work closely with the West Sussex Pensions Team.

### 2 Membership movements

- 2.1 On 28 February 2023 there were 1,659 members in the four Firefighter Pension Schemes, as analysed below. The movement from 1 April 2022 has also been shown in brackets for comparison.

Member Scheme	Active	Deferred	Pensioner	Total
2015	534 (↓ 20)	298 (↑ 58)	18 (↑ 9)	850 (↑ 47)
2006	0 (↓ 1)	178 (↑ 2)	17 (↑ 2)	195 (↑ 3)
2006 (Modified)	0 (No change)	5 (↓ 2)	38 (↑ 2)	43 (No change)
1992	0 (↓ 2)	45 (↓ 3)	526 (↑ 4)	571 (↓ 1)
TOTAL	534 (↓ 23)	526 (↑ 55)	599 (↑ 17)	1,659 (↑ 49)

### 1 Administration Activity

- 1.1 Appendix A has been included which shows casework performance and portal access.

## 2 Annual Tasks

2.1 The LGA have set out a Scheme Year Cycle, summarised below:

Period	Activity
January to March	<ul style="list-style-type: none"><li>• Voluntary Scheme Pays (VSP) Tax Payments</li><li>• Data Preparations for Scheme Year End</li></ul>
April to June	<ul style="list-style-type: none"><li>• Scheme Year Starts</li><li>• Annual Benefit Statement (ABS) preparation</li><li>• Employer data deadline</li><li>• The Pensions Regulator (TPR) Survey results</li><li>• Pension increases and Career Average Earnings Revaluation (CARE)</li></ul>
July to September	<ul style="list-style-type: none"><li>• Mandatory Scheme Pays deadline</li><li>• ABS's published</li></ul>
October to December	<ul style="list-style-type: none"><li>• Queries and reissuing of ABS's</li><li>• Pension Saving Statements published</li><li>• TPR Scheme Return deadline</li><li>• TPR Administration and Governance survey</li><li>• LGA Fire Pension AGM</li></ul>

2.2 For the January to March period:

- The admin team will respond to queries in relation to Annual Benefit Statements as these arise.
- The end of year return has been provided to West Sussex County Council by the admin team to request data on all contributing members. The deadline for receipt is 24 April 2023. The data return will allow the administration team to update membership records and for Annual Benefit Statement and Pension Saving Statements (where applicable) to be published in line with Statutory deadlines.

## 3 Project Work: McCloud

2.1 Since July 2019 work has been underway to fix the discriminatory protections given to members of the existing schemes (FPS 1992 and FPS 2006) when the Firefighters' Pension Scheme 2015 (FPS 2015) was introduced. This work is being undertaken at a national and local level in advance of 1 October 2023, when the Police and Firefighters' Pension Schemes (Amendment) Regulations 2023 come into force

2.2 For West Sussex Fire and Rescue, 788 members have been currently identified as being in scope. These are divided between "Immediate Choice" members (who will be required be offered a choice between pension scheme benefits, those under their old scheme or the new scheme, as soon as practical, but no later than 1 April 2025) and "Deferred Choice" members (who will be given their choice upon retirement or at the point their deferred pension comes into payment).

<b>Membership status</b>	<b>Number of members</b>	<b>Cohort</b>
Active	435	Deferred Choice
Deferred / unprocessed leavers	229	Deferred Choice
Pensioner	104	Immediate Choice
Deceased	3	Immediate Choice
Transferred out	17	
<b>Total</b>	<b>788</b>	

2.3 Nationally:

- The Fire Scheme Advisory Board has been participating in a series of joint engagement sessions with the Police Scheme Advisory Board to define the provisions of the Public Service Pensions and Judicial Offices Act (PSPJOA) 2022 and to inform the drafting of secondary legislation. for each area of the 2015 Remedy. Provision Definition Documents (PDDs) have been shared with stakeholders to interpret how to deliver the various provisions in regulations changes, process and system changes required.
- The [Consultation](#) on Firefighters' Pension Scheme retrospective remedy has been published. The deadline for responses is 23 May 2023. The draft response from the LGA will inform any response on behalf of West Sussex County Council.
- The LGA have launched a [new section of their website](#) with useful information and documents relating to the McCloud remedy. The Scheme Advisory Board have also commissioned a suite of illustrative member scenarios to provide members with a better understanding of the implications of the McCloud remedy on their benefits. This includes a four-page fact checker to answer some recurring questions members and some [member benefit illustrations](#).

2.4 Locally:

- A project plan is being developed in consultation with the administration team to ensure that changes can be implemented on 1 October 2023.
- Fire Services have been [advised](#) to review ill-health cases under the age discrimination remedy where, under rollback, the individual would qualify for alternative ill-health benefits and the assessment criteria under the

regulations sets a lower qualifying bar. This is to ensure that, come 1 October 2023, these cases can be dealt with as soon as possible.

- 483 letters were issued to active members in November 2022 to advise that the final salary schemes had been permanently closed to future pension build up on 31 March 2022 and all active members (including members who had previously been granted protections) would build up benefits in the relevant CARE schemes from 1 April 2022. Of those which were returned as 'Gone Away' (14) all except one have been resent.

### 3 Project Work: Matthews

3.1 A [Memorandum of Understanding \(MoU\)](#) was agreed in March 2022 to provide a remedy to eligible retained firefighters by offering access to the Firefighters Pension Scheme 2006 as special members, backdated to the start date of their employment. The MoU set out the scope and mechanism for the remedy to be implemented by way of a second options exercise.

3.2 For West Sussex Fire and Rescue, 584 retained firefighters who were employed between the relevant dates have been identified.

Status	Number of members
7 April 2000 to 30 June 2000 only	68
7 April 2000 to 30 June 2000 plus 1 July 2000 to 5 April 2006	202
1 July 2000 to 5 April 2006 and not given 2014 option	314
<b>Total</b>	<b>584</b>

3.3 Nationally

- The regulations to implement the second options exercise in England are currently being drafted by the Home Office and will be consulted on before they are laid before Parliament. FRAs will be expected to start the second options exercise as soon as possible after the legislation comes into force.
- Template communications and data captures are being developed by the LGA and GAD to assist with administration.

3.4 Locally:

- A project plan is being developed in consultation with the administration team.
- Payroll have been asked to provide details of service, pensionable pay, and reference pay and it is anticipated that a tracing exercise will be undertaken to ensure that the Fire and Rescue Service fulfil its regulatory requirement to have used best endeavours to trace all eligible individuals.

- Further analysis work will be required to see if individuals are also subject to the McCloud remedy.

#### **4 Project Work: Dashboard**

4.1 The government led "Dashboard" project is intended to allow individuals to go to a single website and receive details of all the pensions they hold across UK pension providers.

4.2 On 24 November 2022, the Pensions Regulator published a consultation on its [Dashboards compliance and enforcement policy](#). Hampshire Pension Services responded to the Consultation on 24 February 2023 and did not feel there was any particular concerns with any of the proposals or intended approach to monitoring compliance, or the issuing of compliance and penalty notices.

**5** DWP have since announced delays, by way of a 'Written Ministerial Statement' to pensions dashboards connection deadlines reflecting the significant challenges in developing the necessary digital architecture. The original date for implementation was 30 September 2024.

**6** The expectation is that Dashboard provision will be a supplementary service within the Partnership Agreement with Hampshire Pension Services.

#### **7 Spring Budget 2023**

7.1 The Spring Budget introduced changes to tax relief on pensions. The Lifetime Allowance (LTA) charge will be removed from April 2023 before the Allowance is abolished entirely from April 2024, and the Annual Allowance will be raised to £60,000. The administration team are considering the impact of the changes but have initially reviewed casework for leavers immediately prior to 5 April 2023 where there is likely to be a LTA issue to understand if the retirement is to be delayed, or if they wish to change any commutation decision. There are no West Sussex Fire and Rescue members in scope for this review.

#### **8 Breach Reporting**

8.1 There have been no data breaches during the last 12 months.

8.2 There have been no breaches of the law which affect pension schemes and which should be considered for reporting to the Pensions Regulator.

#### **4 Consultation, engagement and advice**

N/A

#### **5 Finance**

N/A

#### **6 Risk implications and mitigations**

See background

## **7 Policy alignment and compliance**

N/A

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### **Appendices**

**Appendix A:** Administration Activity

### **Background papers**

N/A